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Diversity

Global

Data

Women in business:
beyond policy to progress

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Contents

"By highlighting in this report the current state of play and providing recommendations for business leaders looking to realise the commercial benefit of gender diversity, we hope to help drive change."

Francesca Lagerberg, global leader for network capability and sponsor of women in leadership, Grant Thornton International Ltd

Foreword

The last year has seen global business take one step forward but one step back when it comes to gender diversity in leadership. The percentage of businesses around the world with at least one woman in senior management has increased significantly, rising from 66% to 75% in the last year. But at the same time the proportion of senior roles held by women has marginally declined.

This suggests that businesses may be focused on ticking the 'diversity' box to avoid an all-male leadership team, rather than creating an inclusive culture that leads to a genuinely diverse senior management team. While it's hugely positive that women are in senior roles at more businesses, it's disappointing that they are being spread so thinly. This means many businesses will not gain from the benefits of real diversity.

Given this trend, we set out to understand the role of policy in bringing about positive change and in countering cultural norms and unconscious bias that can hinder progress. Somewhere, good intent is not turning in to real action.

We find that business policy is abundant; equal pay, paid parental leave, flexible hours and other policies are common around the world. But those countries in which businesses have the most policies in place are not necessarily those that demonstrate the most gender diversity. Policy alone, it seems, does not create real progress.

Businesses report levels of complexity in translating good intentions into practice can make it difficult to introduce policies to improve gender diversity. They say that stereotypes about gender roles are still a barrier to progress. Many business leaders want their government to do more to address the issue of gender inequality in business leadership at a legislative level. Although the majority believe businesses and governments need to work collaboratively to solve the problem.

It's clear that policy – whether led by business or driven by government – is not producing large scale change. That's not to say that policy isn't important or doesn't work within individual organisations, but the results are not widespread. In addition, there is no clear correlation between which specific policies are adopted and the gender diversity of businesses' senior management teams.

This poses an important question: if policy is not driving more women to the top, despite widespread use, then what will?

Interviews we conducted with business leaders around the world suggest that the businesses creating real change are those whose policies and practices are rooted in a genuine conviction of the benefit of diversity. Their leaders recognise the advantages of gender diversity and create inclusive cultures in which a wide range of voices are listened to. This is about behavioural change rather than a checkbox exercise.

There is compelling evidence of the link between gender diversity in leadership and commercial success[1]. The current volatility in the global economy and ongoing technological innovation and disruption makes the issue more important than ever. Businesses with all-male leadership teams should be feeling the heat of a burning platform. They need to act fast if they are to stay competitive.

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1   McKinsey Research, *Delivering through diversity*, page 10

This doesn't mean simply introducing more policies. The fundamental change required is for business leaders to champion the cause of gender diversity. Once it is seen as a core company value, and possibly linked to compensation, then specific initiatives such as unconscious bias training and sponsorship can help. Tone at the top does matter to drive change and there is some evidence of growing fatigue about initiatives that do not lead to different behaviours.

There is no single initiative that will solve the problem of gender diversity. Increasing the number of women in business leadership, like any worthwhile change, will take time and may be hard. Businesses, including Grant Thornton, must navigate their way and a key part of that will be showing to those potential future leaders that this journey is worthwhile. But by highlighting in this report the current state of play and providing recommendations for business leaders looking to realise the commercial benefit of gender diversity, we hope to help drive change.

Francesca Lagerberg

Global leader for network capability and sponsor of women in leadership, Grant Thornton International Ltd

"If you look at different businesses with the same policies in place, you'll see very different landscapes depending on how they're led from the top."

Chris Clarke, chief executive, AdviserPlus
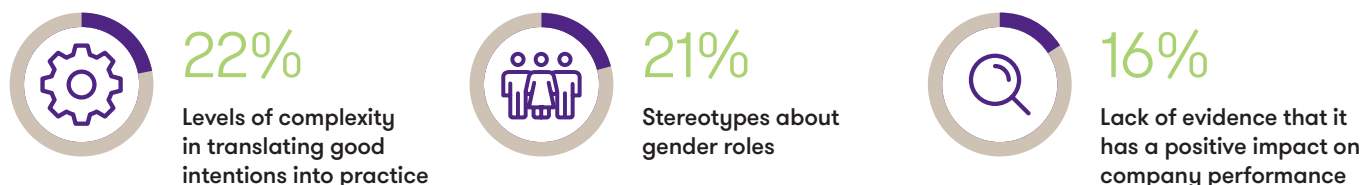
Key global findings

● 2018
● 2017

Percentage of businesses with at least one woman in senior management

75%
66%

Proportion of senior roles held by women

24%
25%

Top gender equality policies and practices businesses have in place:

81%
Equal pay for men and women performing the same roles

71%
Non-discrimination policies for recruitment

59%
Paid parental leave

Top drivers for businesses to introduce gender equality policies and practices:

65%
To attract and keep employees

65%
To live up to organisational values

55%
To enhance company performance

Main barriers that prevent gender equality policies and practices being introduced:

22%
Levels of complexity in translating good intentions into practice

21%
Stereotypes about gender roles

16%
Lack of evidence that it has a positive impact on company performance

Ten recommendations for business leaders to increase gender diversity:

1 Champion the cause

Leadership	Policy	Culture
2 Make diversity and inclusion a core value	5 Avoid tokenism	8 Investigate the benefits
3 Set goals	6 Reduce 'mini me' recruitment and promotion	9 Be comfortable with discomfort
4 Link progress to pay	7 Introduce sponsorship	10 Share your story

Gender diversity in leadership

In the last year the business community has made significant progress to make sure women are represented at the top. Globally, the percentage of businesses with at least one woman in senior management has seen a significant rise from 66% to 75%, which means far more businesses have attained some level of gender balance.

