Catching up to the West?

Challenging some common misconceptions about female leadership in emerging and growth markets

The global competition for talent, an ageing population in many western nations, the rise in the population of knowledge workers and common assumptions about the shortage of talent in emerging and growth markets, have all led to a situation in which many global companies are concerned about the acquisition and retention of talent. It seems strange, therefore, that these concerns have not produced greater progress in the advancement and retention of women. In the United States, for example, research on the progress of women in the workforce between 2000 and 2007 found that the percentage of female managers increased by only one percent (to 40 percent) and that the percentage of non-managerial female staff had not increased at all. Neither has the percentage of female corporate officers and board members of Fortune 500 companies.

The situation is similar in Europe where women make up the numerical majority of college graduates and nearly half the workforce, yet they comprise only 11 percent of corporate executives. In the United Kingdom, only 12.5 percent of FTSE 100 directorships are held by women and the public administration, education and health services industries account for nearly four out of every five ethnic minority members in management positions.

Nevertheless, it is often assumed that the situation regarding the shortage of talent in emerging and growth markets is far worse. Many corporate leaders are scratching their heads, wondering what they are going to do to capitalize on the growth in these regions. They understand the trends and predictions: 50 percent of the world's population lives in developing and emerging countries; BRIC (Brazil, Russia, India and China) has economic growth rates of over 6 percent and will dominate the world economy by 2030; 19 of the top 100 companies are from Brazil, Russia, India, and China; there is a growing presence of diversity in the workforce and among clients in terms of gender, age, ethnicity, nationality, sexual orientation, disability and so on. But many corporate leaders are not convinced that the solution to the talent shortage partially resides in making better use of female talent in these regions. After all, they argue, traditional beliefs and customs make it virtually impossible for women in these regions to study, to work, and to travel.

Is this assumption true for emerging and growth markets in general, and the Middle East in particular? And if it isn't, what can companies do to attract and retain such critical talent?

This point of view challenges some commonly held beliefs and misconceptions about women in emerging and growth markets and identifies some key best practices that companies have successfully employed to harness women's critical skills.

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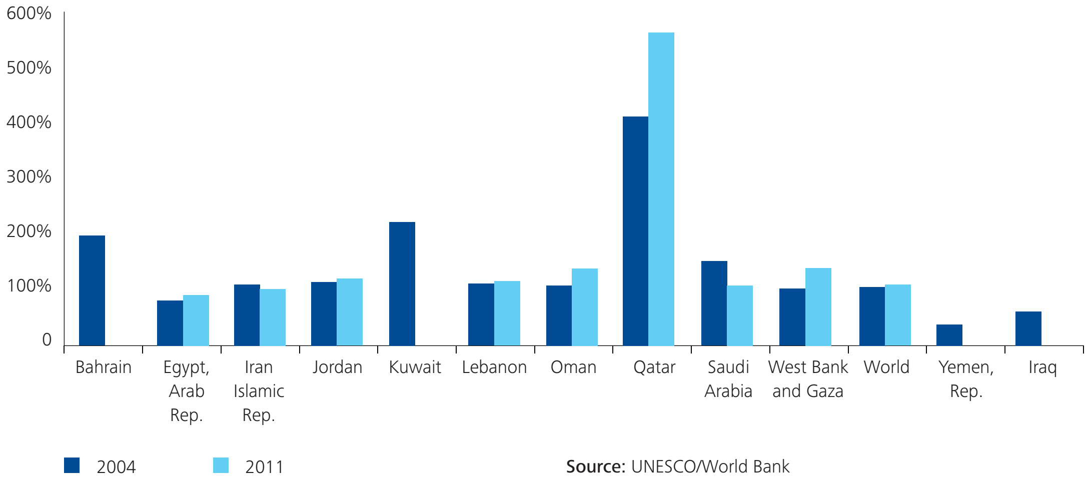
Some common misconceptions about female talent in emerging and growth markets

Emerging and growth markets are facing significant challenges in terms of attracting and retaining talent but some of these challenges are different from those experienced by traditional markets, and they are not necessarily getting in the way of resilient women rising to the top. At the same time, employees in emerging and growth markets are not looking for the same attributes of employers as talent in the West. Certainly, factors such as competitive compensation, continuous training and development opportunities, clear career paths, and challenging work are attributes most employees would look for in an employer of choice. However, there are certain other attributes of equal or even greater significance in emerging and growth markets. In particular, many potential employees in these markets are looking for a commitment from prospective employers to the region, for corporate global citizenship, and authenticity.

