BACKGROUND REPORT

Conference on improving women's access to leadership

8 MARCH 2016
OECD, PARIS

OECD

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FOREWORD

Bridging the gender divide in public and corporate life is not only a matter of fairness but also of effective governance and inclusive economic growth. In business, women are underrepresented in senior management positions even though much evidence shows that women can play an important role in improving company performance. In public life, achieving inclusive and representative policy outcomes, trust in government, and responsiveness of public service delivery depend on policy decisions that integrate the perspectives of both men and women. Despite growing awareness of the benefits of gender equality in decision-making, the pace of progress is slow and varies considerably across countries.

What can the public sector learn from the experience of companies, and vice versa? What have been the enabling factors and necessary conditions for change in each sector? Bearing in mind the progress that has been made thus far, this background report highlights some evidence on what works to increase gender balance in leadership. It offers some lessons learned that can be of relevance to both sectors in closing the gender gap in leadership roles.

This background report was developed for the conference on "Improving women's access to leadership: What Works? on 8 March 2016 at the OECD Conference Centre in Paris.

This report was prepared by an interdepartmental Secretariat team from the Directorate for Financial and Enterprise Affairs and the Public Governance and Territorial Development Directorate, with input from the Directorate for Employment, Labour and Social Affairs. The report is based on information compiled through desk research and existing data sources.

The report is structured as follows. Part I provides information about the context in which the public sector addresses gender equality. Part II continues on the same premise addressing issues for the corporate sector. The concluding section sets out a call to action for filling the data gap and to step up reporting, as well as a enhance dialogue, to further close the gender gap in both sectors. The proposals are forward-looking, aiming to assist policy makers and government agencies in responding to emerging developments and challenges.

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IMPROVING WOMEN'S ACCESS TO LEADERSHIP: WHAT WORKS?

- Women's access to public and corporate leadership varies across countries, but remains challenging in all of them, despite the growing consensus on women's contributions as leaders. At the current pace, it will take 81 years to achieve gender balance in corporate leadership[1], and some 50 years to reach parity in parliamentary representation[2].

- Current inequalities represent missed opportunities for achieving inclusive economic growth. OECD research shows that achieving parity in labour force participation rates between men and women in OECD countries could boost global GDP by 12% over the next 20 years.

- Tapping into the underexploited talent pool of qualified women in the corporate sector could give companies and governments a boost, and foster inclusive growth. In the public sector, fostering gender equality in public decision-making is a core aspect of a "whole-of-government" approach to expand opportunities for all.

- The OECD has developed a range of policy tools to support governments in achieving gender balance in both public and corporate sectors, building on the evidence of what works. While such policies are gradually being introduced, an implementation gap persists.

- The concerted efforts to improve women's access to leadership among stakeholders should be stepped up for effective implementation at all levels across countries.

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[1] EY, 2015a; WEF, 2014

[2] UNWomen,. *Collective Failure Of Leadership On Progress For Women*. 2015. Web. 15 Feb. 2016.
http://www.unwomen.org/en/news/stories/2015/3/collective-failure-of-leadership-on-progress-for-women

INTRODUCTION

Bridging the gender divide in public and corporate life is not only a matter of fairness but also of effective governance and inclusive economic growth. The global financial crisis plunged many economies into sluggish growth. Remaining gender gaps not only curtail the well-being of societies, but underpin missed opportunities for achieving economic growth that benefits all. Against this backdrop, there is a strong business case to scale up efforts to harness the full participation of women in strategic decision-making and achieve gender parity in leadership in both public and corporate life.

In business, women are an under-represented resource that can contribute to companies' performance within senior managerial and board positions. In public life, achieving inclusive and representative policy outcomes, trust in government, and the responsiveness of public service delivery depend on policy decisions that integrate the perspectives of both men and women. Despite growing awareness of the benefits of gender equality in decision-making, the pace of progress to achieve it is slow and varies considerably across countries.

A close look at the current trends in the public and corporate sectors points to a range of common barriers thwarting women's access to the top. These barriers include, among others, patriarchal leadership structures, gender stereotypes, limited work-life balance and flexible working arrangements, absence of leadership training programmes for women, and a lack of monitoring and accountability mechanisms to ensure the sustainability and policy-effectiveness of gender equality measures.

The OECD has developed a number of policy options to support countries in overcoming these challenges, building on the evidence of what works. *The 2015 OECD Recommendation on Gender Equality in Public Life* provides a range of options to enable equal access to leadership opportunities in public life - including in legislative bodies, the, executive, in the judiciary and in public administrations. It includes measures to strengthen institutional capacities for effective governance and the mainstreaming of gender equality across all policy areas. It builds on the *2013 OECD Recommendation on Gender Equality in Employment, Education and Entrepreneurship.* The recently endorsed *G20/ OECD Principles of Corporate Governance* encourage countries to improve gender balance on boards and in senior-level roles in the corporate world considering various policies measures (e.g. voluntary targets, disclosure requirements, boardroom quotas etc.).

What can the public sector learn from the experience of corporations, and vice versa? What have been the enabling factors and necessary conditions for change in each sector? Bearing in mind the progress that has been made thus far, this paper highlights what works to increase gender balance in leadership, as well as remaining barriers to doing so. It offers some lessons learned that can be of relevance to both sectors in closing the gender gap in leadership roles.

PART I. GENDER EQUALITY IN PUBLIC LEADERSHIP

Closing remaining gender gaps in leadership in public life has emerged as a critical policy issue for OECD countries in their efforts to foster inclusive growth and restore trust and confidence in public institutions. Despite progress across member and non-member countries, women still lag behind men in access to decision-making and leadership positions at all levels of government, while men continue to be underrepresented in caring professions, such as nursing. The World Economic Forum's 2015 *Global Gender Gap Report* which measures relative gaps between women and in health, education, economy and politics across 145 countries finds that the most improvement in narrowing gender gaps over the last decade has been made in women's political empowerment (23%). Simultaneously the gender gap in this area remains the widest too.

What progress has been made thus far? What are the policy options and good practices to improve women's access to public leadership? How can countries mitigate remaining challenges to encourage more inclusive public leadership? How can the impact of policies be measured?

1. Current trends: A glance at women and men in public leadership

Gender equality is arguably the most universal challenge to inclusive public workforce and leadership across OECD member and partner countries (OECD, 2015a). The lack of gender balance in senior roles is a consequence of a range of external and internal barriers present in all areas of the public domain. Understanding the multiplicity and complexity of factors hindering women's access to top positions is key for the development of sound public policies aimed at breaking down barriers and guaranteeing equal access.

Parliaments

Over the past decade, important strides have been made in increasing women's representation in parliaments. In OECD countries, on average, while women occupied only 20.6% of seats in lower/single house parliaments in 2002, this figure increased to 28.6% in 2015. Progress remains patchy across countries, with representation ranging from above 40% in Sweden, Finland, Iceland, Mexico and Spain to less than 10% in Japan. Still only 14 OECD countries in lower house of parliaments and only 5 countries in both house combined reach or exceed the 30% critical mass recommended by the United Nations and Inter-Parliamentary Union for women to effectively influence policy outcomes. On a global scale, on average, women only hold 15% of the posts of presiding officers in houses of parliament. In MENA countries, while women's representation has increased by 5% between 2008 and 2015, it still remains stagnant at about 13% on average in lower and single houses of parliament (IPU., 2015a). Available data from EU countries also shows that, in 2015, on average, only 17% of leaders of major political parties were women (European Commission., 2015a).

Box 1. Why aren't there more women in top-level positions?

OECD findings point to a range of external and internal barriers present in all areas of the public domain. These barriers include, among others:

Cultural Barriers - Association of leadership and managerial roles as a "man's domain" is one important factor impeding women's access to public leadership. In fact, leadership potential is often described as requiring personal qualities such as strength, decisiveness and ambition, which are more readily ascribed to men than women, rather than specific skills.

Structural Barriers - Structural barriers for the most part stem from lack of work-life balance, limited flexible working arrangements, and lack of support and development networks.