Figure 1: Female representation in senior management over past four years

	2015	2016	2017	2018
Percentage of businesses with at least one woman in senior management	68%	67%	66%	75%
Proportion of senior roles held by women	22%	24%	25%	24%
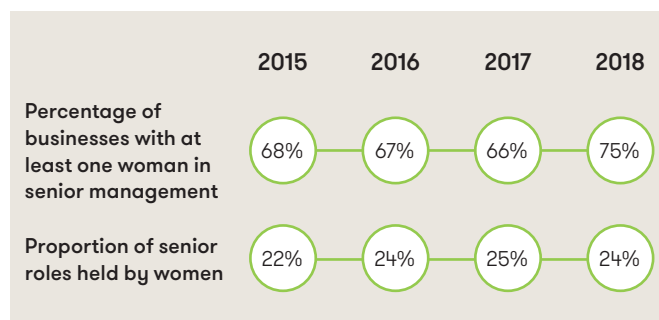
This may be the result of business leaders becoming convinced of the benefits that a gender diverse team can bring to the bottom line. But increased media focus and concerns about potential legislation in many regions may also be driving action. As Francesca Lagerberg, global leader for network capabilities and sponsor of women in leadership at Grant Thornton International Ltd, says: "The external environment has changed and it is now seen as strange to have no women in senior management. Businesses may finally have just become too embarrassed and ashamed not to improve their gender diversity."

As in previous years, improvements have primarily been driven by high levels of gender diversity in emerging economies, with Africa and Eastern Europe leading the way. Latin America has also seen the biggest increase in the percentage of businesses which have at least one woman in senior management. Nicole Blythe, national managing partner – people experience at

Grant Thornton US, believes that "businesses in developed regions may find it harder to drive change because they are operating with established and ingrained behaviours. In contrast, emerging economies are in a state of dynamic change, so businesses there are more adaptable and have a mindset that is more open to innovation and creativity." However, as explored later in this report, societal norms and cultural differences could also impact behaviour, not just a businesses' mindset. But there has been a significant increase in the percentage of businesses in North America with at least one woman in senior management, and other developed regions such as the European Union (EU) have also seen increases.

While the last year has seen more businesses worldwide with at least one woman in senior management, the proportion of senior roles held by women has marginally declined (see Figure 1). This is concerning because, as Vibeke Hammer Madsen, chief executive officer of Virke, says: "Having just one woman on a senior management team isn't very helpful, it's when there are multiple different voices that things really change."
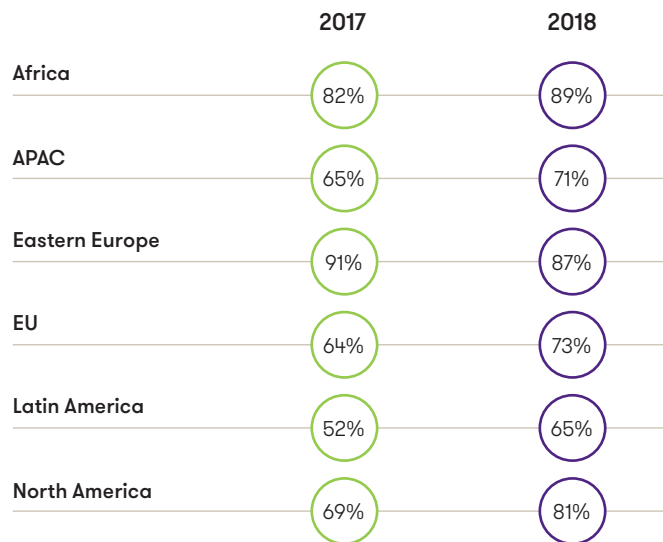
Once again, emerging economies demonstrate greater gender diversity than developed regions when it comes to the proportion of senior roles held by women. However, while Eastern Europe continues to lead the way, there are signs that previously positive trends in the region may be in reverse. Karitha Ericson, chief operating officer at Grant Thornton Sweden, highlights the importance of keeping up the pressure: "Gender diversity doesn't happen by itself. Even countries that do well will stop seeing progress if there isn't a sustained effort to focus on it."
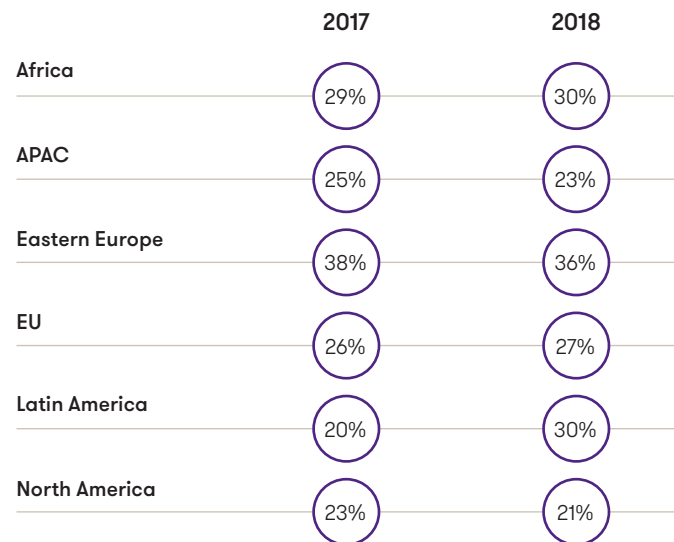
There is a clear contrast between the flat rate of senior roles held by women and the rising numbers of businesses with at least one woman in senior management (see Figures 2 and 3). Is this because businesses have taken a box-ticking approach? It is possible that businesses have taken measures to ensure they do not have an all-male leadership team rather than introducing change transformation which genuinely increases gender diversity to reach parity at the top.