Hewlett and Rashid (2011) and Hewlett and Leader-Chivèe (2012), in their research on winning the war for talent in emerging and growth markets, argue nevertheless that women are an important solution to talent shortages. Rather than being followers, such women can be regarded, in some respects, as role models for women in the West. Some of the misconceptions relating to female professionals in emerging and growth markets can be gleaned from the research of these authors who surveyed 4,350 respondents in BRIC countries and the United Arab Emirates (UAE), and 2,952 respondents in the United States. Respondents were college-educated men and women who participated in focus group discussions, virtual strategy sessions, and one-on-one interviews. What theses respondents had to say has subsequently been reiterated by a number of writers in the field.

Ratio of female to male university enrollments



Source: UNESCO/World Bank

Misconception # 1

Women in emerging and growth markets do not get access to educational opportunities.

In fact, 60 percent of women in Brazil, 57 percent of women in Russia, and 65 percent in the UAE are in tertiary education, compared with 58 percent in the United States and the United Kingdom.

In the Middle East, rising access to education and opportunities provided by the Internet are creating more opportunities for women. The World Bank says more women in the Middle East now attend university than men and, in contrast to the low numbers of women studying computer science and engineering in Western countries, girls throughout the Arab region are encouraged to enroll for the hard-to-enter university science courses because of good high school grades.

Misconception # 2

Women in emerging and growth markets do not aspire to top jobs.

Currently, 90 percent of women in the UAE, 86 percent in India, 80 percent in Brazil, 76 percent in China, and 60 percent in Russia aspire to holding a top job, compared to 52 percent in the United States. What's more, 11 percent of Chief Executive Officers (CEOs) in India are female, compared to 3 percent in Fortune 500 companies.

Women are also advancing as entrepreneurs. The number of women entrepreneurs throughout the Middle East region probably lies at about 15-20 percent. To put this in perspective, a Global Entrepreneurship Monitor study found 10 percent of the U.S. adult female population was involved in entrepreneurial activity in 2012, and 5 percent in Europe.

There are several reasons for the rise of the woman entrepreneur in the Middle East, and one is that the startup environment in the region has grown up with them. Many business incubators and accelerators have started up in major cities across the region in the last three years as well as across organizations and recognition and award programs specifically targeting women.

Misconception # 3

Women in emerging and growth markets are limited by domestic responsibilities.

The average workweek for women in Russia and China is more than 60 hours, and the average for women working at multinationals is generally longer than for those working at local companies. Although the vast majority of women in BRIC nations and the UAE have responsibilities towards elders, the majority would prefer to use hired help (than place family members in care) and live in an extended family environment. It is also common throughout BRIC countries for young couples to live with parents. This also provides support with childcare responsibilities.

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Misconception # 4

Women in emerging and growth markets cannot travel internationally.

Although the majority of female respondents in India, China, and the UAE felt that they would face family disapproval if they were to accept an international assignment, they nevertheless felt that mobility is crucial if they hope to advance in their jobs.

Misconception # 5

Gender stereotypes prevail in emerging and growth markets.

When asked whether they believe women are treated unfairly in the workplace because of their gender, women and men from the BRIC nations and the UAE had similar perceptions of stereotyping and bias. For example, 45 percent of both men and women in India and 36 percent of men and women in China felt that women were treated unfairly because of their gender. The figures for Brazil are 25 percent of women and 23 percent of men; for Russia 19 percent and 13 percent respectively, and the UAE 32 percent and 36 percent respectively. These findings tend to contradict what many believe to be the case in these regions.

It would appear from these findings that, like women in the West, women in these markets are making inroads into leadership positions in companies and as entrepreneurs. It would be misleading to argue, though, that progress in one region is far more advanced than in another. There is still a great deal of work to do around the globe. And, still today, many companies are not as committed as they could be to diversity initiatives integrated into business and talent strategies. For those who are, women are a critical source of talent, not only from a moral but also a business perspective.

So why should we target women as a remedy for the talent shortage?

The business case is clear, diverse and balanced teams improve an organization's bottom line. Inclusive environments drive stronger performance and sustainable business benefits. In fact, companies with more women on their boards were found to outperform their rivals with a 42 percent higher return in sales, 66 percent higher return on invested capital, and 53 percent higher return on equity.

Globalization is also reshaping the talent landscape. Women make up nearly half the working population in many regions around the world, and policies and investments targeted at promoting women will be critical in a global economy increasingly dependent on the intangible assets of people, brand, and intellectual property. Employee commitment and customer loyalty will increasingly be positively influenced by gender parity in key decision-making roles. For many organizations, including Deloitte, diversity and inclusion is a shared business value. This is particularly the case in many professional services organizations that are in a people to people business. People are the biggest asset in many companies. Research also suggests that diverse teams better serve ever more diverse global clients and perform better in innovation, sales, number of customers, and market share.

