

# Putting **All** Our Minds to Work

## An Assessment



*Business Survey Results*

*BIAC and Deloitte would like to acknowledge the support of the United States Council for International Business in the preparation of the survey and this report.*

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## MESSAGE FROM BIAC SECRETARY GENERAL

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Empowering women — at work, in education, and as entrepreneurs — benefits business, our economies and society as a whole. Concerted action is being taken by companies and governments alike in developed and developing countries to advance women in work.

BIAC with the support of Deloitte (Deloitte Global) is pleased to issue this new report, *Putting ALL Our Minds to Work: An Assessment*, which highlights progress made for women's economic empowerment. It is based on a survey conducted between September and December 2013 and is a follow up to the 2012 BIAC/AmCham Report *Putting All Our Minds to Work: Harnessing the Gender Dividend*. The Survey and Report are business contributions to ongoing OECD work on gender and in response to guidance of the 2013 OECD Council Recommendation on Gender Equality.

Survey results show that progress is being made to advance women within the workforce, but it is slow. Perhaps we can even say too slow. Our economies cannot afford to miss out on the contributions of talented women to the workplace and as entrepreneurs.

Importantly, progress depends on top leadership in business, government and our societies to encourage and endorse women in the workforce and as entrepreneurs. But business experiences suggest not enough progress is being made. There is a need for greater visibility of top business and political leadership as well as supporting public policies if change is to occur.

BIAC welcomes OECD efforts to consider gender equality across issues as an important element of its economic analysis. The OECD's unique analysis and data gathering capacity is of distinct value to the identification of effective public policy measures to enhance employment, education and entrepreneurship opportunities for women across and beyond OECD Member countries.

BIAC continues its work in this field, and will hold a workshop on women's entrepreneurship on June 24 at the OECD. The workshop involving business, government and OECD leaders will discuss innovations in finance and how companies and private sector initiatives are fostering women's entrepreneurship.

We hope that this report will be a useful resource to encourage further action and to accelerate change.

Bernhard Welschke  
BIAC Secretary General



*“Talented women are making their own choices — and too many are choosing simply to step off the corporate ladder believing further advancement is not available to them. This has to change and change needs leadership. Business leaders must own the issue of gender diversity instead of pushing the job off to Human Resources; they need to move beyond declarations to substantive engagement, providing sponsors, coaches and mentors to help talented women achieve their true potential. This is not about lowering the hurdle; it is about encouraging women to stay the course to give themselves the chance of clearing the hurdle.”*

**Steve Almond**, Chairman, Deloitte Global

## EXECUTIVE SUMMARY

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- Given the global recognition of the powerful business case for putting all of our minds to work, the Report assesses changes that have taken place to advance women in the workplace and the impact of government and regulatory support over the past few years (since 2010), finding that progress has been achieved, but is slow.
- Nearly half of companies surveyed reported having introduced policy and practice changes in recent years, but the report finds that the current workplace is not fully providing what the female employee is looking for. Some reasons for this could be inherent biases and cultural practices that can contribute to a gender wall.
- In terms of increasing progress, surveyed companies identified influencers with the greatest multiplier effect within the company as those at the top: the CEO, the Board, senior management and managers.
- Accountability is an important driver of change. Active company programs are successful initiatives to advance women's economic empowerment within business, including monitoring, in the form of voluntary business programs, business self-regulation, and corporate governance practices.
- Regarding external influences, government laws and political leadership are felt to be a stronger factor in change by those surveyed in jurisdictions where there are no quotas, and the media and academia are perceived to be a stronger influence in jurisdictions where there are quotas.
- Survey parties see business itself as the strongest driver of change in promoting women's economic empowerment within companies, but public advocacy, particularly by women themselves, and ongoing media attention, is also needed.
- More has to be done to improve women's economic empowerment, which is essential to achieving inclusive and sustainable growth.

# INTRODUCTION

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Women's economic empowerment contributes to economic growth and development. This fact is increasingly appreciated. And it is a global issue.

In an effort to better understand the role business is playing in advancing women's economic empowerment, BIAC's 2012 [report](#) *Putting All Our Minds to Work: the Business Case for Harnessing the Gender Dividend* drew on various research and the outcomes of a BIAC/OECD workshop on the issue, and presented the evidence of how the accelerating trend towards women's economic empowerment is bringing about change. The Report highlighted the actions companies and business organisations are taking to assume leadership locally and globally to implement practices and policies that open pathways to the highest level for women in business.

The Report advocated the business case for women's economic empowerment, provided a toolkit of company best practices and presented public policy recommendations to further enable efforts to maximise the benefits of gender diversity.

Governments and international organisations have also been strong advocates for advancing women's economic empowerment. When BIAC launched its 2012 Report, Michelle Bachelet, then head of the UN Women and now President of Chile, invoked and endorsed the BIAC Report at a joint BIAC OECD press event on gender equality. She sat alongside OECD Secretary-General, Angel Gurría who said, "In the current economic situation, where all countries are striving for growth, we cannot afford to neglect the potential contribution of women to growth and development. Gender equality is a key factor in well-being, and an untapped source of growth."<sup>1</sup>

President Obama has observed that daughters should have the same opportunities as sons. Further, Warren Buffett, the world's most influential investor, added his take. Referring to the economic success of the United States of America across the last two centuries he made the point that this achievement had come about despite utilizing only half of the country's talent.

In Japan, women are educated to a higher level than nearly anywhere else in the world. Yet we see their participation in the work force after they leave university is far lower than in other rich countries.<sup>2</sup> Prime Minister Shinzo Abe has said that he wants women to occupy 30 percent of all 'leadership' positions by 2020. This is understood across Asia. In 2014, ministers and representatives from across the APEC (Asia-Pacific Economic Cooperation) region reaffirmed the crucial role of women in achieving business performance and economic prosperity, emphasizing the cost on the economy of limiting women's participation in the workforce.<sup>3</sup>

This suggests an increasing recognition that there is a powerful business case for putting all of our minds to work. To this end, some progress has been achieved over the last few years. In the UK, for example, the percentage of women on boards has now passed the 20 percent mark and since March 2013, 27 percent of the board appointments at FTSE100 companies have been women and 31 percent of non-executive directors. The target put forward by the government-commissioned Davies report of 2011 was for women to make up 25 percent of FTSE100 company boards by 2015. The deficit, at January 2014, was just 51 women. That has come about under non-statutory encouragement (comply and explain).<sup>4</sup>

As a follow up to the 2012 Report, between September and December 2013, BIAC conducted a survey of its business federation members and companies to assess changes that have taken place over the past few years (2010 onwards) to advance women into leadership. The findings of this survey are presented in this new Report – *Putting All Our Minds to Work: An Assessment*. The survey results show that some progress is being made, but that more effort is required across the board if we are to achieve significantly greater economic empowerment of women.