A recent Credit Suisse report suggested that female 'overboarding' is being used by many businesses, particularly in the US and across Europe, to enable rapid achievement of diversity targets, but is reducing the wider pool of women available for senior management roles.[2] This is a concerning trend because, as Nicole Blythe says, "you can give a woman a seat at the table but if she doesn't feel that seat has the same value as everyone else's, or that her voice isn't heard and appreciated, she won't sit at the table very long."

Figure 2: Percentage of businesses with at least one woman in senior management

	2017	2018
Africa	82%	89%
APAC	65%	71%
Eastern Europe	91%	87%
EU	64%	73%
Latin America	52%	65%
North America	69%	81%

Figure 3: Proportion of senior roles held by women

	2017	2018
Africa	29%	30%
APAC	25%	23%
Eastern Europe	38%	36%
EU	26%	27%
Latin America	20%	30%
North America	23%	21%

2   Credit Suisse, *The CS Gender 3000: The Reward for Change*, page 2

Regional snapshots

Africa

89%

of businesses have at least one woman in senior management

30%

of senior roles are held by women

Africa tops our regions in gender diversity performance. Nigeria for instance has 95% of businesses with at least one woman in senior management and hit a new high in terms of the proportion of senior roles held by women (30%). Meanwhile South Africa hit a new high of 80% of businesses with at least one woman in senior management and the highest proportion of senior roles held by women in a decade at 29%.

APAC

71%

of businesses have at least one woman in senior management

23%

of senior roles are held by women

Countries across the region made progress on gender diversity in leadership over the last year but within the region we see significant variation. For example, the percentage of senior roles held by women in India increased from 17% to 20%, extending a consistent improvement year on year from 14% in 2014. However in Japan, women remain under-represented in senior teams with just 5% of senior roles held by women.

Eastern Europe

87%

of businesses have at least one woman in senior management

36%

of senior roles are held by women

Eastern Europe continues to be a leading region when it comes to female participation in senior management. The region is home to Poland and Russia which continue their tradition of strong female participation with 93% and 91% respectively with at least one women in senior management. However, in Poland, due to changing lifestyles and family responsibilities, more women are becoming more enterprising and deciding to run their own businesses. A large number of women in managerial positions could be a result of this increase in professional activity.

EU

73%

of businesses have at
least one woman in
senior management

27%

of senior roles are held
by women

The UK hit a high in terms of the percentage of businesses with at least one woman in senior management at 75%, and saw a slight rise in the proportion of senior roles held by women, up from 19% to 22%. France hit a three year high in terms of the percentage of businesses with at least one woman in senior management at 79%, and a three year high in terms of the proportion of senior roles held by women at 33%.

Latin America

65%

of businesses have at
least one woman in
senior management

30%

of senior roles are held
by women

Mexico continued its trend of improving female participation in senior teams for a third straight year. Seventy-five percent of business reporting at least one women in senior management and 34% of senior positions held by women. Brazil and Argentina also showed improvement in both metrics, the percentages of businesses with at least one woman in senior management increasing to 61% and 58% and senior roles held by women to 29% and 23% respectively.

North America

81%

of businesses have at
least one woman in
senior management

21%

of senior roles are held
by women

The US saw a significant increase in the percentage of businesses with at least one woman in senior management, rising from 69% last year to 81% in 2018. However, at the same time the US saw a slight decrease in the proportion of senior roles held by women, from 23% to 21%, while in Canada this rose from 23% to 25%.