*Lack of gender-disaggregated evidence and accountability mechanisms –*There is a strong need to establish robust accountability mechanisms in order to encourage compliance with gender equality policies, pinpoint deficiencies and redress the remaining inequalities. However, significant evidence gaps on gender differentiated needs in the public sector are hampering countries' efforts to implement targeted measures to improve women's access to public leadership.

Self-imposed barriers - Some of the barriers which explain the dearth of women in public leadership are partly self-imposed. These internal barriers may arise from gender differences in behaviour, limited self-promotion and lack of confidence. Such barriers are mainly due to gender stereotypes and gendered social roles.

Source: OECD (2014a),Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth, OECD Publishing. http://dx.doi.org/10.1787/9789264210745-en

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Figure 1.   Share of women parliamentarians and legislated gender quotas

Lower or single house of Parliament
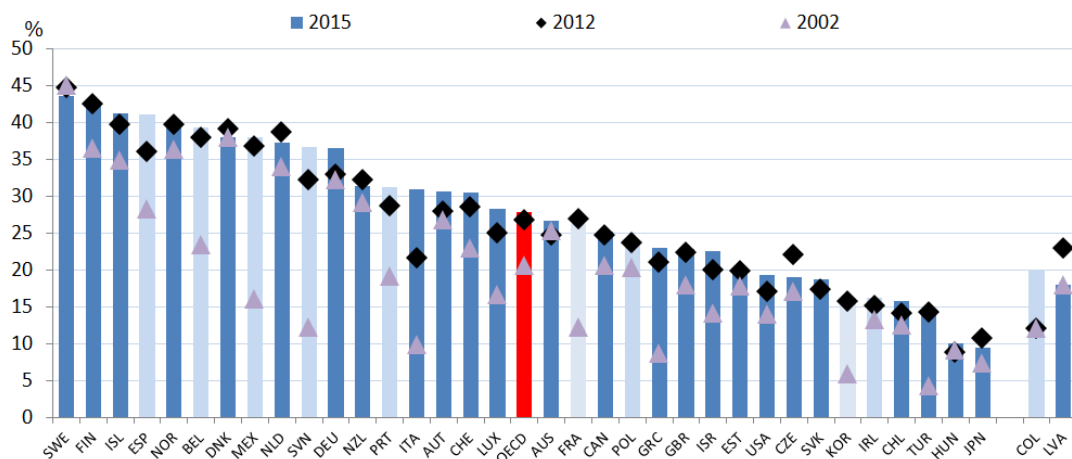
Source: OECD Government at a Glance 2015, IPU
Bars in light blue represent countries with lower or single house parliaments with legislated candidate quotas as of 21 January, 2013. Data refer to share of women parliamentarians recorded as of 1 February 2015, 31 October 2012 and 25 October 25 2002. Percentages represent the number of women parliamentarians as a share of total filled seats. 2002 data for the Slovak Republic are unavailable.

Recent data from European Union (EU) countries on women and men in decision-making shows that women also remain underrepresented in decision-making bodies at the local level. With regard to women elected as members of municipal councils, they account for 36% of the seats and 15% of mayorial or leadership positions (European Commission., 2015b).

Political executive

The representation of women in ministerial positions also remains limited, with 29.3% of ministerial positions appointed to women, on average, in OECD countries (IPU., 2015b). Between 2005 and 2015, there was an 8% increase in the representation of women in ministerial positions in OECD countries, it should be noted that data can vary significantly from one year to another depending on political cycles and cabinet re-organisations. Further, there is significant variation of women's representation in ministerial positions among OECD countries. While gender parity was achieved in Finland, France, Sweden and Canada women still accounted for fewer than one in ten ministers in Hungary, Korea, the Slovak Republic and Turkey (OECD., 2015b). Research on European cabinets indicates that the portfolios allocated to women often reflect the educational and occupational categories that women usually choose, resulting in a more "feminine" allocation of ministerial portfolios. Rarely are women appointed to more powerful decision-making departments (finance, defence, security etc.) that are associated with notions of masculinity. UNWomen finds that in 2015, only 10 served as Head of Government (7.3%) across members of the United Nations.

Figure 2. Share of ministers
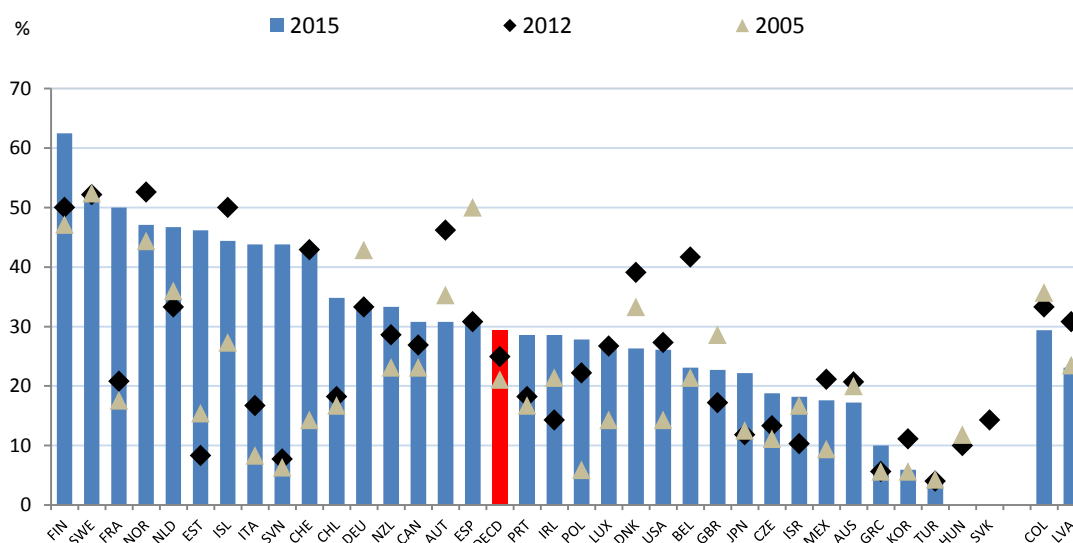
Source: OECD Government at a Glance 2015, Inter-Parliamentary Union

Data represent women appointed ministers as of January 1, 2012 and January 1, 2005. The total includes Deputy Prime Ministers and Ministers. Prime Ministers/Heads of Government were also included when they held ministerial portfolios. Vice-Presidents and heads of governmental or public agencies have not been included.

This gender divide in political life stems from various factors. In many OECD countries, the working hours of elected or appointed officials are unpredictable and voting times are not known in advance, making it difficult to organise one's private life. Several barriers are more acute at the entry level of political life, perpetuating uneven representation of women in decision-making positions in parliaments,

the political executive[3]. These factors may include uneven access to campaign financing, internal party dynamics that disadvantage women, prevailing gender stereotypes, voter preference for men and limited political encouragement. On the supply side, the reasons for a short supply of female candidates are manifold. It is often a result of the economic inequality between men and women, limited opportunities for women to exhibit their skills; perceived lack of work-life balance, limited political encouragement; uneven pressure for women to perform well in comparison to men and electoral lists that disadvantage them. The economic inequalities, generating women's uneven access to funding and financial networks, may discourage them to pursue a political career as the latter can be an expensive undertaking. Moreover, many women tend to opt out of high-ranking careers due to the perceived lack of work-life balance, thus reducing the available candidate pool (O'Brien, 2005, and Murray-Smith, 2004).

Judiciaries

Women's access to judicial appointments in OECD countries ranged from 60% in Slovenia and Greece to lows of approximately 20% in the United Kingdom in 2010. Data from the European Commission shows that, in 2014, in the EU on average, women made up 37% of seats among the members of the Supreme Courts. In the United States, only four of the 112 Supreme Court Justices to have served, have been women and 2010 marked the first time in U.S. history that a third of the highest court in the land consisted of women.[4]

In the judiciary, a perceived lack of qualified women candidates to serve as jurists is losing ground in most OECD member and partner countries. Still, statistics above show that women are vastly under-represented from top-ranking judicial positions. The barriers faced by women in the judiciary are very similar to those encountered in politics and in senior public service. In addition to common barriers listed earlier (e.g. career path aspirations, challenges in balancing work and life, persisting gender stereo-types, lack of development opportunities, gender bias in selection for promotions), stringent requirements for judicial appointments and selection methods tend to impede women to become top judges. Experts interviewed by the OECD confirm that in Commonwealth countries "traditionally the assumption has been that only barristers become top judges. The profession of barrister is highly demanding and, hence, there is a large attrition of women who start as qualified lawyers, but some years later are no longer in the private practice."

