



The business case for change

Executive summary



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Globally, since 1991, the share of women's participation in the labour force has grown, albeit with differences from region to region and within regions. In the Middle East and North Africa the growth has been slow and fitful, with participation rates remaining well below those of other regions. In Latin America and the Caribbean the share of women in the labour force is increasing at a good pace, however, in Asia and the Pacific there have been declines.

This research finds that the share of women in managerial positions across the globe is growing considerably. From 2002, a steady upward trend of women filling the ranks at greater speed than men is seen, particularly in Asia and the Pacific, Latin America and the Caribbean, and Europe and Central Asia. However, the increase has been markedly smaller in some regions, such as Africa and the Middle East. These gains have yet to lead to a major shift in the gender composition of senior leadership and decision-making positions within companies. According to our global survey of almost 13,000 enterprises in 70 countries, nearly half of enterprises reported that women hold fewer than 30 per cent of entry-level management positions. Given these figures, it comes as no surprise that in 60 per cent of companies, fewer than 30 per cent of senior managers and top executives are women. Gender balance, both in the general workforce or among senior managers, is defined as 40-60 per cent of either gender.

The finding of our report that is of paramount importance is that gender diversity is a smart business strategy: the lack of gender diversity may act as a barrier to enhanced business performance. Most companies of all sizes around the world report that gender diversity helps improve business outcomes. Of the enterprises surveyed reporting improved business outcomes, over 60 per cent report higher profitability and productivity. Gender equality is also good economics. Increasing women's labour force participation has been shown to boost the gross domestic product at the national level.

Through probabilistic modeling of the data gathered, our research quantified the extent to which business outcomes may be improved by an inclusive enterprise culture and policies. Our findings indicate that enterprises with equal employment opportunity policies and gender-inclusive cultures are over 60 per cent more likely to have improved profits and productivity, and they are almost 60 per cent more likely to experience enhanced reputation, greater ease in attracting and retaining talent, and greater creativity and innovation.

Of the companies surveyed that track the impact of gender diversity in management, 74 per cent report profit increases of 5 to 20 per cent. Our assessment shows that enterprises with a gender-inclusive culture are 9 per cent more likely to have improved business performance. These are significant numbers, considering the measures companies take to achieve 2-3 per cent increases in margins. Enterprises that report these results see gender diversity as part of a larger dynamic of innovative and sustainable business practices, which also contribute to improved outcomes. These are companies focused on the future and how best to thrive in a changing global business environment.

The business benefits of gender balance accrue when a gender-inclusive culture begins to flourish. A gender-inclusive culture requires a critical mass of women in management, senior leadership and on boards of directors, of at least 30 per cent. The benefits can be dramatic when there is gender balance on the board of directors. A board with few, or no, women is more likely to have a male-dominated culture and greatly reduced chances of achieving gender equilibrium. When enterprises have gender-balanced boards, the positive effects on enhanced business outcomes are the largest.

Unfortunately, most businesses do not have this level of gender diversity. Why?

There are a couple prime contributors to this shortfall. One is the “leaky pipeline”, in which the representation of women decreases as the level of management increases, resulting in continued male dominance of the chief executive level and boards. Over 78 per cent of enterprises surveyed reported having a male CEO. With increasing enterprise size, the percentage of female CEOs drops from 26 per cent in small enterprises, to 20 per cent in mid-sized enterprises, to only 16 per cent in large enterprises.

Like the leaky pipeline, “glass walls” are an obstacle to gender diversity. Many managers are segregated by gender, and women are more often managers in support functions, such as human resources, finance and administration, while men dominate functions that are considered to be more strategic, such as research and development, operations and profit and loss that typically lead to the chief executive level and board membership. The result is that less than a third of surveyed enterprises have attained the critical mass of 30 per cent women board members, and 13 per cent still have all-male boardrooms.

As stated, the lack of gender balance can be a bar to enhanced business performance. Regression analysis finds that enterprises with gender-balanced boards are almost 20 per cent more likely to have enhanced business outcomes. Having a woman as the board chairperson also positively impacts business outcomes.

There are tried and tested ways to close the leaks in the pipeline and remove the glass walls. It starts with a gender-balanced workforce (40-60 per cent of each sex). There is a positive association between having a female CEO and greater gender diversity in middle, senior and top management positions, indicating that the presence of a female CEO creates incentives for gender diversity. Male-dominated or male-only boards are less likely to achieve equilibrium between men and women in middle management, while enterprises with women as board chairs are more likely to have gender balance in middle management.