Further to that, women perform 66 percent of the world's work, produce 50 percent of the food, and own approximately 40 percent of all private businesses in the formal economy. Women are expected to control approximately US$28 trillion in consumer spending by next year, yet remain gravely underrepresented at the helm of business organizations. The figures speak for themselves and are too important to be ignored by organizations. Several key factors seem to underlie good diversity practice; these include a compelling business case; a culture of inclusion with globally minded leaders that is supportive of diversity as drivers of innovation; and career customization and other initiatives to create a more inclusive and flexible culture.

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At Deloitte, as in most global companies, initiatives vary from member firm to member firm (or business unit to business unit) and are locally relevant. Some will have been implementing their diversity strategies for some years; others are just beginning this journey. For the vast majority, gender will be the major focus, but some may also prioritize ethnicity, people with disabilities, and GenY.

However, even though there is no "one size fits all" approach, what we have learned is that there are certain key critical success areas that help to embed diversity into an organization's ongoing business strategy. These include the following:

1. Build, socialize, and communicate the business case.
2. Engage champions across all levels.
3. Dedicate appropriate resources.
4. Set priorities and targets and effectively embed measures in the performance management system.
5. Commit to the formulation, implementation, and monitoring of locally-relevant diversity plans.
6. Define roles and responsibilities.
7. Integrate into business and talent processes, including the operating model and talent lifecycle.
8. Equip leaders with inclusive leadership competencies.

We can define an inclusive leader as someone who:

- Appreciates difference but still makes effective business decisions.
- Identifies and eradicates bias and exclusive behaviors in his/her team.
- Embeds inclusiveness into teams and relationships with clients.
- Understands diversity and can express his/her ideas about it.
- Is a business relationship builder, in the organization, his/her team, and with clients.

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This, in turn, requires abilities such as:

- An acceptance of complexity and a willingness to manage it.
- A commitment to making good business decisions in the interests of the customer and his/her employer.
- Self-awareness, flexibility, curiosity, and a willingness to learn.
- An openness to new ideas and an ability to listen and understand.
- Consistency, fairness, honesty, and assertiveness.

In other words, inclusive leadership is about reducing levels of unconscious bias. We all have our biases and we all make assumptions. However, these become particularly problematic when it comes to how we think about and behave towards groups that are under-represented in our organizations because of bias and traditional attitudes towards them.

For example, unconscious bias in recruitment is part of a larger challenge impacting diverse groups in business. The cascading impact of bias begins with how we define roles; the type of person we feel will be competent to perform them; how we read their resumes and our impressions of them in the job interview. But once a person is appointed, all kinds of other potential biases can impact on how they experience their working environment. These potential biases include levels of inclusion; recognition of performance; how we interpret mistakes; who we select for development opportunities and international assignments; as well as whom we promote and why we promote them. According to a recent study[1], recruitment and promotion decisions are likely to be influenced by a decision-maker's competencies rather than solely by the needs of the job. Recognizing this bias is the first step to remediation, but awareness is unlikely to be sufficient. Ensuring that recruitment and promotion decisions (as well as competency frameworks) are made by a diverse group is critical. The study points to the importance of recruitment and promotion selection panels comprising individuals with diverse educational backgrounds or from diverse work functions.

Over the last 10-15 years, Deloitte member firms around the world have generally included these best practices in their diversity strategies. For example, Taj, a member firm of the Deloitte Touche Tohmatsu Limited international network, has not only achieved a very impressive figure of 58 percent female partners; in the last six years, it has also achieved 70 percent growth in a shrinking market and moved from a second tier firm eight years ago, to a recognized market leader–one tier above its competition.

Diversity lessons from Taj include some of the key examples of good diversity practice:

- Get Top Management commitment–if you don't have this, the rest will be much more difficult.
- Ensure you have a diverse set of people in the room when making important decisions and most certainly always and without exception when those decisions are about hiring and promotions.
- Ensure leaders have competencies in inclusive leadership.
- Measure promotions: female promotions, that is.

Conclusion

Although women in the Middle East are making great strides in commerce and industry, organizations that recognize the business value-add of female talent will continue to invest in their attraction, recruitment, development, and retention. The role of men and of leadership commitment and inclusive leadership in particular are crucial to this process. Women can educate and motivate themselves but it requires the combined dedication of both men and women to ensure that all of a region's talent is utilized optimally.

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Endnotes

1. Vasilopoulos (National Security Agency) and Thibodeaux (US Office of Personnel Management) reviewed archival multi-agency government wide survey data of 57 clerical and technical occupations, with 26,682 incumbents. Cucina (US Customs and Border Protection), Martin (US Office of Personnel Management)

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