Senior public service

In public service, on average, women occupied over 50% of central government jobs in OECD countries, but only 29% of top management positions in 2010. In the EU, the average proportion of women at the level of the highest-ranking civil servants was 34% in 2015 (European Commission., 2015a). Some of the challenges for women's access to the top public service positions relate to senior management appointment systems. For example, the use of political appointments for top posts may limit women's access as they are often less present in informal networks. Men tend to be promoted quicker and more often, as well as paid more than women, despite equal educational attainment and credentials. As it is men that occupy a majority of senior roles, their sponsorship can be a determining factor for an employee's advancement, but within a "good ol' boy" system, women are passed over for promotions, creating a glass ceiling for women's upward mobility. Moreover, cuts in public sector jobs, which tend to primarily affect

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[3] Various countries' experiences show that increasing women's participation in legislatures strengthens (but does not guarantee) their chance of joining the political executive. In many countries, the route to the top echelons of the executive often involves parliamentary and junior ministry experiences.

[4] National Women's Law Center (2015), *Women in the Federal Judiciary: Still a Long Way to Go"* accessed by http://nwlc.org/resources/women-federal-judiciary-still-long-way-go/.

women, as they are often overrepresented in public jobs, can result in the reduction of the pool of women who can be potential leaders in the public sector. This may widen gender gaps at the top (OECD, 2014b).

2. What Works?

Pathways to gender diverse public leadership

To foster inclusive outcomes, institutions, and policy making, and to overcome barriers to gender equality, the OECD has developed a array of tools to support countries in addressing the remaining challenges in this area. Building on good practices and evidence of what works, the 2015 OECD *Recommendation on Gender Equality in Public Life* highlights various policy options and concrete actions that can be taken to boost women's access to public leadership (see Box 2). Importantly, the Recommendation promotes a "whole-of-government" and a "whole-of-society" approach to closing gender gaps in public life.

Box 2. Extract from the 2015 Recommendation of the Council on Gender Equality in Public Life

RECOMMENDS that Adherents **consider measures to achieve gender balanced representation in decision making positions in public life** by encouraging greater participation of women in government at all levels, as well as in parliaments, judiciaries and other public institutions. To this effect, Adherents should:

Embed a political commitment at the highest level to promote gender equality in public life, as appropriate, by developing a comprehensive framework to encourage balanced representation of women and men in public decision making positions by:

i)   considering comprehensive (transitional or correctional) regulatory or voluntary measures to promote gender diversity in parliamentary and executive bodies, including in parliamentary committees and leadership posts. For example, based on good practices and as appropriate, these measures can include disclosure requirements, quotas, voluntary targets, parity laws, alternating the sexes on the party list and linking gender ratios in political parties to their access to public funding. Considering penalties for non-compliance can be important to ensure the effectiveness of such measures;

ii)   introducing measures, as appropriate, to enable equal access to opportunities in senior public service and judicial appointments such as disclosure requirements, target setting or quotas, while ensuring a transparent and merit-based approach in judicial and senior public sector appointments through open competition, clear recruitment standards and wide vacancy advertisement;

iii)   mainstreaming work-life balance and family-friendly work practices at the top level in public institutions and promoting gender-sensitive working conditions, for example, by reviewing internal procedures of public institutions, reconsidering traditional working hours, developing schemes to support the reconciliation of family and professional obligations, providing incentives to men to take available care leave and flexible work entitlements; and

iv)   facilitating capacity and leadership development opportunities, mentoring, networking and other training programmes in public institutions, promoting female role models in public life and encouraging active engagement of men in promoting gender equality.

Systematically monitor gender balance in public institutions, including in leadership positions and different occupational groups, through regular data collection, such as the use of employee surveys, and reassess its alignment with overall gender equality objectives and priorities, taking into account the results of evaluations.

Consider measures to tackle the root causes of barriers to women's access to decision-making positions, and to improve women's image in society by developing information campaigns and awareness-raising programmes about gender stereotypes, conscious and unconscious biases and social and economic benefits of gender equality while addressing double or multiple discrimination.

Source: *2015 Recommendation of the Council on Gender Equality in Public Life* [C(2015)164]

2.1 Affirmative or Targeted Action Measures

Affirmative action measures – such as **gender quotas and parity principles** (as transitional and correctional measures) – are increasingly being used to accelerate women's representation in any level of government or as political candidates. *In the political sphere,* gender quotas emerged over the past two decades as a (often temporary) way to increase women's representation in parliaments. They can be classified in two main categories: (1) the selection and reservation of candidates, ensuring that a set minimum number of female candidates are elected (voluntary party quotas and legislated gender quotas); and (2) the reservation of seats, ensuring that a given number or percentage of women are elected. These systems can be mandated by the constitution or electoral laws, or adopted by parties on a voluntary basis. Quotas can be formulated either as a minimum requirement or a set target, or framed in a gender-neutral way (for example, a maximum of 40% of either gender).

Where it is true that the effectiveness of quotas are contingent upon various factors (e.g., level of gender quota, nature of party lists, placement mandates, penalties for non-compliance and incentives to comply), and can be controversial, they have been proven to be effective in closing gender gaps rather than stigmatising women and creating division. Data shows that half of the countries with women's political representation at or above 30% use either legislated or voluntary quotas or reserved seats[5]. Voluntary party quotas are widely used all over the world, including in OECD countries with the highest representation of women in legislatures such as Sweden, Norway and Iceland. While voluntary quotas are not enforceable by the courts, they can be effective in the sense that they reflect the political party's commitment to gender equality. Quotas can be applicable at all levels of government. At the local level, for example in France, law requires that governing councils of local authorities with more than 1000 inhabitants present a list of candidates with an equal number of women and men candidates.

Moving beyond the quota debate, other measures have also proven to be effective in many OECD countries *in the political sphere*, by creating a **system of incentives and strengthening transparency**. For example, making gender parity or promotion of women candidates a variable for party access to public funds can provide incentive for the nomination or election of greater numbers of women. These funding regulations may take different forms and may be directed at candidate nomination or capacity building of women inside the party (Krook., 2015) These incentives could be in the form of sanctions or rewards. In France, if the gender difference among nominated candidates is greater than 2 percent, public funding is reduced by twice this difference. In Mexico, each party must devote 2 percent of its yearly public funding to the training, promotion and development of women's leadership. In Italy, the amount lost from state funding by parties who do not comply with the legislative quota for European Parliament elections is distributed as a reward among parties that do comply (Krook., 2015). Yet in addition to these measures, more structural efforts are needed to strengthen work-life balance, establish support networks, develop targeted recruitment campaigns, and provide leadership development opportunities.

Fostering women's leadership in the political executive appears to be more straightforward than in Parliaments, as appointments are often mainly dependent on political will and availability of qualified candidates. Yet the sustainability of these appointments largely depends on the institutional and political commitments to gender equality at the highest-level and women may be more heavily scrutinised. While there are debates in countries on the need for gender quotas in the nomination of cabinet ministers, this practice is not widely considered in OECD countries. In many countries, the route to the top echelons of the executive often involves parliamentary and junior ministry experiences. Therefore, women's representation at the top of political executive also depends on structural factors that influence women's political engagement.

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[5] www.quotaproject.com (taken from Women, Government and Policy Making in OECD countries, OECD 2014).