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<sup>1</sup><http://www.oecd.org/about/secretary-general/allonboardforgenderequality.htm>

<sup>2</sup>'Holding Back Half The Nation', The Economist March 29th 2014

<sup>3</sup>2014 APEC Ministers statement on advancing gender equality

<sup>4</sup>Professional Boards Forum BoardWatch 9 January 2014

## DIVERSITY BOOSTS BUSINESS SUCCESS

The business case for diversity is increasingly well understood. Numerous recent research studies show clearly that there is an undeniable correlation between diversity and business success. The findings, diverse in themselves, show how comprehensive the effects can be. Companies with greater gender and racial diversity performed better in terms of sales revenues, number of customers, and market share.<sup>5</sup> More women in senior management translate into a higher return on equity, fatter operating profits and more buoyant share price.<sup>6</sup> Gender diversity is an asset to corporate image. Diversity increases the ability to deliver relevant products and services. A very high proportion of students say that an organisation's approach to promoting diversity in the workforce is important or very important.<sup>7</sup> Diverse teams that are managed well outperform homogenous teams.<sup>8</sup> Innovation is a key benefit of having diversity policies and practices. There is a significantly higher return on equity for companies with more women board members.<sup>9</sup> There is a significantly higher return on sales for companies with more women board members. There is a significantly higher return on invested capital for companies with more women board directors.<sup>10</sup> The Top 20 organisations in the BusinessWeek best companies for leaders are twice as likely to have more women in senior leadership positions.<sup>11</sup> All of these are recent research findings, which together build the case for the economic empowerment of women and greater diversity. And slowly this mass of evidence is having an effect across the business world.

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<sup>5</sup>"Does Diversity Pay? Race, gender and the business case for diversity," Cedric Herring, American Sociological Review, Vol 74, April 2009

<sup>6</sup>"Women Matter 2010. Women at the Top of Corporations: Making it Happen," George Desvaux, Sandrine Devillard, Sandra Sancier-Sultan, McKinsey & Company, 2010.

<sup>7</sup>Global Deloitte Recruitment surveys, 2010

<sup>8</sup>"Something New: Measuring Team IQ," Dr. Karsten Jonsen, IMD Research, June 2011

<sup>9</sup>"The Bottom Line: Corporate Performance and Women's Representation on Boards", Lois Joy, Nancy M Carter, Harvey M Wagener, Sriram Narayanan, Catalyst, 2007

<sup>10</sup>ibid.

<sup>11</sup>"Women Leaders: The Hard Truth About Soft Skills." BusinessWeek. February 16, 2010