Landscape of business policy

To better understand what creates change in gender diversity in business leadership across the world, we explored the policies businesses have in place to encourage and facilitate it.
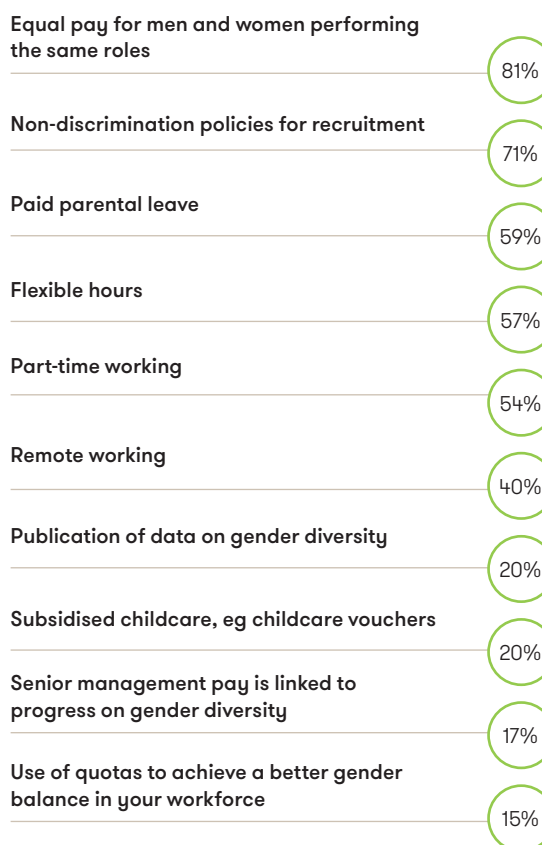
Our aim: to identify whether some approaches work better than others. We also investigated what motivates businesses to adopt gender equality policies and practices, what prevents them from introducing more, and what their appetite is for government intervention.

Focus on family friendly policies

Globally, the most common policies businesses have in place are equal pay (81%) and non-discrimination in recruitment (71%), followed by paid parental leave (59%), flexible hours (57%), part time working (54%) and remote working (40%), as shown in Figure 4. The least common are quotas (15%) and senior pay being linked to progress on gender diversity (17%), followed by subsidised childcare and publication of gender diversity data (both 20%).

Several business leaders we interviewed highlight the importance of policies that support working parents. Claire Paisley, financial services partner at Baringa Partners, says that "family is a key element of people's lives, so any policies that support people with families and give them more choices are important." Chris Clarke, chief executive of AdviserPlus, also highlights that these policies can bring greatest change: "Flexible working is a hugely important policy to consider because it can very quickly shift the wider culture, and even small changes to working practices can have a disproportionately positive influence on employees' ability to do their jobs." However, simply having the policies in place is not enough. As Claire Paisley says: "Policies need to be communicated, encouraged and championed, because people won't necessarily use them."

Figure 4: Gender equality policies and practices businesses have in place

Equal pay for men and women performing the same roles — 81%

Non-discrimination policies for recruitment — 71%

Paid parental leave — 59%

Flexible hours — 57%

Part-time working — 54%

Remote working — 40%

Publication of data on gender diversity — 20%

Subsidised childcare, eg childcare vouchers — 20%

Senior management pay is linked to progress on gender diversity — 17%

Use of quotas to achieve a better gender balance in your workforce — 15%

Despite the prevalence of equal pay and non-discrimination policies, business leaders we spoke to said companies need to look beyond such measures. Jasbir Nizar-Baker, head of HR at Lombard Odier Investment Managers, says that "it's easy for compensation to become a simple way for businesses to demonstrate legal compliance, but it rarely drives change in organisational mindsets and behaviour to create a positive outcome on gender diversity." Similarly, Ramón Galcerán, head of financial advisory at Grant Thornton Spain, added that "equal pay and non-discrimination policies are relatively easy to implement but sometimes hard to measure, so unfortunately it's easy for businesses to say they're doing something without necessarily really driving change."

A mixed picture

There are some geographical differences in business policies. Businesses in Nigeria, Indonesia and South Africa are most likely to have gender diversity quotas in place, while those in Russia, Canada and the Netherlands are least likely. There are several potential variables which could explain these differences. Businesses in Russia, for example, may not have quotas because they already demonstrate gender diversity in leadership. This is not the same in the Netherlands' case, however, suggesting no clear link at this stage.

Time for quotas

Among the business leaders we spoke with there is a sense that the slow pace of change on gender diversity in leadership means less popular policies such as quotas need to be considered more fully. Many, such as Vibeke Hammer Madsen, used to be against quotas but now say they "can't see any other way to get more women in senior positions. So many businesses have plans, policies and initiatives in place, but we still aren't seeing progress."

Others, like Sacha Romanovitch, chief executive officer at Grant Thornton UK, believe that while quotas may not be appropriate for all roles because women shouldn't feel they have been given responsibility just because the business needs a woman, "instead it's important to have quotas on recruitment pipelines so there's a possibility of selecting a female leader in future."

A 2015 Commonwealth report stated that "the range of studies and analysis lead to the conclusion that fairness will not prevail for women in the short term without legislation for targets and/or quotas."[3] Grant Thornton's own research has shown that 47% of businesses support the introduction of quotas, at least for the executive boards of large listed companies.[4]

Policy ≠ progress

There is no clear correlation between which, and how many, policies businesses have in place and the gender diversity of their senior management teams. Business leaders state that, rather than specific policies being the solution, it is the environment into which they are introduced that makes the difference on gender diversity in leadership. As Jennifer Thorpe-Moscon, senior director of research at Catalyst, says: "Policies are less likely to work if the wider company culture doesn't embrace them, but policies can change the culture, too."