As set-forth in the *2015 Gender Equality in Public Life Recommendation,* introducing targeted measures, such as **disclosure requirements or target setting** while ensuring a transparent and merit-based approach are important enablers of equal access to opportunities in *senior public service and judicial appointments*. **Gender equality targets** are important fast-tracking tools to monitor women's progress in the senior ranks of public service. Overall, targets have shown to be more "acceptable" than quotas in the public service given that they can be adaptable to local conditions and that they often represent a voluntary commitment to gender equality (OECD, 2014b). Examples from Australia show that such targets can be effective if they are accompanied by accountability mechanisms, aligned with a corporate-level diversity strategy, and assigned at the same levels as targets for budgets and performance[6]. Such targets can be based on the available pool of women in the talent pipeline who can potentially become senior managers. In Austria, the Federal Equal Treatment Act contains provisions on affirmative action and the promotion of women, which oblige all employers to eliminate the existing under-representation of women, including by introducing binding targets to raise women's representation (OECD., 2014c).

In the judiciary, **reviewing appointment strategies**, including introducing greater transparency, widely advertising open judicial seats, and creating appointment commissions have proven to be very effective. United Kingdom's Judicial Appointment Commission (JAC) has set forth its Equality objectives for 2012-2016. Among other target groups, these objectives also include increasing women's representation in high-level posts in the judiciary through outreach, fair and open processes, and monitoring diversity in the workplace[7].

Strengthening **transparency and meritocracy in recruitment processes** can also support increases in the number of women in senior positions by enabling qualified candidates to compete for senior jobs. For example, the Chilean *Sistema de Alta Dirección Pública* (ADP), a central senior public service system, was established to recruit professional senior management, with hiring based on public competition. The ADP system is believed to have contributed to a rise in women in senior positions in Chile (OECD, 2014b).

2.2 Monitoring Mechanisms

In public administrations, **strengthening monitoring and accountability** mechanisms helps to keep gender issues in the spotlight and ensure policy effectiveness. Sound monitoring and accountability systems can identify issues particularly affecting women senior civil servants and motivate policy makers to respond appropriately. OECD countries are increasingly implementing such mechanisms. In Canada, for example Employment Equity legislation monitors levels of representativeness in the federal public service across four designated categories (women, Aboriginal persons, persons with disabilities and visible minorities) and measures success according to workforce availability. This mechanism contributed to an important increase of women's representation at the senior executive level of federal public service over time (a 15% increase between 2000 and 2010).

2.3 Leadership Development

Measures such as effective **sponsorship, mentoring**, building confidence and access to networks can help to empower women in all areas of public life. *In politics*, cultivating women's interest to run for office and actively recruiting them is an important way of increasing their representation. The OECD 2014 survey shows that involving women at the grassroots level is critical, as it is likely to encourage them to

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[6] Committee for Economic Development of Australia (2013), "Women in Leadership: Understanding the gender gap", available at www.ceda.com.au/media/310731/cedawiljune%202013final.pdf.

[7] Judicial Appointments Commission (2014/15), annual report and accounts 2014/15

stay longer in politics. Cultivating interest in politics can be achieved through local meetings, brunches or conferences. In Norway, the Labour Party organised a "Women can do it" campaign at the regional level, encouraging women to join party organisations. Once elected, providing institutional support to women by offering orientation and induction sessions has also proven to be an effective measure.

In the judiciary, **mentoring schemes** and internship opportunities for law students in courts, can further support the achievement of gender balance at all levels of the judicial profession. For example, United Kingdom's Judicial Appointment Commission has developed a mentoring scheme to boost diversity in the judiciary by offering insight into the daily life of a judge, inside and outside of court. This "Judicial Work Shadowing Scheme" covers the positions of High Court Judge, Circuit Judge, District Judge and Tribunal Judge. In the framework of the programme, candidates are invited to spend up to three days observing a judge's main duties including, preparing for trial, case management, presiding over court proceedings, hearing actions, sentencing, determining applications and giving judgments[8].

In public administrations, providing leadership development and mentoring opportunities are important enablers of women's access to senior managerial positions. Different career tracking and leadership development programmes have been implemented in many OECD countries. For example, in order to accelerate the take-up of higher management positions by women, Austria created the Cross Mentoring Programme where, 40-50 couples comprised of a female public employee (mentee) of one ministry and a female or male manager (mentor) from another ministry have been formed through e-matching.

2.4 Work-Life Balance at the Top

Beyond these measures, **structural efforts** are needed to ensure that public institutions provide an enabling environment to accommodate gender-diverse workforce, starting from promoting **flexible working arrangements at the top**, and the use of gender-sensitive language to anti-harassment and anti-discrimination policies. *In elected bodies*, measures can include ending parliamentary business at reasonable times, re-organising schedules to account for family responsibilities and spreading parliamentary business over a short number of days. For instance, Sweden's *Riksdag* prepares its parliamentary calendar a year in advance and undertook an internal audit to determine its gender sensitivity. The Canadian parliament's three major adjournments are scheduled to coincide with the school calendar.

Gender equality can be strengthened by **capitalising on the role of information and communication technologies (ICTs)**. Indeed, today's technology can enable flexible working schedules and tele-working in all areas in public life. For example, proxy voting arrangements counts the votes of parliamentarians on parental leave or of those who cannot attend a vote in the chamber due to childcare responsibilities. Flexible working arrangements are also one important measure for attracting and retaining female judges. The UK government has made provisions to facilitate part-time work for judges in the High Court, the Court of Appeals and the UK Supreme Court, as well as to make career breaks within the judiciary more widely available.

Most OECD countries have introduced **measures to improve work-life balance** in the public sector. These measures include flexible working hours, part-time work, and maternity, paternal and parental leave arrangements that include time-off to care for a sick or elderly family members. Although flexible work arrangements frequently exist in the public sector, it is often more difficult for senior managers to benefit from them, as they are generally expected to work long hours and be present in the work place, which in turn may undermine women's representation in the top management positions. The challenge that remains

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[8] https://jac.judiciary.gov.uk/judicial-work-shadowing-scheme

is to create the necessary incentives for effective use of these working arrangements by both men and women. In recognition of this challenge, some OECD countries have introduced work-life balance policies specifically targeting senior management in public administrations. For example, in Sweden, part-time work is possible for family reasons, and the legislation applies to both senior civil servants and general civil servants.

Further measures include **good public infrastructure for child-care facilities**, thus helping mothers and fathers alike to combine work and family life in the public sector. For example, the Norwegian Parliament provides child care facilities for its members, including a play room for children whose parents have meetings in the afternoons (OECD., 2014b).

2.5 Deep Cultural Change

Finally, achieving gender balance in public leadership requires a **deep cultural change** at both societal and organisational levels. At the societal level, it is essential to introduce measures to tackle the root causes of barriers to women's access to decision-making positions. These measures include developing information campaigns and creating awareness-raising programmes about gender stereotypes, inequitable division of household/family care, conscious and unconscious biases and the social and economic benefits of gender equality. At the organisational level, while awareness-raising policies do not directly affect the number of women in leadership positions, by bringing the issue into focus, such measures can help to shift the organisational culture and encourage the acceptance of more women at the top. In addition, engaging men can help to further break down stereotypes related to women's leadership roles. For example, in 2010, the Australian Human Rights Commissioner was instrumental in bringing together some of Australia's most influential and diverse male CEOs and Chairpersons to establish the "Male Champions of Change" group. The objective of the group is to use individual and collective influence to ensure that the issue of women's representation in leadership is elevated on the national business agenda.

3. Women in public leadership: a governance underpinning of inclusive growth

The public sector plays a key role in delivering inclusive growth by rethinking the effectiveness of long-held policies and putting in place fitting and agile governance mechanisms. Inclusive policy-making is a necessary condition for creating an enabling environment for inclusive growth. The former can occur when policy-making bodies are transparent, accountable and when they reflect the composition of society, including its gender composition. The 2014 OECD Report *Women, Government and Policy Making in OECD Countries: Fostering Diversity for Inclusive Growth* finds that diversity and gender equality in leadership tends to induce better decisions by drawing on multiple sources of talent, generating a greater understanding of risks and averting the risk of capture of the policy dialogue by narrow interests[9]. This further induces a higher level of trust among the public that courts, the executive and decision-making bodies understand the real-world implications of their rulings and policies.