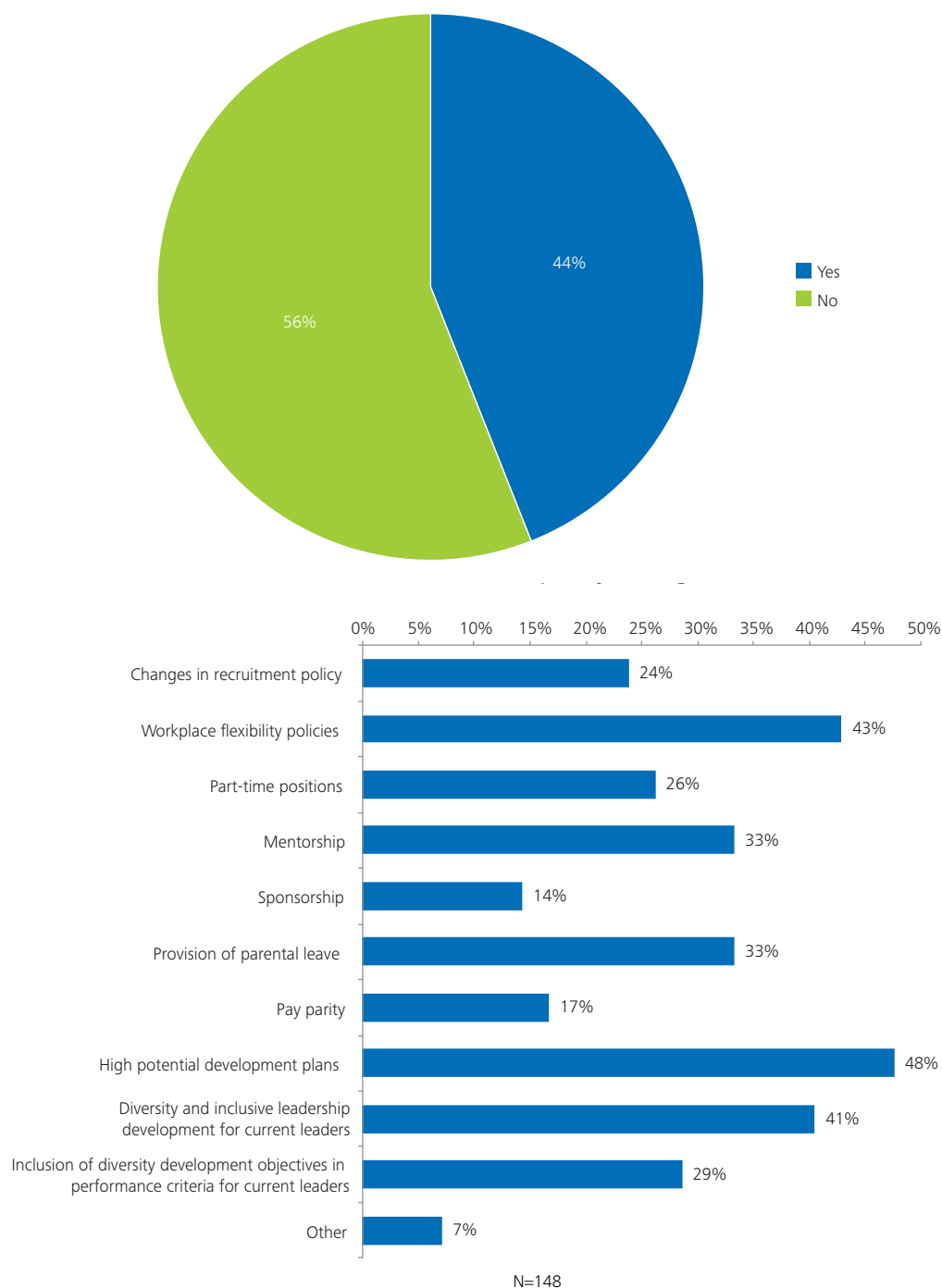


# SURVEY FINDINGS

## THE EXTENT OF PROGRESS

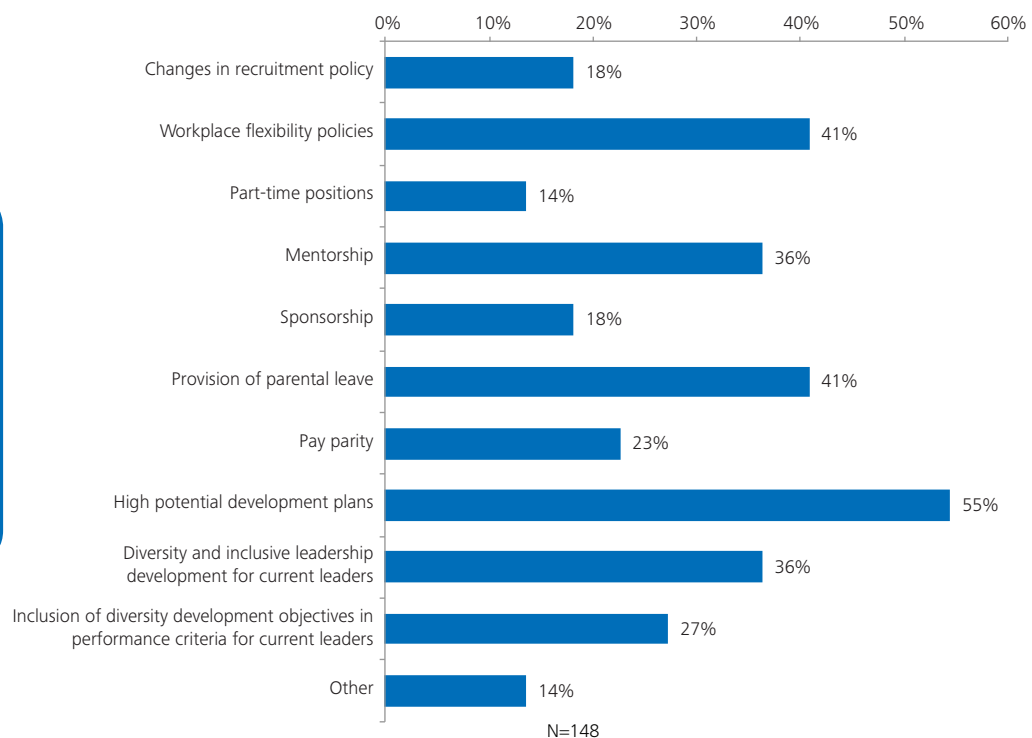
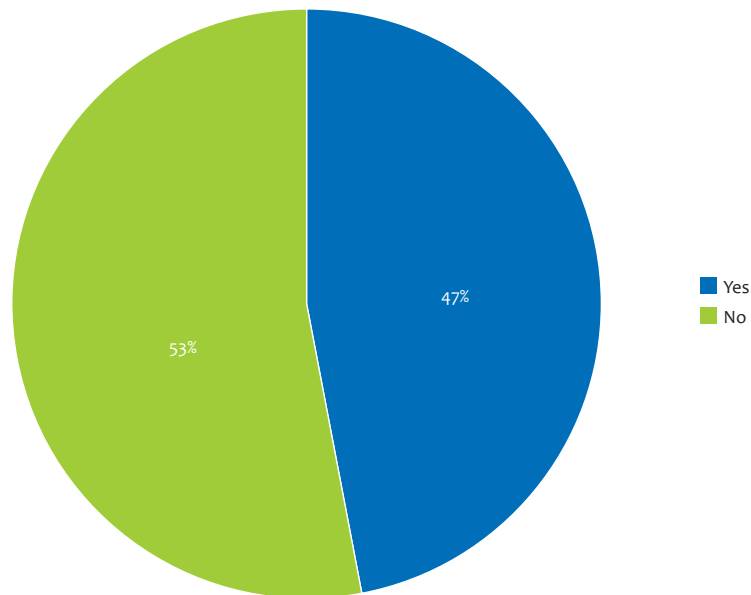
The BIAC Survey shows that over the last four years just over 66 percent of respondent companies reported an increase in the percentage of women in executive leadership positions. Some of this can be explained by the 44 percent that said that they have introduced new policies and practices to promote women into executive leadership positions. The most common practices cited are the introduction of high potential development plans. This is followed in order of perceived importance by workplace flexibility policies, diversity and inclusive leadership development for current leaders, mentorship, and the provision of parental leave.

### Policy Changes Targetting Executives



In addition to efforts being made at the top of organisations, there are also signs of progress at a management level. 47 percent of companies responding to the Survey have introduced policy and practice changes aimed at the manager level. Again high potential development plans are the most common, followed by workplace flexibility policies and the provision of parental leave, then by diversity and inclusive leadership development for current leaders, and mentorship.

### Policy Changes Targetting Managers



*“Diversity of perspective and thinking styles should bring innovation.”*

*(Survey respondent)*

The Survey also shows that despite this progress, more than 50 percent of respondent companies have not introduced any new plans to encourage the advancement of more women at both executive and management levels. This suggests that more companies need to be taking action to advance women within their ranks.

The Survey also found that women continue to leave leadership roles at their own behest. 22 percent of respondent companies reported that they have lost women from leadership positions through voluntary resignations. The reasons given are: better opportunities elsewhere, lack of promotion or challenges related to career development opportunities. Part of this could be explained by the churn rate in a healthy marketplace with women making the choice to move on or up to other businesses. Regardless, the reasons given suggest the current workplace is not providing what the female employee is looking for. Companies need to be aware of these challenges and ensure that the incentives for women to stay and to advance within companies are clear, and more importantly, relevant to their women leaders. They need to consider if there are inherent biases and cultural practices that may be contributing to a gender wall.

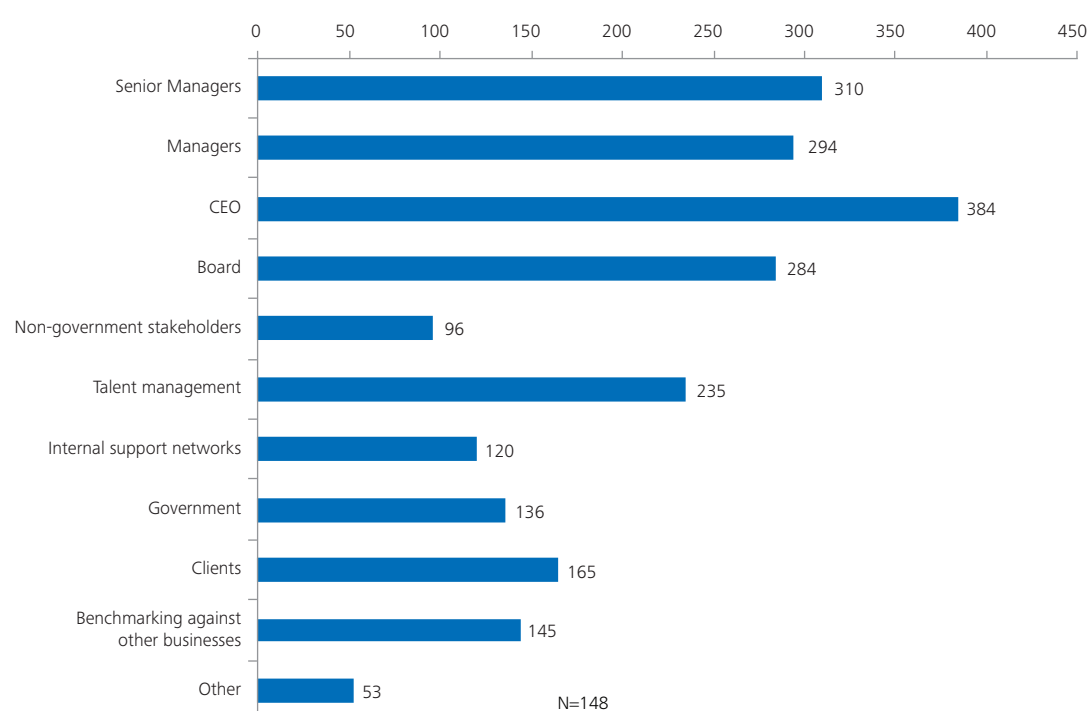
## KEY INFLUENCERS

The Survey asked companies which internal and external factors had the greatest impact and multiplier effect on change within their organisation and the market place. It also asked companies to identify those factors that could have the greatest multiplier effect going forward.