Francesca Lagerberg expands on this, saying: "You can have every policy in the book, but if that book never gets taken off the shelf and used, then the policies are only words. Policies can set the parameter, context and direction of travel but they won't achieve anything if the underlying culture hasn't changed. How people are treated, the way leaders live and breathe and deliver on issues of gender diversity, are far more important than specific policies."

Unless a business is focused on creating an inclusive culture in which everyone feels valued and able to speak up, policies designed to increase the gender diversity of senior management are unlikely to have any real impact.

3   The Commonwealth Secretariat, *Strategies for Increased Participation of Women in Leadership across the Commonwealth*, page 2

4   Grant Thornton, *Women in business: the path to leadership*, page 16

Inclusion: why culture is key in driving change

It is easy to use the terms 'diversity' and 'inclusion' interchangeably, and to assume that if you have diversity then by definition you must have inclusion. But this is not the case. Diversity is having a balance of different voices in a business, but inclusion is making sure those voices are heard and acted upon.

A culture of inclusion values each individual for who they are and creates a sense of team. As Jennifer Thorpe-Moscon says, it will include "both a sense of uniqueness and a sense of belonging. If you just have uniqueness and no belongingness, people may feel alienated and excluded. But if you just have belongingness without uniqueness, you might have a homogenous group with no unique perspectives or innovation. You have to have both uniqueness and belonging operating simultaneously to create an inclusive environment."

Inclusion incorporates all forms of diversity, recognising that as well as aspects such as gender, age or ethnicity it's important to have people with different backgrounds, experiences, behavioural styles and skillsets to increase the effectiveness of a team.

Business leaders believe mindsets are starting to change. Sacha Romanovitch says "traditionally businesses had a very hierarchical view of the world and focused on competition as the way to drive profit. Some are moving away from that model to focus on shared purpose and collaboration to achieve success. That's an inclusive environment that is attractive and interesting for women, and men, who don't fit the alpha male paradigm."

Creating an inclusive culture is not easy; it requires strong leadership. As Nicole Blythe says: "Culture change needs to be intentional and requires courageous leaders who are willing to have the hard discussions, willing to make the tough decisions, willing to listen and willing to take risks in order to align culture and behaviours with an organisation's values."

Research shows that there are four key leadership behaviours that help employees feel included: empowerment, accountability, courage and humility.[5] Jennifer Thorpe-Moscon explains these in the following way: "Empowerment is enabling your team to demonstrate their talent, get their jobs done and succeed. Accountability is holding people responsible for things they can control, which is a strong way to communicate trust in people. Courage is being willing to speak up and take risks when necessary. Humility is recognising that everybody makes mistakes but these can be learning opportunities, and admitting that you don't have all the answers and seeking out others to get the best combination of ideas."

"Ultimately, it's about creating an environment in which everybody can be themselves and not have to put on a veneer or a façade at work."

Claire Paisley, financial services partner, Baringa Partners

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5   Catalyst, *Inclusive Leadership: The View from Six Countries*, page 7

Recruitment needs are biggest driver for policy

When we ask business leaders why they have introduced gender equality policies, the most common reasons are to attract and keep employees (65%) and to live up to organisational values (also 65%) (see Figure 5). Enhancing company performance is third (55%), followed by compliance with government legislation (51%). Meeting the expectations of wider society is least common (42%).

Figure 5: Reasons businesses introduced gender equality policies and practices

To attract and keep employees

65%

To live up to our organisational values

65%

To enhance company performance

55%

To comply with government legislation

51%

Because of the vision of senior leadership

47%

To meet the expectations of wider society

42%

"Any business that doesn't take gender diversity seriously or just ticks the boxes is doing itself a disservice as it's limiting itself to half the talent pool."

Jennifer Thorpe-Moscon, senior director of research, Catalyst

6   Grant Thornton, *Women in business: the value of diversity*, page 1

Recruitment and retention are strategic priorities for businesses, and gender equality in leadership has become a core element of employer branding. As Stephanie Hasenbos-Case, partner and people and client experience leader at Grant Thornton UK, explains, "businesses now have to demonstrate that they care about their people and be open about the benefits on offer in order to be attractive as an employer". Therefore, the opportunity for women to progress into senior roles is a key factor in recruitment strategies.

But businesses are also looking at gender diversity as a competitive differentiator. Sacha Romanovitch says that "business leaders are starting to recognise that unless they can present a diverse team to prospective clients, they are limited in their ability to win work. So, gender diversity policies are driven by wanting to recruit employees, but also wanting to recruit clients."

Diversity and the bottom line

More than half of business leaders say enhancing company performance was a driver to introducing gender equality policies. There is a wealth of research investigating the commercial impact of women in leadership. For instance, Grant Thornton's *Value of Diversity* report published in 2015 suggested that the profit foregone by companies with male-only boards in India, the UK and the US is a staggering $655 billion.[6] However, many feel that further research in this area could be helpful. As Vibeke Hammer Madsen says: "For things to really change, businesses need to see the value of a gender diverse leadership team and that means establishing a clear link to profitability."