There is growing evidence from OECD countries that gender inclusive decision-making bodies – including in the political executive, public administrations, parliaments and courts – are more likely to take an inclusive approach to policy and service delivery, thus creating an enabling environment for promoting equality of income, opportunities and outcomes. In fact, OECD research points to lower levels of inequality in countries with a greater share of women in legislatures (OECD., 2014b). At the interface between governments and citizens, women in public leadership positions can exercise significant influence over the development, implementation and evaluation of public policy. For example, evidence from OECD countries suggests that a critical mass of women in senior public posts can bring attention to issues such as

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[9]OECD(2014d), *All on Board: Making Inclusive Growth Happen*, OECD Publishing

poverty alleviation for families, human development, gender-based violence, and the delivery of public services (OECD., 2014b). A host of studies have also showed that women's access to public leadership contributes to a more collaborative political environment (IPU., 2015c). Helen Clark, Head of the United Nations Development Programme poignantly said in 2010 that "*investing in women and girls in itself constitutes a breakthrough strategy for achieving the MDGs, and that almost any investment we make in women and girls will have multiplier effects across the Goals.*"[10]

In the judiciary, increasing gender balance helps to preserve the legitimacy of the courts as representative of the societies that they serve and helps maintain public confidence in the justice system. Enhancing gender diversity in the justice system can reduce barriers to women's access to justice, such as stigma associated with reporting violence and abuse, and ensure a more balanced approach to enforcing the law.

By maximising the talent of all available public work-force, gender equality in the public sector also contributes to improving the quality, reach and targeting of public services while unleashing new sources of growth and productivity and reducing inequalities. Finally, in achieving gender equality, the public sector has the responsibility to lead by example and drive change through promoting equal involvement in public decision-making at national and local levels.

Further Action

Fostering gender diversity in public decision-making is a core aspect of a "whole-of-government" approach to boost inclusive economic growth. Yet achieving gender equality in all aspects of public life, including the political executive, senior public service, parliaments, and judiciaries, still remains a major challenge. To boost women's access to public leadership, some of the key actions that should be considered by governments include:

- Consider a range of **affirmative or targeted action** in all areas of public life, such as quotas (voluntary or legislative), reserved seats, targets, disclosure requirements, parity laws, alternating the sexes on the party list and linking gender ratios in political parties to their access to public funding, and voluntary targets. While these measures have shown conclusive results in countries where they had been implemented, their effectiveness strongly depends on effective compliance mechanisms and deep culture changes in public institutions and society at large.

- Implement **work-life balance schemes** at all levels of public life, including at the very top. These measures may include the provision of better childcare services, more flexible meeting timetables or opportunities for proxy voting in parliaments. Importantly, men should also be encouraged to take advantage of the available work-life balance schemes so that these measures are not seen as used by women only. Raising awareness about the burden of unpaid care predominately carried by women can also help to improve work-life balance by influencing a cultural shift that sees men taking on more responsibility at home.

- Strengthen **monitoring mechanisms** to create a culture of accountability in all public institutions to ensure effectiveness of policies and fairness in terms of women's upward mobility.

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[10] UNDP (2010) "Promoting an economic and legal environment for women's empowerment," Speech by Helen Clark, www.undp.org/content/undp/en/home/presscenter/speeches/2010/03/25/promoting-an-economic-and-legal-environment-for-womens-empowerment-.html.

- Support **leadership development,** sponsorship and mentoring opportunities which are essential for women's success to ensure that potential women candidates are identified and supported to take on leadership roles.

These measures should be complemented by awareness-raising programmes at both societal and organisation levels which can help reduce cultural stereotypes and to tackle the root causes of gender inequalities. These include a consideration of the underlying causes of the gender divide such as skewed perceptions and unconscious biases, and advocating for cultural and behavioural change in the public and corporate domain. Further deepening the data on gender representation in public institutions and relevant policies and practices, supported by continuous dialogue around policy impact assessments, will also be crucial to speed up the pace of change and to measure the impact of gender equality measures.

PART II. GENDER BALANCE IN CORPORATE LEADERSHIP

Soon after women joined men in the workforce, the term "glass ceiling" emerged to describe the challenges for women to access leadership roles in companies. Only 20 years ago, businesses started to formulate gender balance policies, and governments and companies introduced measures to improve gender composition in top management. Today, women have made great strides in the private sector. Although these trends appear encouraging with the slight increase of women at the top of companies, policy-makers are concerned that progress is insufficient and may not be sustained in the long term. Women's access to leadership is still obstructed by the ever-present "ceiling", revealing that the measures implemented need to build on a bolder approach. How can we improve women's access to leadership in the private sector? What are examples of good practices? What are the challenges to inclusion? With a focus on OECD countries and key partner economies, this section looks at trends relating to women at senior-level management and above.[11]

1. Current trends: A glance at women and men in private leadership

Despite the growing consensus on the key role of women at the top of companies and a notable increase in their participation, progress with the sustainable inclusion of women in leadership positions remains slow. While barriers to women's access to leadership vary largely across countries, they remain more severe in those where women's workforce participation rates more generally are significantly low, such as in India.

Brief overview of the current landscape and persisting challenges

Evidence shows that while quota policies and regulations are driving more women to the boardroom, the share of women in executive roles remains significantly unequal and mostly skewed to areas of less influence (Credit Suisse, 2014). According to a ten-year survey with Fortune Global 200 companies (CWDI, 2015), there has been less than a 1% increase of **women on boards** (thereafter WOB) per year since 2004.

Globally, women only account for 12% of board seats among the world's largest companies, with 64% having one women director, and 13% with at least three.[12] In developed markets, women account for 13,4% of directors versus 8,8% in emerging markets (MSCI, 2014). The largest publicly listed companies across European Union (EU) countries hold 21% WOB (European Commission Database, 2015). Countries in the Middle East count fewer than two percent of WOB[13] (Bloomberg, 2014). With regard to senior management roles, Europe and the People's Republic of China (PRC) have taken the lead over the

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[11] The focus will be on trends emerging over the last 20 years. Key partner economies are Brazil, India, Indonesia, People's Republic of China and South Africa.

[12] Data covers 6 566 companies in 58 countries, in MSCI World Index and other large-cap indices. Research suggests that having at least three WOB sets a benchmark for increased balance in leadership styles.

[13] The OECD-MENA Women's Business Forum (WBF), part of the MENA-OECD Competitiveness Programme, seeks to enhance women empowerment in the Middle East and North Africa (MENA). The WBF's mandate includes gathering qualitative and quantitative data to develop evidence-based policy recommendations to advance women leadership.

United States (US); while the PRC counts 52 women in senior executive positions for every 48 men, the US has 58 for every 42 women (Financial Times, 2016).

At a time when the labour market faces talent shortages, these trends are alarming. In fact, these numbers are relatively low compared to the proportion of women who attain tertiary education (see Figure 5 and section 3.2 for more on educational attainment), and who graduate in pertinent disciplines, such as business or science, technology, engineering and mathematics (STEM). In the United Kingdom (UK) for example, WOB represent 26%, while 51% of business degrees are held by women. Along the same lines, the US counts 19% of WOB while more than 50% of STEM degrees are held by women.

New research by Mercer (2015) shows that women make up 41% of the overall representation of the workforce in organisations globally.[14] The global figure further decreases at the **executive level** where women continue to be under-represented at 19%. According to Catalyst[15] (2015) women represent less than 5% of S&P 500 companies' CEOs and hold less than a quarter of senior management roles. Research by Credit Suisse on FTSE 100 and S&P 500 companies finds that men in CEO positions outweigh women by 20 to one, and in the UK, men in executive director positions outnumber women 10 to one. With increasing numbers of women in the workforce at all levels, their presence at the top remains scarce with higher departure levels (Mercer, 2015; RobecoSAM, 2015).

As these global trends indicate, women still face significant challenges to secure corporate leadership positions. In 2015, ILO released a survey conducted with companies[16] that identifies the most significant barriers to women's leadership. Issues such as the lack of available equality policies and programmes, leadership training for women or facilitating paternity leave and flexible working hours are among the top ten.