Gender-inclusive policies and their enforcement are important for achieving gender balance at all levels. Almost 75 per cent of the enterprises surveyed have equal opportunity or diversity and inclusion policies, but more specific actions are needed so that women gain the experiences that prepare them to be promoted to strategic areas of business. The gender pay gap must be closed. While some countries have narrowed the gap, it remains significant overall. According to the ILO 2018 weighted global estimates, the gender pay gap globally is 22 per cent when using median monthly wages.

The research shows that enterprise cultures that predominately require “anytime, anywhere” availability create an unfair impact on women, who generally carry greater household and family responsibilities. Policies that can lead to greater inclusivity and work-life balance for both men and women, such as flexible working hours and paternity leave, are important and worth exploring. Some enterprises are already introducing systems and technology that focus on capturing employee performance or productivity in tandem with flexible work arrangements. This model could be as, or even more, effective and sustainable than the “anytime, anywhere” approach.

The business case for gender diversity, particularly for increasing the proportion of women in the management and board pipelines, is compelling. To be successful in the global economy of today and tomorrow, smart companies will make gender diversity a key component of their business strategy.

Scope of enterprise survey on women in business and management

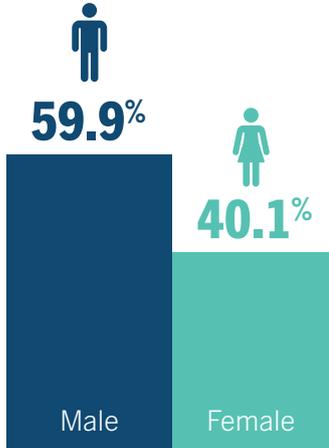
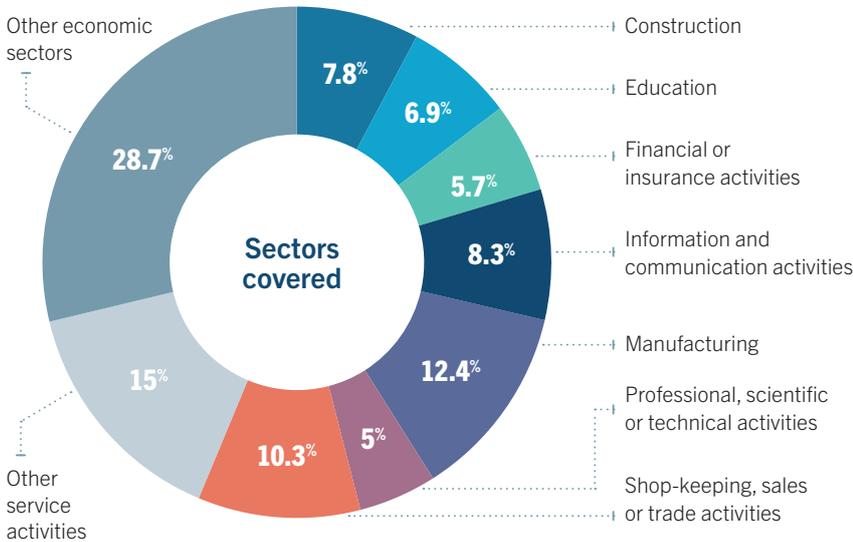
Scope of enterprise survey

70

Countries

12,940

Enterprises



Europe and Central Asia

19.4%

Middle East and North Africa

16.9%

Asia and the Pacific

20.2%

Africa

10.9%



Latin America and the Caribbean

Honduras	13.6%
Brazil	10.7%
Mexico	10.0%
Colombia	9.7%
Argentina	8.1%
Chile	7.1%
Ecuador	6.4%
Venezuela, Bolivarian Republic of	5.9%
Panama	5.9%
Uruguay	5.3%
Other countries	17.2%



Europe and Central Asia

Romania	31.5%
Croatia	20.5%
Serbia	20.3%
Bulgaria	16.7%
Slovenia	11.0%



Middle East and North Africa

Egypt	45.5%
United Arab Emirates	23.1%
Saudi Arabia	21.3%
Jordan	5.6%
Lebanon	3.2%
Kuwait	1.4%