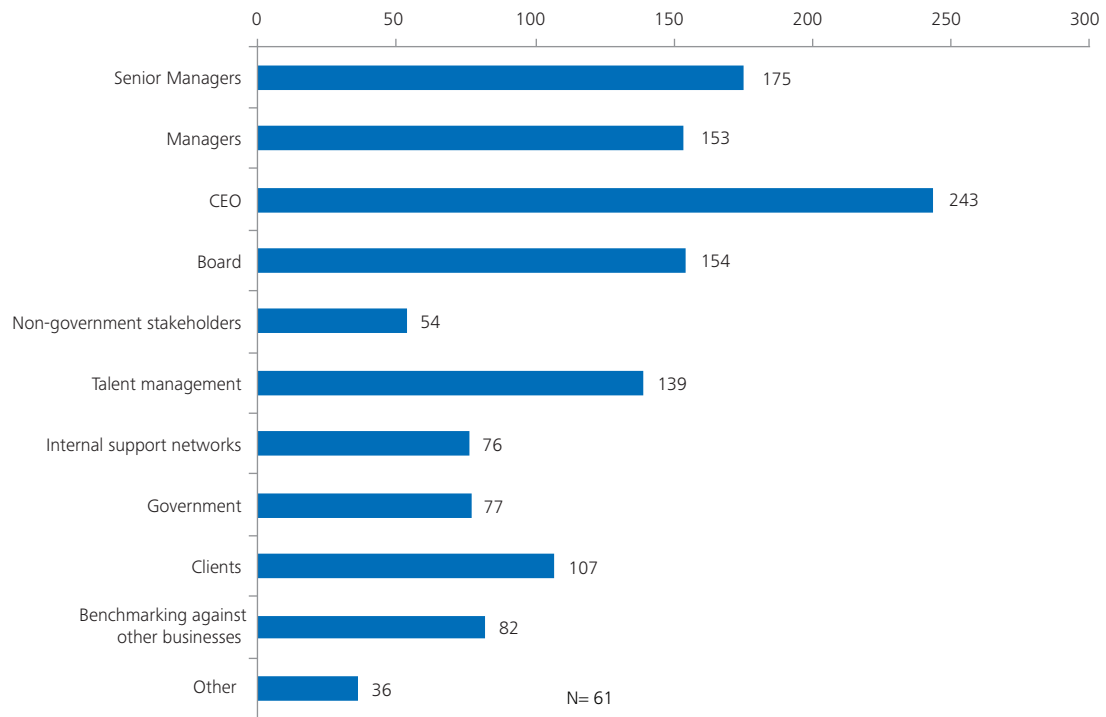
Discussions on gender diversity inevitably lead to a mention of quotas as these systems are often identified as an important external motivator to advance women's economic empowerment. The results of this Survey suggest that the debate on the impact of quotas in different economies will continue.

However, the Survey results show regardless of quotas, the influencer with the greatest multiplier effect within the company was similar across markets. The CEO was identified as the strongest influencer, followed by senior manager, manager and the board. Nearly as important to company leadership, are talent management programmes.

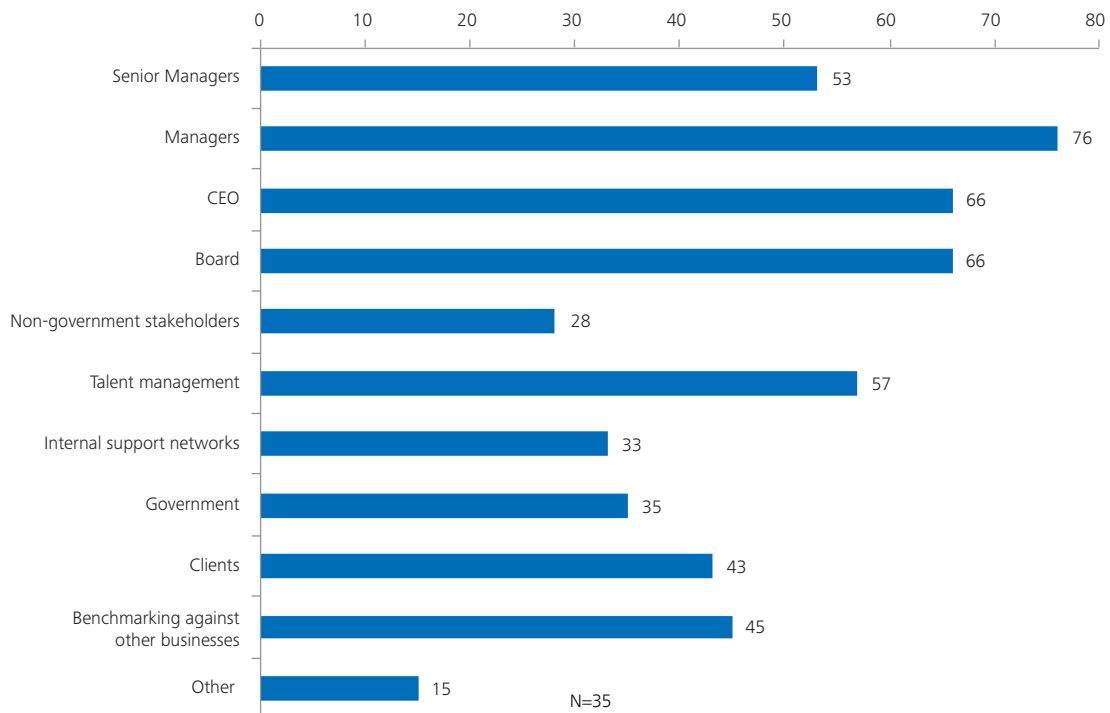
**Influencers with greatest impact on positive gender change within an organization**