2. What works?

### Pathways to Gender Balanced Corporate Leadership

The growing awareness of the under-representation of women in leadership and their key contributions to business has led to increased efforts to improve gender balance at the top of companies. Governments, shareholders, investors and companies have established measures to attempt to close the gender gap through boardroom quotas, regulatory reforms, disclosure, targets and other tools. The revised *G20/OECD Principles of Corporate Governance* provide a non-binding reference for policy-makers to build effective corporate governance processes. It recommends considering "voluntary targets, disclosure requirements, boardroom quotas, and private initiatives" to improve gender balance on boards and in senior-level roles (OECD, 2015b). Further, the *OECD Guidelines on Corporate Governance of State-Owned Enterprises* encourages the ownership entity to consider the *OECD Recommendation on Gender Equality*. It recommends that jurisdictions encourage measures such as voluntary targets, disclosure requirements and private initiatives that enhance gender balance on boards and in senior management of listed companies and consider the costs and benefits of other approaches such as boardroom quotas. (OECD, 2015d).

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[14] Data is based on 164 companies in 28 countries, and 1.7 million employees (of which 680 000 women).

[15] Catalyst Inc. is a non-profit organisation aiming to accelerate progress for women through workplace inclusion.

[16] ILO surveyed 1 300 companies in developing regions across the globe.

Figure 3. Share of female board members, 2015 or latest
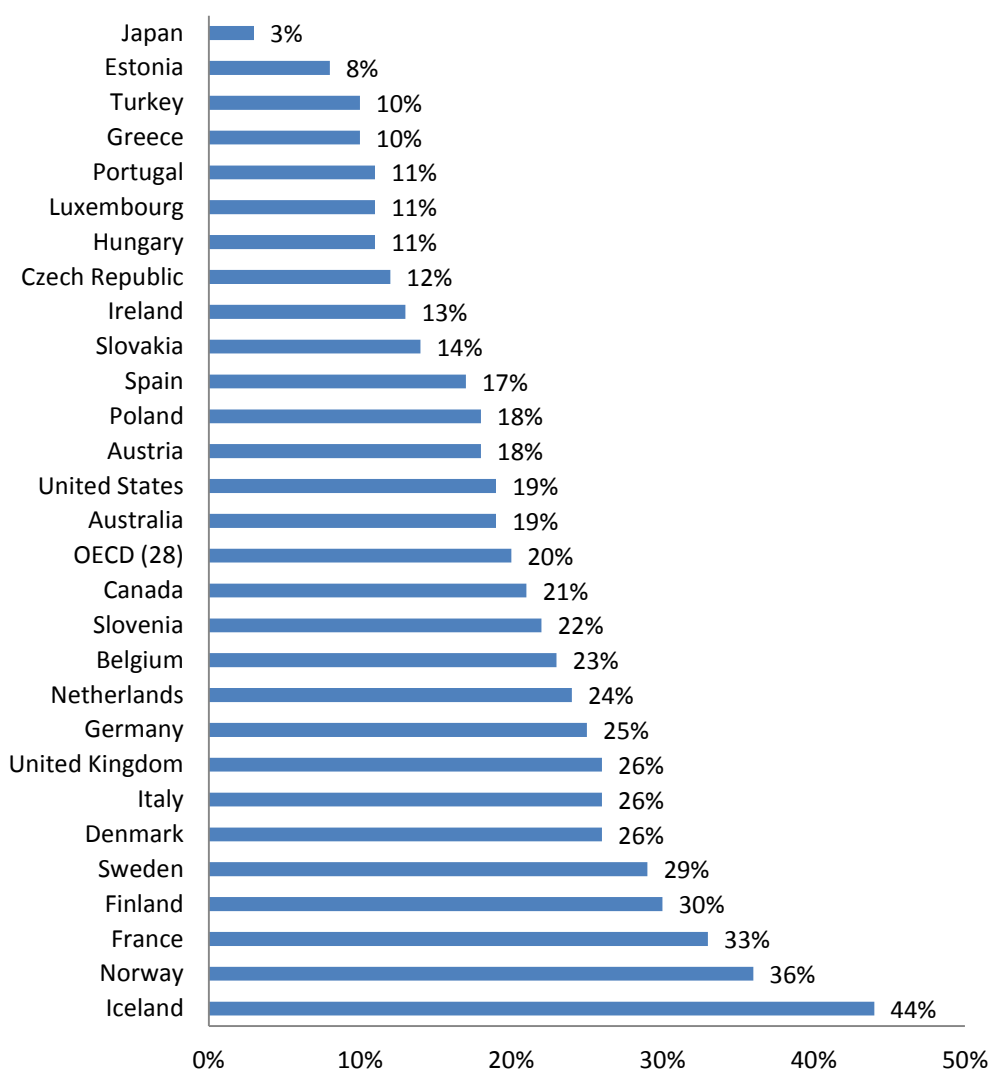
Source: EC (2016) Database on women and men in decision making; Catalyst (2015) Catalyst Census: Women Board Directors

2.1 Government policies

Quotas

Countries in favour of quotas support the idea that what gets measured gets done. A higher percentage of WOB can be seen in countries where legal requirements have been passed or are being considered. In 2003, Norway adopted quota legislation for corporate boards and following the introduction of sanctions has 36% WOB[17] in 2015. Since then, some countries have followed suit. For example, the share of WOB in France grew from approximately 10,7 % in 2009 to 33% in 2015, following a quota in 2011 and in Italy

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[17] EC (2016) Database on women and men in decision making; Catalyst (2015) Catalyst Census: Women Board Directors

from 8% to 26% after legislation was passed in 2012. The impact of India's legislation requiring one woman on listed company boards in its 2013 Companies Act is yet to be determined.

In the face of increasing demographic ageing and a shrinking workforce, the European Union (EU) is scaling up its efforts to increase women representation on corporate boards. The European Parliament adopted a legislative resolution on 20 November 2013 proposing a directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures. The resolution calls on publicly listed companies with less than 40% women in non-executive director positions to introduce a selection process prioritising women when they are equally qualified. This draft law, still being discussed by Council, accentuates qualification rather than gender, and would require companies to set self-regulatory targets and annually disclose progress and gender balance information (European Commission, 2012 and 2013).

Quotas are one approach to change and there is some debate as to its long-term sustainability. To many, quotas target symptoms of under-representation but not its underlying causes, failing to create gender balance across the management pipeline. For this reason, governments are using a broad range of policies to improve women's access to the top.

Reporting requirements, targets, voluntary disclosure and other policies

The UK approach is two-fold: a new regulatory reporting requirement, introduced in 2013 for all listed companies, to disclose in their annual report the gender breakdown of the most senior levels as well as across the workforce. In addition, the Coalition Government appointed Lord Davies in 2011 to conduct an independent review to assess the gender balance in the top 100 UK businesses. The recommendations that followed set a voluntary, business-led 25% target. Four years on, the Women on Boards Davies Review Five Year Summary published in October 2015, highlights the main achievements:

- Representation of women more than doubling - now 26.1% on the top 100 boards and 19.6% on top 250 boards. 550 new senior women appointments.

- Dramatic reduction in the number of all-male boards – 152 across top 350 in 2011, now no all-male boards in the top 100 and only 16 in the top 250.

The new Davies' report also sets a new voluntary, business-led target, of 33% for the top 350 companies for women's representation to be achieved in the next five years.

Sweden's OMX, the Australian Securities Exchange, Canada's Ontario Securities Commission, New Zealand Exchange, and Hong Kong Stock Exchange Limited now require companies to disclose gender balance policies and data on WOB under a 'comply or explain' regulation. Japan set to fill 30% of all leadership positions with women by 2020 and requires listed companies to disclose information on the number of women board members (Abe, 2014). Recently, Nomura Holdings has appointed the first woman in 70 years to head its banking arm, and Honda appointed the first woman on its board of directors. Furthermore, some countries have established specific awards aimed at women and companies (ILO, 2015). For example, Australia set up annual company achievement awards in six categories directly measuring gender balance and advancement initiatives.