Asia and the Pacific

India	19.1%
Indonesia	15.9%
China	15.3%
Philippines	14.9%
Thailand	14.1%
Viet Nam	11.5%
Singapore	3.9%
Malaysia	3.0%
Other countries	2.3%

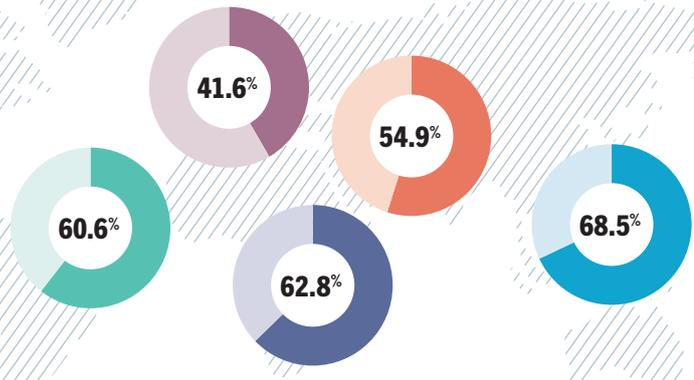


Africa

South Africa	56.5%
Nigeria	15.3%
Kenya	13.8%
Ghana	4.3%
Other countries	10.0%

Globally, **57.4%**

of company respondents agree that gender diversity initiatives improve business outcomes.