### Influencing positive gender change within your organization (without quotas)



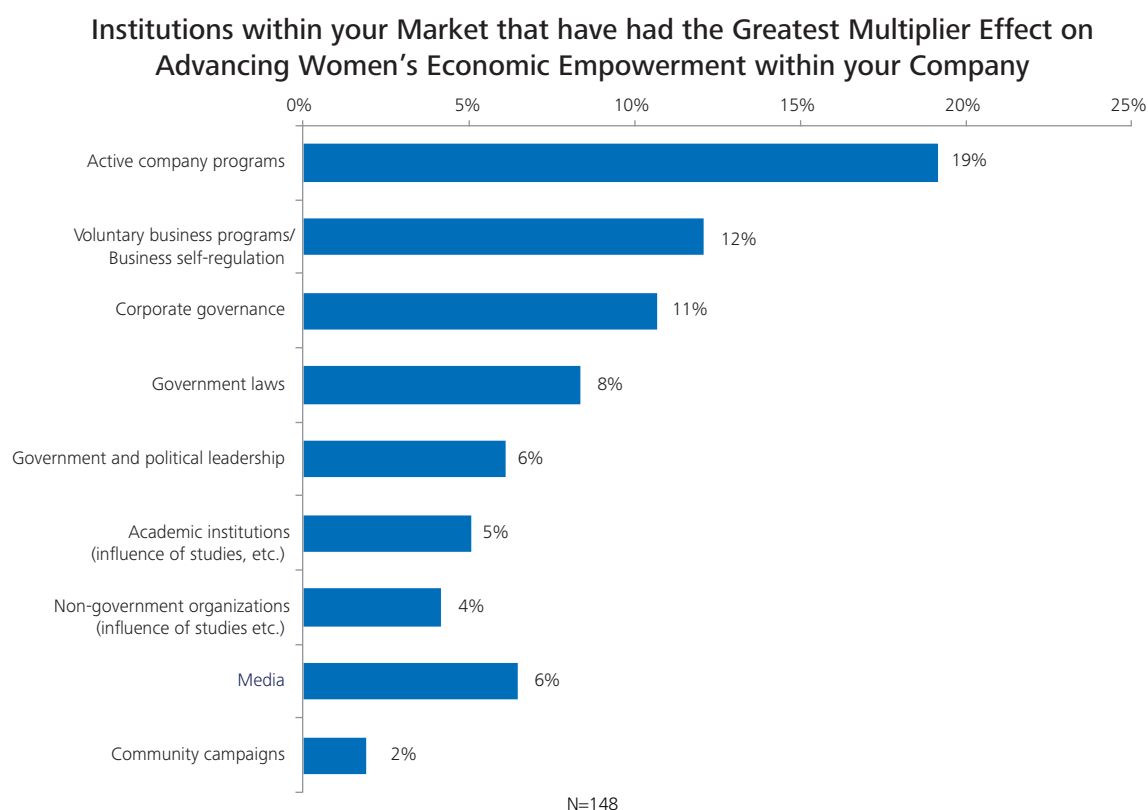
### Influencing positive gender change within your organization (with quotas)



*“Change in C-Suite’s mindset (has facilitated change).”*

(Survey respondent)

When asked to identify the institutions within the market that have had the greatest multiplier effect on advancing women's economic empowerment within the company in both countries with and without quotas, the respondent companies pointed to active company programs. Monitoring, in the form of voluntary business programmes/ business self-regulation, and corporate governance practices came in second and third respectively. This suggests that accountability is an important driver of change.



When asked about the influencers within the workforce more generally, business pointed to its own voluntary actions and self regulation. However, government leadership, including opposition leadership, were the next most often listed number one influencer alongside customers and the media.

Comparison of countries with and without quotas yields a few mentionable findings. The media, while ranked second in both markets, had a higher level of influence in countries with quotas. This may be due to the fact that a business environment where quotas exist provides a platform for public commentary. The second notable finding is that the opposition leader dropped from the fourth ranked influencer in markets with quotas to last in countries without quotas. Without further understanding the rationale behind the ranking decisions of the respondents, it is difficult to say precisely why this is so. One suggestion could be, however, that in respondent markets without quotas, the opposition is passive or has a public position against the introduction of quotas. Customers and peer groups also seem to be comparably more influential in markets without quotas.

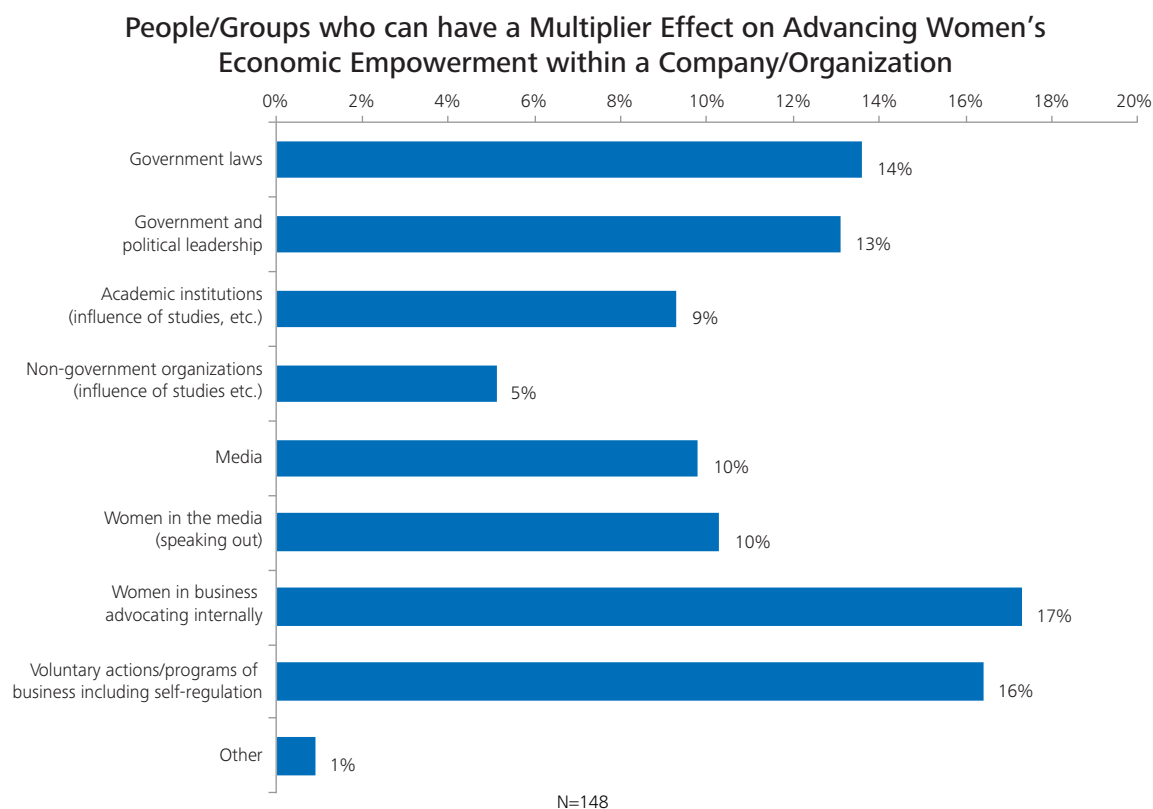
## DRIVING FUTURE CHANGE

Different drivers were cited when companies were asked to identify those that can have a multiplier effect on advancing women's economic empowerment within the organisation.