Family-friendly policies and flexible working arrangements such as maternity leave and childcare support have also enabled more women to enter and remain in the workforce, as parenthood can significantly influence women's access to senior management. In Korea for example, more than half of the women in the workforce left their jobs due to family responsibilities and over a quarter due to childcare (OECD, 2014b). Specifically, close to 50% of businesses in both India and Korea reported that mid- to

senior-level women voluntarily leave their jobs on account of family commitments (McKinsey, 2012). Many governments such as Germany and Iceland have also introduced parental leave reforms to encourage fathers to take time off for their families, though research shows that women mostly make use of these options (OECD, 2012; OECD Family Database, 2015e). Establishing a "use it or lose it" parental leave entitlement, adapting tax systems or incentives to be gender-neutral and providing access to affordable and quality childcare for parents is crucial. National strategies need to foster an enabling legal environment for women and tap into men's key role in supporting women's progress in the workplace (OECD, 2013).

As governments provide a wider array of measures to address gender composition in top management, shareholders, investors and companies are also tackling organisational obstacles and designing flexible solutions to increase and retain the numbers of women in leadership. Research suggests that a tailored application of policies and practices, which considers the national and company context, is more effective than a uniform approach.

2.2 Company, shareholder and investor practices

Increased pressure from shareholders and investors

On top of concerted campaigns by advocacy groups such as the 30% Club in the UK or the 30% Coalition, studies by Deloitte (2015) and EY (2015b) show that investors and shareholders are increasingly seeing the value of gender balance in businesses though still mainly focusing on environmental and social topics. As research increasingly shows the benefits to corporate performance of women in management, institutional investors and shareholders are paying greater attention to corporate governance, specifically placing value on the gender composition of boards (Fortune, 2014).

In fact, the Davies review (2015) finds that many companies[18] have been under scrutiny by their **investors** regarding gender balance in top corporate positions. Investors have influenced and urged boards for action, and due to the lack of action in some cases, have voted against the chairman of the board. In 2014, three UK investors warned they would shun FTSE 250 companies' board proposals if they had no WOB. In the US, institutional investors, such as the California Public Employees' Retirement System (CalPERs), include a gender balance indicator among their investment criteria.

The same trend can be seen among **shareholders** according to reports by Deloitte (2015) and Institutional Shareholder Services (Kamonjoh, 2014). Since 2008, shareholders have submitted over 100 board balance resolutions to American companies urging them to adopt gender inclusion policies in board recruitment and governing texts. Nearly 80% of these have been withdrawn as a result of mutual agreements or commitments from companies.

Innovative company practices

Regardless of outside pressures, the most important agent for enabling women's access to and retention in corporate leadership positions is the company itself. An ILO company survey provides an overview of the types of company practices ranked by implementation rates, with maternity leave, skills training and retention as the top three. Moreover, to help mothers reconcile work with family and care commitments, measures now include family-friendly workplace benefits, flexible working hours through part-time or teleworking arrangements, or the right to return to work on a full-time basis after taking their parental leave, among others (OECD, 2014e).

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[18] Glencore, Vodafone, Prudential, Centamin, City of London Investment Group, Ferrexpo, Genus, JD Sports, Nostrum Oil & Gas, Petra Diamonds, GKN and Travis Perkins

However, effective practices largely depend on the context, commitment of top management to drive the change, continuous monitoring within the company and extent to which investors hold the board directly accountable. In fact, research highlights the lack of evidence on how effectively these initiatives are implemented and finds that 71% of businesses still do not have a defined gender balance strategy (ILO, 2015). Further, data show that women are less likely to work full-time due to family constraints, which considerably impacts promotion prospects and career progress (OECD, 2014e; Gicheva, 2013). Experts also claim that most of the gender balance programmes implemented within companies tend to focus on women rather than integrating gender-intelligent practices that could increase awareness among men (OECD, 2014e; Wittenberg, 2012; Catalyst, 2009). In turn, increased engagement from men could facilitate the establishment of gender balance programmes in companies and translate into higher women representation in top management (Catalyst, 2009).

The ILO survey also asked companies to rank in order of priority 19 measures they would consider to promote women into management roles. Among the top ranked, companies would most likely consider exposing women to all operations and functions, implementing executive training and assigning women more visible tasks (see Table 1 for the top 10). Setting sponsorship schemes, result-based performance management and training, however, are perceived as less of a priority with companies. This ranking is a noteworthy and potential base on which governments and companies could co-operate to facilitate the implementation of comprehensive measures.

Table 1.   Top 10 measures to promote women in management

1. Exposing women to all company operations and functions
2. Executive training for women
3. Assigning women managers visible and challenging tasks
4. Mentoring scheme
5. Top level management support for a gender equality strategy
6. Recognition and support for women
7. Making corporate culture more inclusive of both women and men
8. Awareness training for senior managers on the business case for more women in management
9. Flexible working arrangements (time and place)
10. Setting of targets and tracking progress

There is increasing pressure to hold boards directly accountable, for example by committing to improving and monitoring gender balance within their businesses. Particularly regarding the implementation of aforementioned policies and measures, chairs and executive committees play a significant role[19]. Establishing practices to promote gender balance policies and enforce these measures is crucial and can include monitoring and transparency through specialised bodies, assessments and certifications such as the *EDGE Certified Standard*,[20] benchmarking and accountability (OECD, 2014e). As suggested by the *G20/OECD Principles of Corporate Governance*, the board of directors is the base of a sound corporate governance framework: "The corporate governance framework should ensure the

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[19] International Corporate Governance Network Guidance on Gender Diversity on Boards, 2013

[20] EDGE carries global assessments and certification standards for gender balance in business. Through benchmarking, metrics and accountability, it assesses equal pay for equivalent work, recruitment and promotion, leadership development training and mentoring, flexible working and company culture.

strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders" (OECD, 2015b).

Box 3. Examples of good practices in selected companies

Sodexo created SWIFT (Sodexo Women's International Forum for Talent) in 2009. This CEO-led initiative aims to create a culture of inclusion and improve women's career development in the company through Gender Networks globally.

Hindustan Unilever Limited (Hul) set up gender balance programmes that include: (1) a proactive market mapping where qualified women are identified across various industries and roles, (2) Alchemy, a mentoring programme to develop leaders in an inclusive workplace (currently 160 mentor-mentee pairs) and (3) GEN-NET, a network focusing on assimilation, support and growth for women in the company.

Manulife Japan developed an initiative for women in 2013 centred on training, career support and networking opportunities. The initiative also provides programmes to support women's growth, including a strong focus on work-life balance.

PepsiCo Mexico created the Female Executive Council in 2004 to develop women leaders. The "Vive Mujer" programme encourages women to aim for roles at all levels of the company and provides female talent with a forum for personal and professional development. In 2014, 35% of women in managerial levels were promoted.

National Australia Bank designed the Board Ready programme to increase gender diversity on over the 120 Australian subsidiary boards it controls. The programme focuses on building competence and confidence. It equips women with the education, training, and development opportunities they need to step in the boardroom.

Source : Sodexo, 2015; ILO, 2015; Catalyst Inc., 2014-2015.

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3. A business opportunity and an economic resource

The current state of the labour market is troubling. More businesses face global talent shortages and intensive searches for a high-skilled workforce. Also, the world's population is ageing and all available talent need to be mobilised. A report by McKinsey Global Institute (2012) estimates the need for highly skilled talent to reach 40 million workers by 2020. The report also suggests that a gender-balanced rate could almost close this gap. A study by Mercer (2015) finds that in the next

> "Women are the most under-utilised economic asset in the world's economy."
>
> OECD Secretary-General Angel Gurría, 2014 G20 Leaders' Summit, Brisbane

five years, 75% of the European population will need to be employed in order to deliver on a 1-2% economic growth projection. At a time when women's educational attainment is higher than men's in most regions, women increasingly represent a qualified yet largely under-exploited talent pool and a true economic resource.