Again, there is no clear correlation between the drivers for introducing gender equality policies and levels of gender diversity in leadership. For instance, the two countries most driven by the desire to enhance company performance are the Philippines, which demonstrates high levels of gender diversity, and Singapore, which has lower female representation. Meanwhile, businesses in developed countries such as Italy, Germany and the UK, which demonstrate relatively low levels of gender diversity, are among the most likely to have introduced policies in order to live up to organisational values.

> "Cultural stereotypes need addressing at every stage from childhood onwards. Schools, universities and businesses all have a role to play in ensuring women and men are equally prepared for business life."
>
> **Ramón Galcerán, head of financial advisory, Grant Thornton Spain**

Invisible barriers

More than a third (37%) of business leaders believe there are no barriers to introducing additional gender equality policies and practices, as shown in Figure 6. European countries seem most positive, with Sweden, Estonia, Germany, Spain, Turkey, the Netherlands, Russia, Greece, the UK and Finland the ten countries in which businesses leaders are most likely to say there are no barriers, despite having a mixed record on gender diversity in business leadership.

However, there are concerns that this may demonstrate a lack of awareness among business leaders. Maria de los Angeles Rivera, partner in charge of tax and IBC director at Kevane Grant Thornton in Puerto Rico, comments that "if a business leader says there are no barriers it suggests maybe they've not personally experienced any and don't have a forum to get that information from their employees." Similarly, Ramón Galcerán believes that "some of the barriers facing women are subconscious – for example, judging men and women differently and adhering to stereotypes of women, such as taking time off work to have a family – so business leaders may not always be aware of them."

Stereotypes continue to stifle progress

For those who do believe there are barriers to introducing gender equality policies, the most common issues are the complexity of translating good intentions into practice (cited by 22% of business leaders), followed by stereotypes about gender roles (21%). Lack of evidence of positive impact on company performance and cost of implementation were third (both 16%). Least cited is a business culture that is unsupportive of diversity (15%).

Among those leaders who were interviewed, many recognised that levels of complexity are likely to present a challenge for businesses.

Figure 6: Barriers that prevent gender equality policies and practices being introduced

There are no barriers — 37%

Levels of complexity in translating good intentions into practice — 22%

Stereotypes about gender roles — 21%

Lack of evidence that it has a positive impact on company performance — 16%

The cost of implementation — 16%

A business culture that is unsupportive of diversity — 15%

Several were also disappointed in the lack of progress perceived as being a result of stereotypes about gender roles. Vibeke Hammer Madsen comments that "it's terrible that we are still talking about different gender roles. Stereotypes that men go to work and women look after children is a huge barrier to progress." Jolanta Jackowiak, partner in Grant Thornton Poland, adds "existing stereotypes and cultural opinions can often be key barriers to a woman's career development. Stereotypes can be reinforced by individuals in a business, the working environment, as well as family and friends. As a result, it may be hard to change perception of who can be a successful leader."

There is a firm belief that the answer to this challenge lies not with business, but with wider society. As Karitha Ericson says, "there's a connection between how a society thinks about family life and how far women can progress in business leadership. You need to try and influence both parts." For many, the key to driving change is starting early. Maria de los Angeles Rivera explains that "stereotypes need to be fought in early childhood, because it's hard for people to go against something so ingrained once they enter the workplace. Education is key."

Leaning towards legislation

It is clear that despite businesses around the world adopting a range of gender equality policies and practices, there are still barriers that stop them from doing more (see Figure 6). We wanted to explore whether business leaders felt government intervention is needed.

Globally, two fifths (40%) of business leaders say they want their government to do more to address the issue of gender inequality in business leadership at a legislative level, compared to just over half (53%) who do not. Countries in developed regions tend to be less keen on government intervention, with the US, the Netherlands, Canada and the UK among those countries in which businesses are most likely to say 'no' to more legislation. Mexico and Nigeria are the countries in which businesses are most keen for their government to do more.

The 2015 Commonwealth report on women in leadership stated that evidence shows "legislated change, especially when underpinned with penalties, brings results" when it comes to women in leadership.[7] But many of those we spoke to highlight the need for caution if governments wanted businesses to support legislative actions. Francesca Lagerberg says "government intervention can be seen as interference without real understanding," while Sacha Romanovitch explains that "business leaders can often feel policies are adding burdens that make it harder for them to operate."

In addition, there are concerns that businesses will find ways to get around legislation. Research has shown that some businesses are either cutting the number of directors on their boards, hiring women as additional directors or dropping male directors, in order to improve diversity numbers and achieve quota levels.[8] Maria de los Angeles Rivera believes that internal drivers tend to be more powerful than regulatory ones: "Most change will come from employers wanting to keep their employees happy. Of course, new laws can be a driver too, but, without strong enforcement by authorities, businesses will comply with just the minimum requirements unless there is a strong corporate value driving change."

Collaboration is crucial

While the majority of business leaders are not keen on increased legislation, they recognise that government focus on the issue of gender diversity in business leadership can be helpful. Chris Clarke describes legislation as "providing a foundation for diversity and equality" but believes "legislation and mandatory frameworks alone cannot change attitudes and behaviours to bring a truly diverse and progressive way of working."