▲ Percentage of respondents who agree by region

60.2%

reported increased profits and productivity



56.8% reported an increased ability to attract and retain talent



54.4% reported greater creativity, innovation and openness

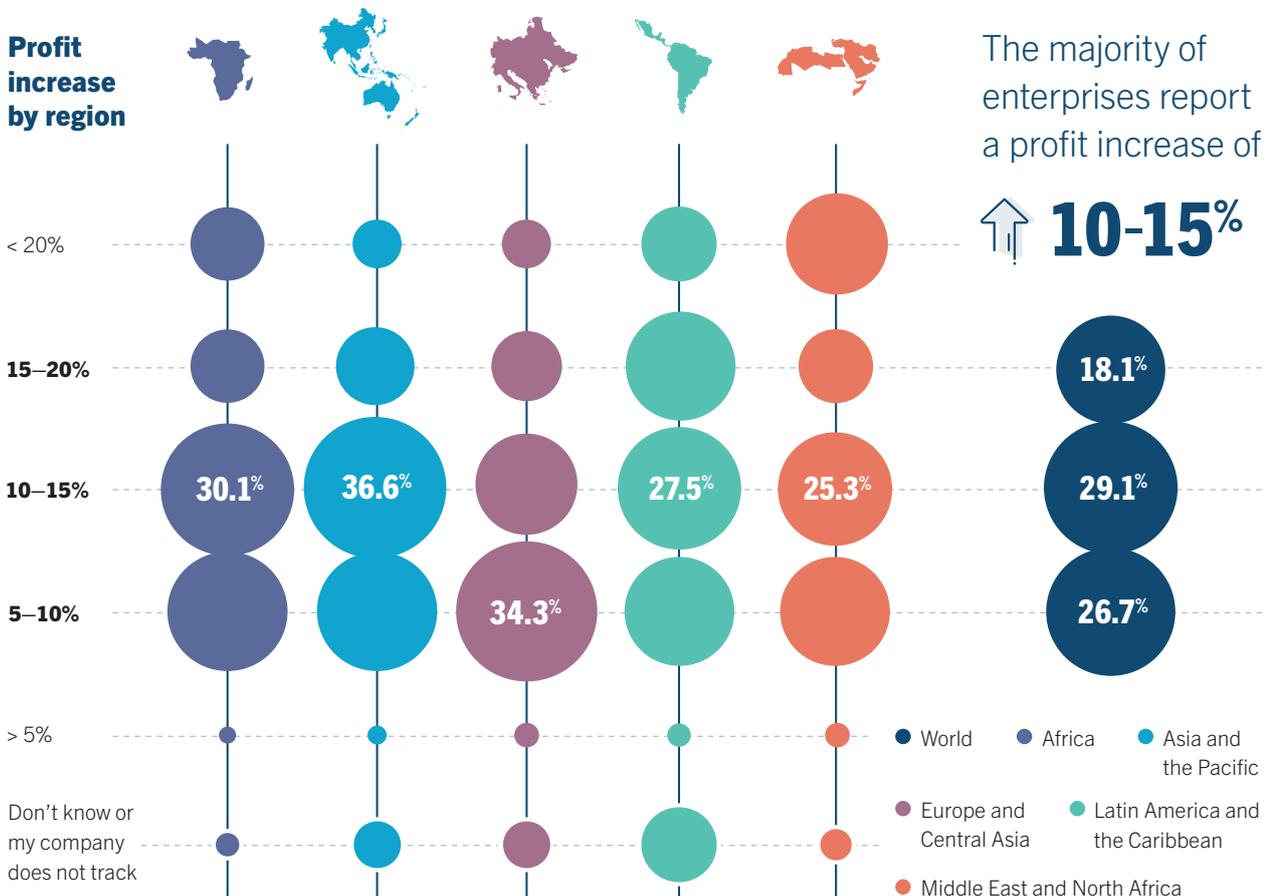


54.1% reported enhanced company reputation



36.5% reported a better ability to gauge consumer interest and demand

Profit increase by region

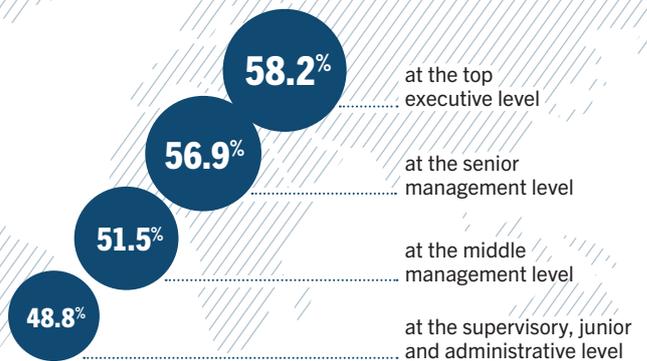


The majority of enterprises report a profit increase of

10-15%

Globally, a pyramid structure still exists. Enterprises surveyed reporting **less than 30 per cent women** increases at the higher levels of management.

Percentage of enterprises reporting less than 30 per cent women



Occupational segregation



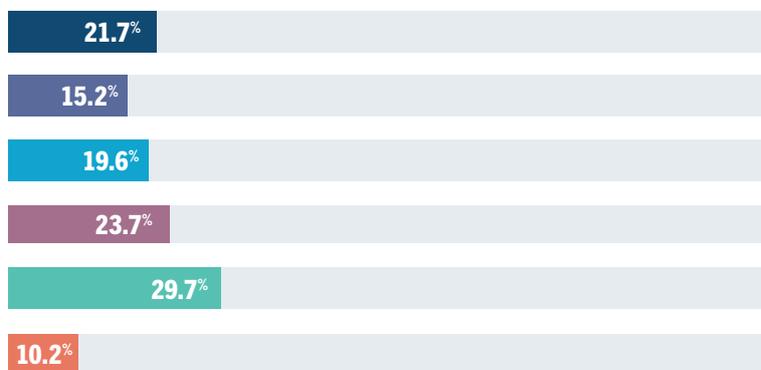
Share of women in functional senior and middle management areas



21.7% of enterprises reported that their CEO was a woman



Female CEOs are less likely to be found as the enterprise size grows



● Africa ● Asia and the Pacific ● Europe and Central Asia ● Latin America and the Caribbean ● Middle East and North Africa