*“Improvement of (the) environment of child care by government; Break of stereotyped perception for gender roles; gender bias.”*

(Survey respondent)

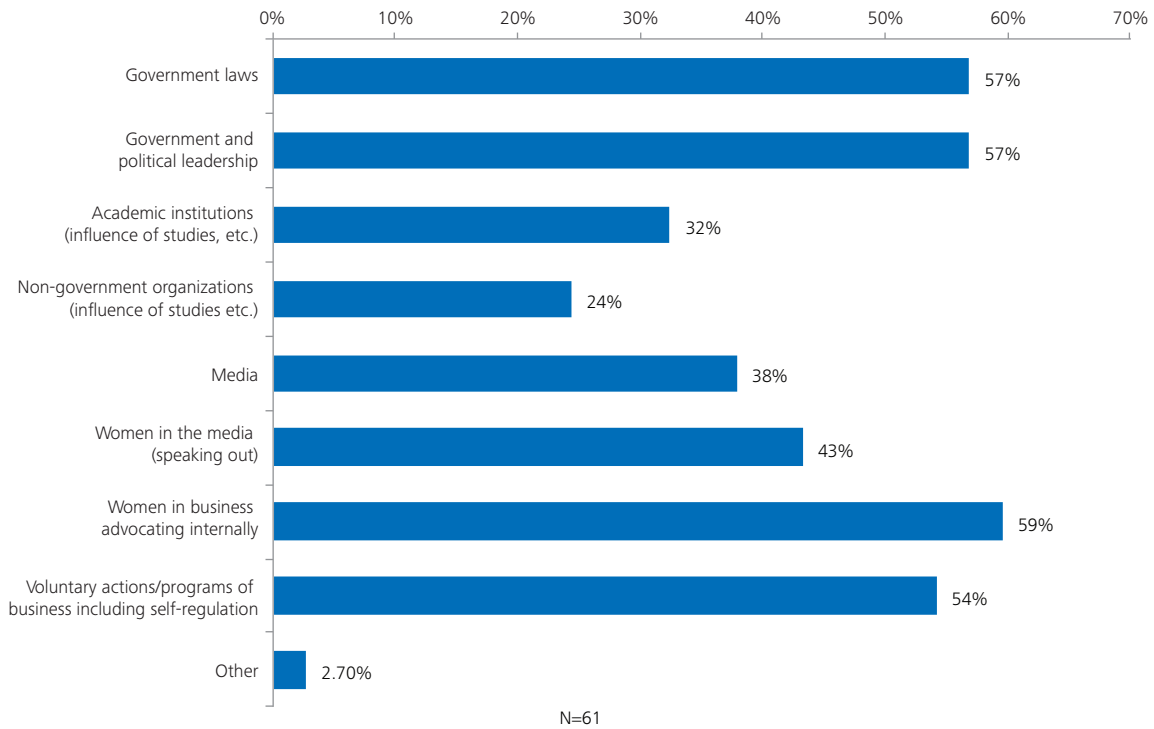
Women advocating within the organisation was cited as potentially having the greatest multiplier effect on driving gender change. This fell just behind business programs (including voluntary actions and self regulatory) in countries with quotas.



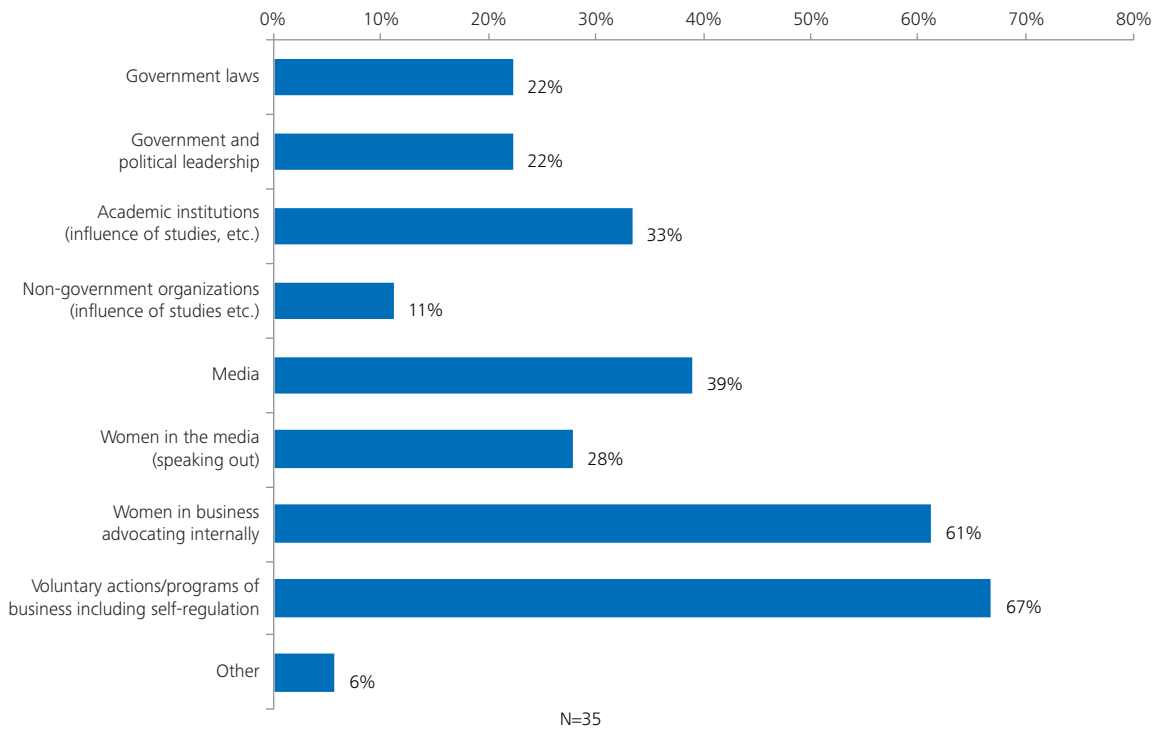
But that is where the similarity ends. In countries without quotas, government laws and government leadership ranked almost on par with women speaking out internally. This says that respondents in these markets (where there are no quotas) believe that these actions will potentially drive gender change. Women in the media and non-government organisations were seen to have a comparatively stronger influence in this environment than in countries with quotas.

These findings may be further explained by the fact that in countries where quotas exist the effect would presumably already have been felt, and self-advocacy, use of the media and third parties (such as studies from non-government organisations) were not seen as critical to effecting change.

### People/Groups who can have a Multiplier Effect on Advancing Women's Economic Empowerment within a Company/Organization (without quotas)



### People/Groups that can have a Multiplier Effect on Advancing Women's Economic Empowerment within a Company/Organization (with quotas)



One finding that requires ongoing consideration is that 51 percent of the respondent companies surveyed reported that over the last few years the government in their market had taken steps to support the advancement of women into executive positions and onto boards. Examples cited in the qualitative commentary included quotas and targets, or government leadership commitment, for example by Japan's Prime Minister Abe. At the same time, 66 percent of respondent companies have seen an increase in women into leadership roles. A correlation analysis of these 2 factors was not undertaken, and we will need to see if a longer-term impact of both public and private policy approaches will be felt in the years to come.

## REGIONAL DIFFERENCES

There were some regional variations in the Survey. Europe, predominantly Germany, put greater stress on the effect of workplace flexibility and part-time positions at management levels to advance women. North America, predominantly the U.S., put emphasis on mentorship and diversity development for current leaders. Asia, predominantly Japan and New Zealand, put more emphasis on development plans. North America and Asia put more stress on the CEO being a key driver and influencer than Europe, where clients and non-government stakeholders scored more highly. The extent to which these differences reflect cultural, social, legal, structural, or other factors, is a point for further consideration.



## WHAT IS NEXT: EFFECTIVE FUTURE ACTIONS

In many respects the responses show positive developments, but importantly they also show that more can be done, and that questions remain requiring closer attention.