Across the world, the consensus is that governments and businesses need to work collaboratively to address gender inequality in business leadership (see Figure 7). Businesses in countries in emerging economies with a culture of government intervention, such as Indonesia, China and India, are most likely to believe that the issue is primarily one for government to solve. In contrast, businesses in developed countries are more strongly in favour of a business-led approach, with this particularly high in France, Germany, Japan and the US.

Figure 7: Relative roles government and business should play in addressing the issue of gender inequality

Businesses and government need to work collaboratively — 42%

It is primarily an issue that business needs to solve — 32%

There is no need to do any more to address this issue — 14%

It is primarily an issue that government needs to solve — 9%

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7   The Commonwealth Secretariat, *Strategies for Increased Participation of Women in Leadership across the Commonwealth*, page 15

8   Credit Suisse, *The CS Gender 3000: The Reward for Change*, page 7

Making space for new ideas

Many business leaders we spoke to recognise the limitations of government intervention. Stephanie Hasenbos-Case says that "often the most important role for governments is to show the way through their own policies, and to provide guidance to businesses." Sacha Romanovitch highlights that "a lot of government policy on gender diversity and equality is aimed at stopping bad things happening, but it's equally important to pay attention to the positive enablers that actually help women to progress to senior management. Those things are harder for governments to influence." Similarly, Jasbir Nizar-Baker believes innovation is more likely "if businesses were able to develop policies themselves but mandated to demonstrate progress. The civil service is never going to come up with something as innovative as unlimited holiday time, but we know some businesses have introduced that policy with great results."

"One woman in leadership is better than no women in leadership, and parity is the ideal in representation, but gender diversity is about far more than that. The issue is not only about whether there are women present but also whether women feel their perspectives are valued."

Jennifer Thorpe-Moscon, senior director of research, Catalyst
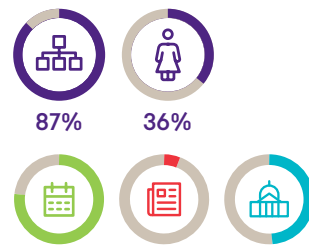
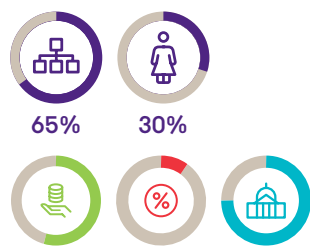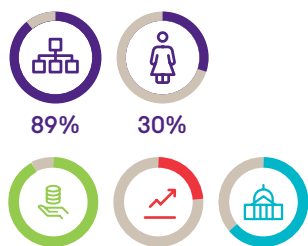# Policy and progress: regional highlights

North America

81%   21%

EU

73%   27%

Eastern Europe
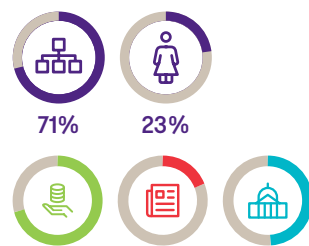

87%   36%

Latin America

65%   30%

Africa

89%   30%

APAC

71%   23%
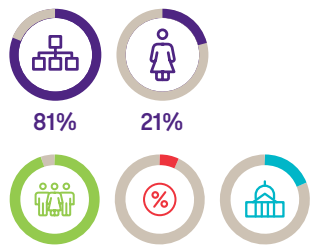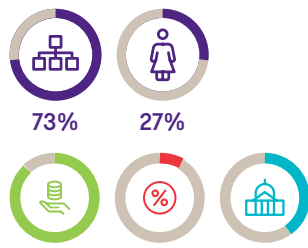
Key

Participation

Businesses with at least one woman in senior management

Senior roles held by women

Policy prevalence

Non-discrimination in recruitment

Publication of gender diversity data

Equal pay

Paid parental leave

Quotas

Senior pay linked to progress

Most prevalent

Least prevalent

Role of government

% business leaders want the government to do more

Recommendations for business leaders

We have been investigating the progress of women in business around the globe for 14 years, exploring how business leaders think and feel, and outlining practical steps that can create change.

Ten recommendations for business leaders to increase gender diversity:

1 Champion the cause		
Leadership	**Policy**	**Culture**
2 Make diversity and inclusion a core value	5 Avoid tokenism	8 Investigate the benefits
3 Set goals	6 Reduce 'mini me' recruitment and promotion	9 Be comfortable with discomfort
4 Link progress to pay	7 Introduce sponsorship	10 Share your story

1. Champion the cause

To create change, senior leadership need to take the issue seriously and lead from the top. Chris Clarke comments that "if you look at different businesses with the same policies in place, you'll see very different landscapes depending on how they're led from the top." The first step for any business leader is to demonstrate commitment to the cause.

2. Make diversity and inclusion a core value

Organisational values drive behaviour, so it's important that the whole business is signed up to diversity and inclusion. Our research shows that translating good intentions into practice is an ongoing challenge for businesses, but Nicole Blythe highlights that "having a common set of values and identified associated behaviours as the foundation of the company culture can eliminate some of the cumbersome noise and allow you to move more quickly."

"I'm absolutely convinced that the CEO has to be invested in the issue. They can't drive every individual project, but if employees don't feel gender diversity is high on the CEO's agenda then the business won't see change."