Small enterprises



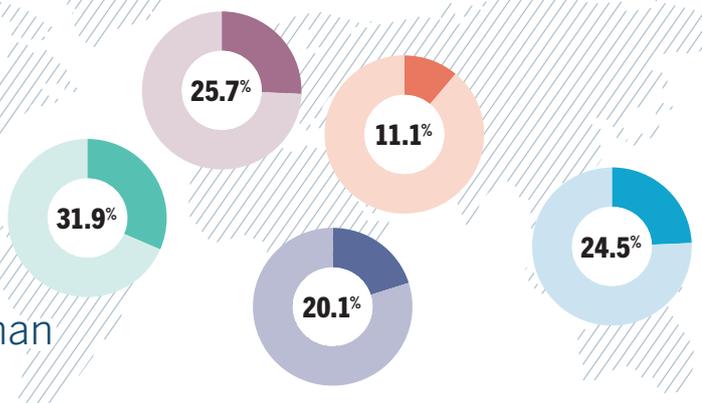
Medium enterprises



Large enterprises

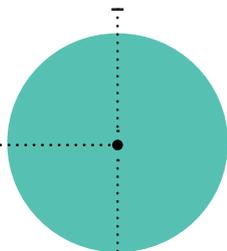


Globally,
23.6%
 of enterprises reported that
 their board is chaired by a woman



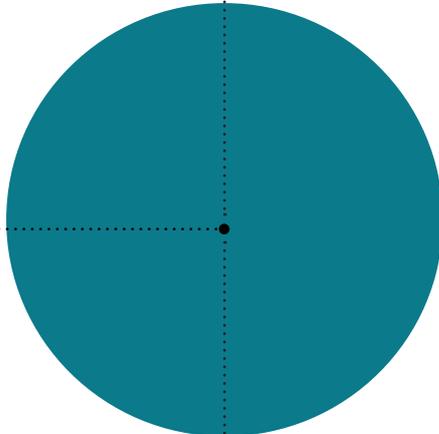
● Africa ● Asia and the Pacific ● Europe and Central Asia ● Latin America and the Caribbean ● Middle East and North Africa ▲ Percentage of female board chairs by region

14.3%
 of enterprises have
 gender-balanced boards



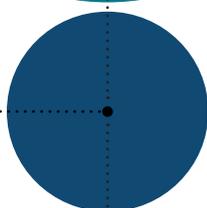
Women on enterprise boards lead to improved business performance:

50.7%
 have low female
 shares in board



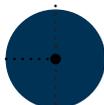
When boardrooms are 30-39% women, enterprises are 18.5% more likely to have improved business outcomes

13.1%
 have an all-male board



When boardrooms are gender-balanced, enterprises are 20% more likely to have improved business outcomes

4.5%
 have an all-female board





of respondents agree that women have greater difficulty reaching top-management positions

When analyzed by gender:

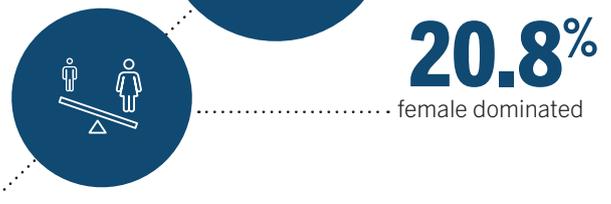
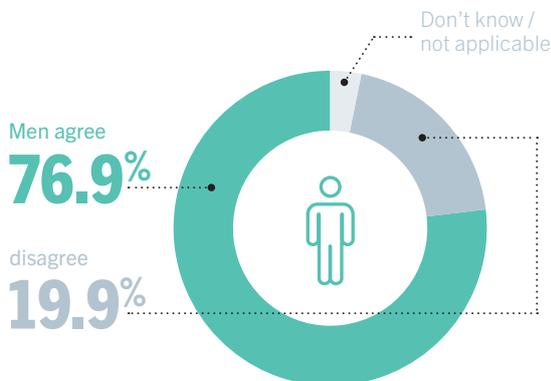
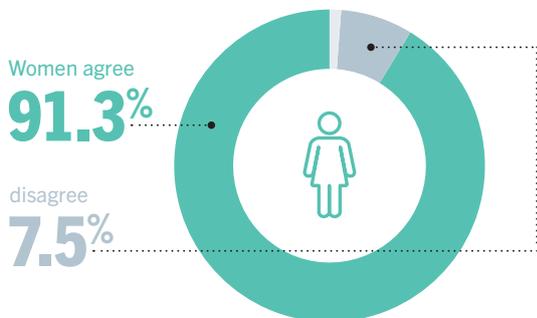


The majority of survey respondents agree that their organizational culture mirrors the society and traditions



When examining global responses to gender diversity in organizational culture:

When analyzed by gender:



Responses for "strongly agree" and "agree" are combined, responses for "strongly disagree" and "disagree" are also combined.

Women in business and management: The business case for change

Enterprises globally recognize the imperative of having a gender diverse workplace, including the integral benefits of having women in top decision-making positions. Mounting evidence shows that achieving gender balance and diverse management teams at all levels deliver positive business outcomes.

The second edition of *Women in business and management* explores the business case for gender diversity in the workplace, women's representation at management and board level and the various success factors that drive enterprise behaviour for inclusion. The report adds to the growing body of evidence that shows many enterprises are actively pursuing initiatives to boost the number of women in their talent pool but also shows that these efforts alone are insufficient. Enterprises still need to translate their policies into concrete action and critically address gender diversity within their organizational culture.