The Survey shows that business sees itself as the strongest driver of change in promoting women's economic empowerment within companies, and the internal practice changes by many to advance women into senior management and onto boards seems to be making a difference.

Given the reasons provided as to why women have left their company, business has to ask itself if enough companies are offering clear and strong career paths and advancement opportunities for women. This could reduce voluntary redundancy and more importantly promote advancement. Maybe some companies have introduced new practices, but the communication is poor and women employees do not see what is available to them. Maybe inherent gender bias is playing a role and companies are not aware that this is the case. Maybe tone at the top is present, but is remaining at the top. There are a lot of questions many businesses need to consider to be strong leaders in effecting positive gender change.

Further, the question needs to be asked of the more than 50 percent of respondent companies who have yet to take positive steps to advance women within their organisation, as to why this is so. Companies should be asking themselves:

- Is the business case well understood?
- Is there leadership buy in and a clear message from the top?
- Are the appropriate structures and metrics in place to effectively implement?

What is clear from this Survey is that more companies need to take action if they are to generate the gender dividend of putting ALL our minds to work. The good news is that as the original 2012 BIAC report showed there are company best practices that can be adapted. It is also clear that measurement and accountability, including oversight from the board and peers, can make a difference.

But it is not all up to the companies. Public advocacy, whether through quotas, women advocating and ongoing media attention, is needed to keep a focus on this debate. While this Report does not advocate for quotas, it does advocate for government to keep a close eye on progress and to implement policy measures that can break down the walls for women's economic empowerment. Having said that, care should be taken to ensure that, whatever is done to encourage women in the workforce, it does not have the unintended consequence of undermining the right to choose family interests over paid employment. Both are valuable.

Further, the 2012 BIAC report advocated for policy changes. It showcased successful legislative and voluntary approaches to women's economic empowerment. It advocated for governments to support this effort through labour market, social, education and tax policies that make work pay for women and their families. Access to affordable quality child care was a persistent important issue then and remains so today. Access to finance for entrepreneurs was also cited as a critical enabler, and as this Survey results show, this remains so today.

## Public Policy Recommendations:

- **Governments should recognise gender equality as a key lever in economic development and competitiveness.** Only when it is seen as a core objective integrated across departments, and not as a side issue, will concrete progress be made. Public policies supporting women at work should be broad in scope including education, employment and entrepreneurship and other relevant areas such as taxation and benefit policies.
- **Government officials at the highest level should be champions for women's economic empowerment.** Just as in companies, top leadership commitment is essential. Senior government officials need to be clear and visible about their support of women's economic empowerment.
- **Governments should act as positive role models, promoting ambitious gender diversity targets for their own administrations as well as the state enterprises under their control.**
- **Government-business dialogue is essential.** Public policy should be the result of an active dialogue and engagement between the public and private sectors, as well as with other stakeholders, so as to deliver policies that are aligned with and support efforts by business to advance women's economic opportunities.

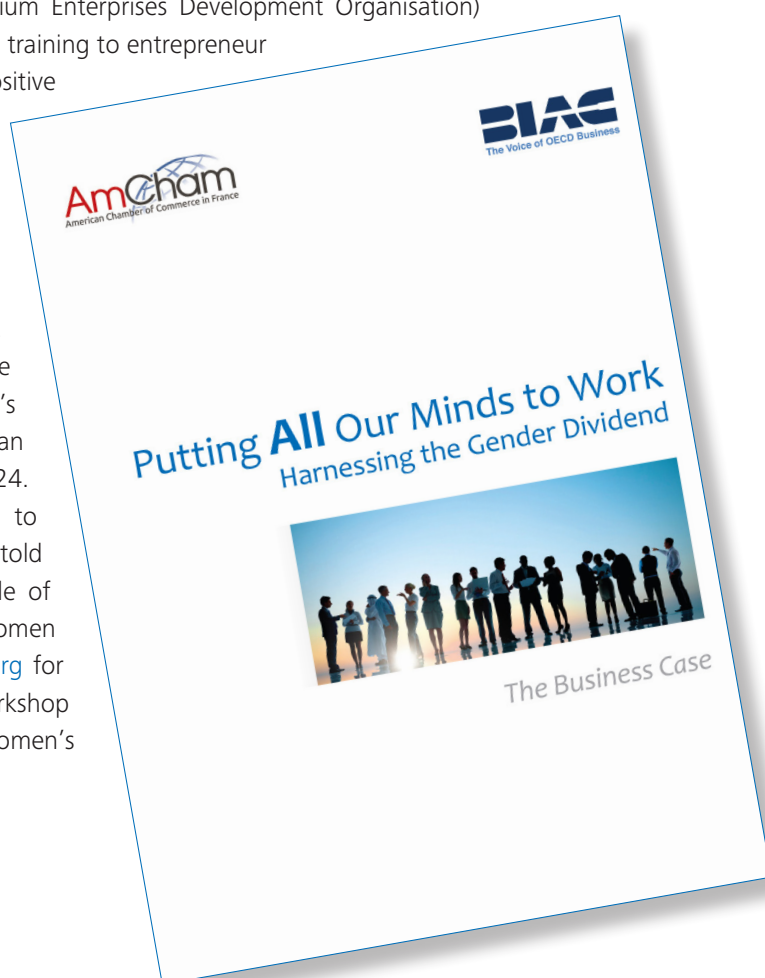
## THE NEED TO BOOST WOMEN'S ENTREPRENEURSHIP

Women's entrepreneurship is an area that requires greater attention if we are to enhance women's economic empowerment. When respondents were asked what steps their companies had taken in recent years to enhance women's entrepreneurship the overwhelming majority said 'None'. And when the question was widened to what the government in their particular market had done in recent years in terms of policy changes or legal changes to promote women's entrepreneurship a 68 percent majority reported that nothing had been done. The glimmer of light was the fact that 32 percent reported that the government in their jurisdiction had released policy changes or laws that clearly promoted women's entrepreneurship.

Some of the changes cited by respondents include:

- EU funding for projects promoting gender equality
- Support for women for technical education
- Prime Minister Abe's cabinet discussion to promote women's entrepreneurship
- Ministry of Economy, Trade and Industry (METI)'s loan program for supporting female, young, and senior entrepreneurs
- Growth Roadmap for more active participation of women in society
- Japanese Government promotes "Positive Action" policy
- Fund for women's entrepreneurship
- KOSGEB (Republic of Turkey Small and Medium Enterprises Development Organisation) has been giving financial support and provides training to entrepreneur candidates. During this process, they apply positive discrimination policies for women such as providing higher amount of grants for female entrepreneurs to start up their business.

Women's entrepreneurship is a major facilitator to greater economic empowerment for women, both in developed and developing worlds. There are various enabling challenges to women's entrepreneurship which will be discussed at an upcoming BIAC OECD workshop, on June 24. The themes to be discussed include access to finance, the challenges and opportunities as told by successful women entrepreneurs and the role of company and private sector initiatives to foster women entrepreneurs. (Contact BIAC – [primmer@biac.org](mailto:primmer@biac.org) for more information). The outcomes of this workshop will be the subject a further BIAC report on women's entrepreneurship.