Karitha Ericson, chief operating officer, Grant Thornton Sweden

> **"Gender balanced businesses will be better able to handle the disruption facing every sector. More diverse teams make better decisions and are more resilient."**
>
> **Peter Bodin, global chief executive officer, Grant Thornton International Ltd**

3. Set goals

Making gender diversity a core value is not enough in itself; business leaders should set clear goals by which they will measure progress. Stephanie Hasenbos-Case believes this is crucial: "Diversity and inclusion targets are important so you can align leaders to a shared goal and work together to achieve it."

4. Link progress to pay

They say that what gets measured gets managed, so business leaders should make diversity and inclusion goals part of the leadership team's compensation packages to encourage change. Karitha Ericson believes that "one of the reasons there's been so little progress on gender diversity is because there isn't enough consequence for senior leaders."

5. Avoid tokenism

Simply putting one woman on the senior management team is not enough to ensure a range of voices is heard and for the business to reap the rewards of diversity. As Jennifer Thorpe-Moscon says, "one woman in leadership is better than no women in leadership, and parity is the ideal in representation, but gender diversity is about far more than that. The issue is not only about whether there are women present but also whether women feel their perspectives are valued."

6. Reduce 'mini me' recruitment and promotion

Karitha Ericson says: "It is easy for both men and women to unthinkingly recruit and promote other men and women. It takes courage from leaders to choose diversity." Providing support to understand why this happens and how it can be avoided will forge a better process. Unconscious bias training can help people at all levels of the business avoid the temptation to hire and promote employees who look, speak and think in the same ways.

7. Introduce sponsorship

Sponsorship can have a significantly greater impact on gender diversity in leadership than simple mentoring schemes. As Madeleine Blankenstein, partner at Grant Thornton Brazil, says: "Businesses need to have a mindset of wanting more women to lead. They then need to recruit them or find, nurture and train the talent that is likely already present in their own organisations."

8. Investigate the benefits

Evidence of the commercial gains brought by gender diversity will help convince sceptics of the need for change and provide justification for investment in new initiatives. There is a wealth of research already available but, as Greg Keith, chief executive officer at Grant Thornton Australia, says: "increasingly organisations want to work with those who share their values base, so gender diversity can be a really important consideration when clients choose who they work with."

9. Be comfortable with discomfort

Creating an inclusive business environment that supports gender diversity in leadership will not be easy, so leaders need to be in it for the long term. Claire Paisley believes attitudes need to change before we'll see real progress: "I think the first step needs to be willingness to talk about gender diversity. Business leaders can find this uncomfortable and don't necessarily feel they have the right language to have these conversations. The best among them spend time listening to and interacting with their employees to acknowledge and dismantle the barriers to openness and honesty."

10. Share your story

Business leaders who are open about what is driving change in their own companies can encourage others and help them overcome the complexity of turning theory into action. It can be challenging for business leaders to feel able to be transparent about internal ways of working, and particularly about mistakes they've made, but without this we are unlikely to see widespread progress. As Vibeke Hammer Madsen says: "Getting this honesty from business leaders sometimes feels like an even tougher job than achieving gender diversity!"

How Grant Thornton can help

In today's globalised and complex world, businesses need to be able to take a balanced approach to exploring opportunities to create sustainable growth.

Leaders also need to ensure they can push for progress and bring a balance of perspectives to the table to take decisions. Grant Thornton engages with business leaders to build and foster a resilient and collaborative workforce equal to the task.

People are at the heart of any thriving business and are one of your most valuable assets. We listen closely to your business' needs and deliver solutions unique to your circumstances. From exploring your strategic growth options, understanding how to manage risk and opportunity, to getting the best from talent, our global network provides the specialist support you need to thrive in a fast-changing business environment.

Methodology

Methodology

The Grant Thornton International Business Report (IBR) is the world's leading mid-market business survey, interviewing approximately 2,500 senior executives every quarter in listed and privately-held companies all over the world. Launched in 1992 in nine European countries, the report now surveys more than 10,000 businesses leaders in 35 countries on an annual basis, providing insights on the economic and commercial issues affecting the growth prospects of companies globally.

The findings in this report are drawn from 4,995 interviews conducted between July and December 2017 with chief executive officers, managing directors, chairs, and other senior decision-makers from all industry sectors in mid-market businesses in 35 countries. A further 14 in-depth interviews were conducted with business leaders from inside and outside Grant Thornton.

The definition of mid-market varies across the world: in mainland China, we interview businesses with 100-1,000 employees; in the United States, those with US$20million to US$2billion in annual revenues; in Europe, those with 50–499 employees. For the purposes of this research senior management is defined as those holding C-suite jobs, such as chief executive officer (CEO), chief operating officer (COO) or chief finance officer (CFO), managing directors or partners.

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Grant Thornton is a leading business adviser that helps dynamic organisations to unlock their potential for growth. Our brand is respected globally, as one of the major global accounting organisations recognised by capital markets, regulators and international standards-setting bodies.

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Privately owned, publicly listed and public sector clients come to Grant Thornton because of our technical skills and our industry capabilities, but also for our different way of working. Our member firm partners and teams invest the time to truly understand your business, provide you with real insight and a fresh perspective to keep you moving.

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