## CALL TO ACTION

In closing, the assessment is clear. More has to be done to put All our minds to work. If business sees itself as the driver of change, then we must continue to lead and generate greater momentum across our sectors. There is a gender dividend to be won, not just for business, but for society as a whole. If *all* our minds are working, inclusive and sustainable growth becomes more achievable.

# Putting ALL our ideas to work: *Women and Entrepreneurship*

When: June 24, 2014

Time: 9 a.m.–5 p.m.

Venue: OECD — Paris



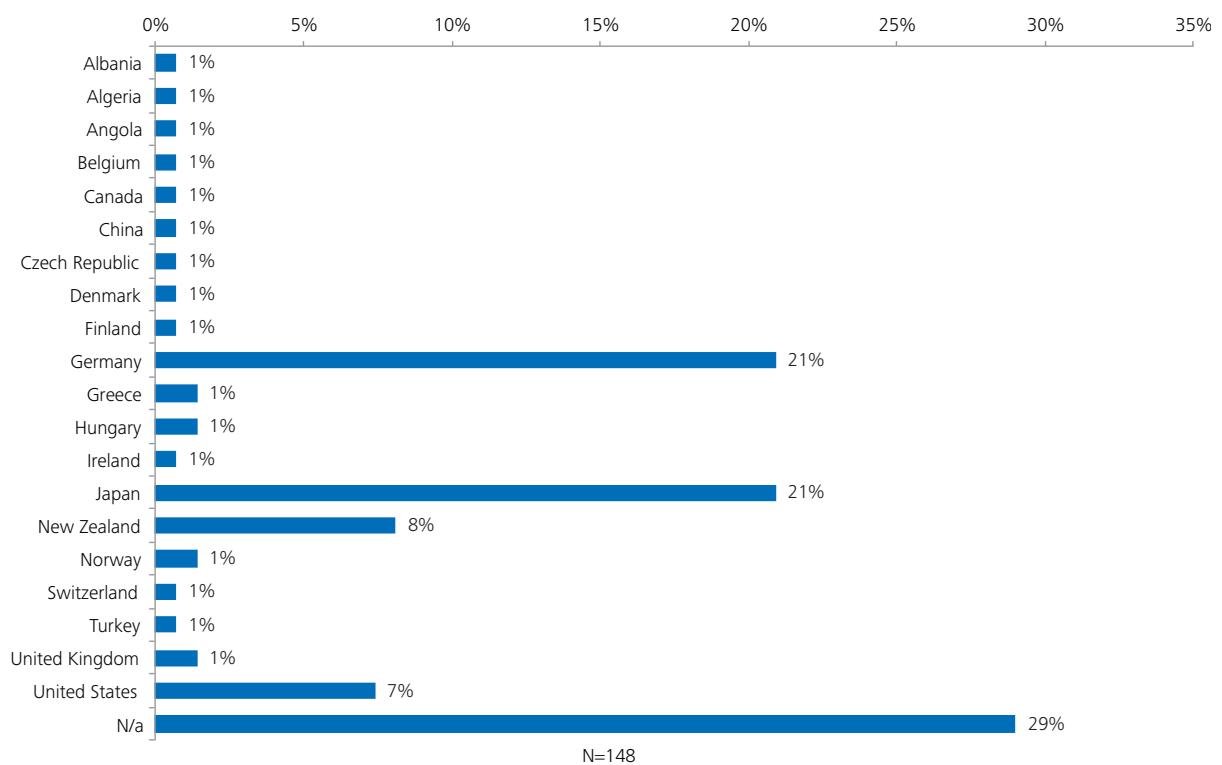
for more information email: [primer@biac.org](mailto:primer@biac.org)

# APPENDIX

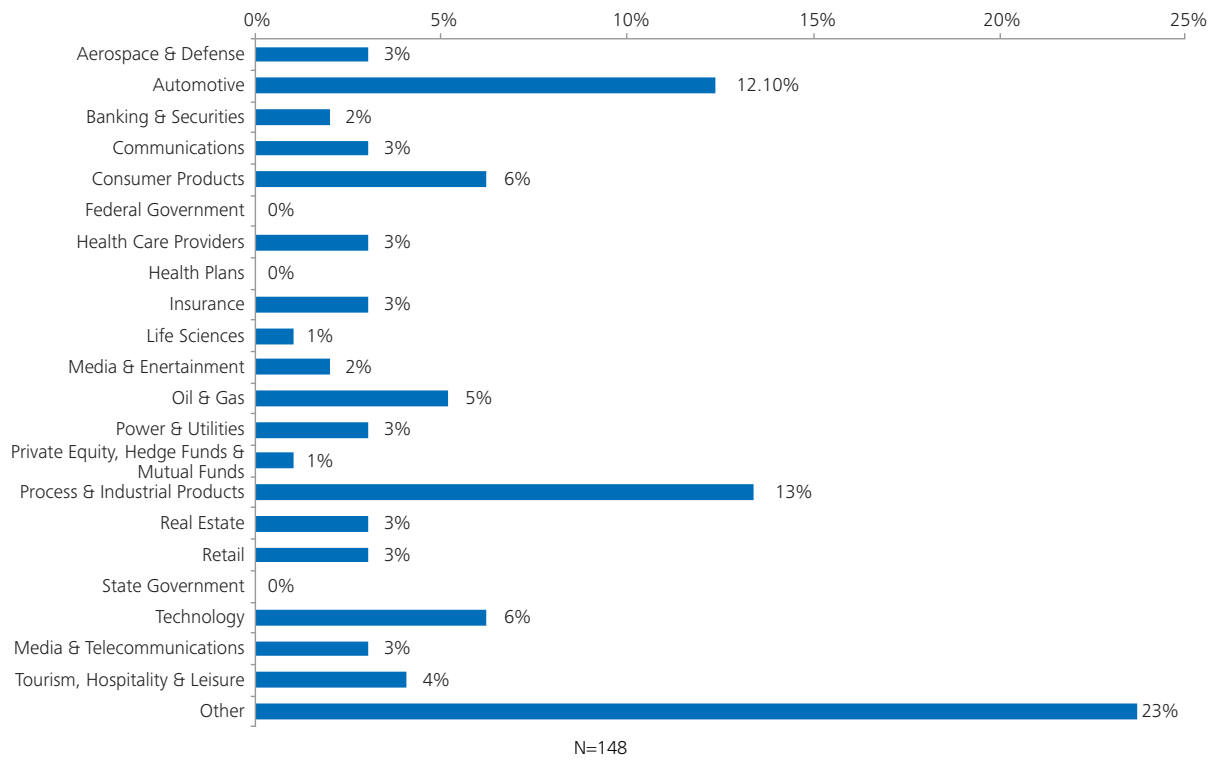
## THE SURVEY

The Survey was conducted between September and December 2013. It was an electronic survey that was distributed to the BIAC membership organisations and companies. 215 responses were received although not all respondents answered all questions. The details are provided below. The Survey questions were designed to provide strong anecdotal evidence on progress — of both business and government — over the past few years to advance women within companies.

Respondent Geographic Location



### Respondent Industry Sector



### Size of Respondent Organization