3.1 Performance, corporate governance and reputation

While the empirical relationship between gender balance and corporate **performance** is not conclusive as causation is difficult to establish, evidence is suggestive and growing fast. Increasingly, research suggests a link between a larger number of women in decision-making positions and company financial performance (Credit Suisse, Catalyst, McKinsey Global Institute, Mercer, MSCI, and RobecoSAM). The Peterson Institute for International Economics (2016) analysis of 21,980 firms from 91 countries suggests that the presence of women in corporate leadership may improve firm performance, with the largest gains depending on the proportion of female executives. McKinsey (2010) reports that companies with top-quartile representation of women in executive committees outperformed those without

women at the top, bringing an average of 47% more return on equity and 55% more earnings before interest and tax. Another study by Quantopian[21] comparing Fortune 1000 companies with women CEOs versus S&P 500 companies shows that between 2002 and 2014, 80 women CEOs produced 226% higher equity returns than S&P 500 companies (Fortune, 2015). A similar trend can be perceived in relation to **corporate governance**. Research shows that a wider pool of skills in the boardroom can favourably impact business performance and link to better innovation, risk management, company reputation and talent leverage (Catalyst, Forbes, McKinsey, Lückerath). These trends have significant implications for companies and investors.

Box 4. What if it had been Lehman Sisters?

Lehman Brothers was the fourth largest multinational investment bank in the United States and many believe its demise ignited the financial crisis of 2008. At the World Economic Forum in 2009, a question was posed: Would the crisis have happened if Lehman Brothers had been Lehman Sisters? A number of participants submitted that if financial practices had been shaped by women, there would not have been a crisis, arguing that the risks would have been better managed by women.

A number of studies linking gender balance and risk-aversion also suggest so. In the wake of this research, the UK Parliamentary Commission on Banking Standards agreed that more women on the trading floor would benefit banks while EU regulators stated that women could contribute to a better risk culture in financial companies (EU Directive 2014/65/EU).

However, others oppose this idea (Forbes, 2014; Nelson, 2012). For instance, one study found that gender balance benefits could be linked to crisis   management, rather than risk management (Adams & Ragunathan, 2013). In fact, banks with more women executives were not specifically risk-averse during the crisis. However, banks with more WOB did outperform those with less gender-balanced boards during the crisis.

Regardless, researchers conclude that, even if women had represented 50% or 100% of Lehman's workforce, it is unclear whether this would have stopped the financial crisis, given the reality of the male-dominated financial sector. In fact, it is very unlikely that a Lehman Sisters could have existed or persisted in such a context (van Staveren, 2014).

Data by Oliver Wyman (2014) aggregating 14 OECD countries show that only 4% of the CEOs in financial firms are women. The report also states that women managers in financial firms face subtle challenges driven by biases that tend to disadvantage them from accessing the top levels.

Of interest to shareholders and investors is research showing a correlation between companies engaged in gender balance programmes and corporate **reputation**. Several studies find that gender inclusive leadership has clear effects on sustainability indicators and tends to be associated with better corporate social responsibility (Catalyst & Harvard Business School, 2011; Hafsi & Turgut, 2013). MSCI finds that companies with more WOB tend to have higher environmental, social and governance risk management ratings (see Figure 4 below). Other research on Fortune 500 companies with gender balance policies and a higher percentage of WOB show they are more likely to be on the Ethisphere Institute's list of *World's Most Ethical Companies.* To complement this finding, a study measuring the corporate philanthropic disaster response (CPDR) of Chinese companies after two earthquakes links the presence of three or more WOB with heightened ethical behaviour, such as a corporate response to natural disasters (Jia & Zhang, 2012).

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[21] Quantopian is a crowd-sourced quantitative hedge fund company based in the US.

**Figure 4. Percentage of women on boards (WOB) vs. ESG risk management ratings**
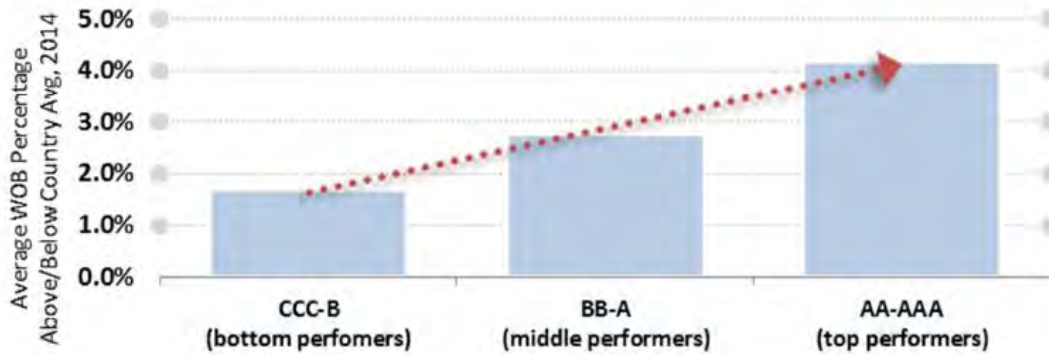
Source: MSCI ESG Research, 2014

3.2 An expanding yet under-exploited talent pool

Over the past 20 years, women have taken the lead on higher educational attainment in OECD countries. The OECD shows that in 2014 a larger proportion of 25-34 year-old women attained tertiary education at 46% compared to men of the same age, at 35% (OECD, 2015c). McKinsey and Company reports that women now hold 60% of master's and 52% of doctoral degrees (2015). In turn, more women head businesses and influence consumer-spending decisions. Their experience and skills are expanding.

Figure 5. Percentage of women with tertiary education outweighs percentage of women on boards
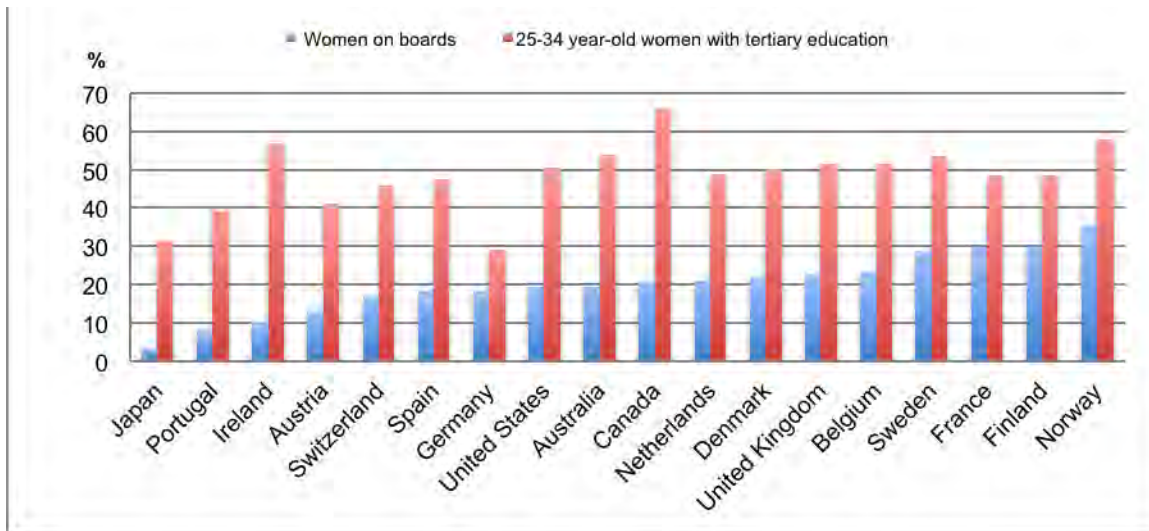

Sources: Catalyst Inc, Census October 2014; OECD Education at a Glance, Indicator A10, 2015

More women graduates are breaking into industries experiencing acute talent shortages and perceived as dominated by men, such as STEM. Recent data from the UNESCO Institute of Statistics (2014) shows an increase in women graduates in this sector while they remain lower than men. Even though the STEM talent pool is expanding with a higher number of qualified women, there is still a talent blockade within STEM-oriented hiring (Braun and Turner 2014).

Despite the higher rate of women graduates, women's experience as top managers remains scarce. Recent data confirm that women represent less than half of managers in all OECD countries to a varying degree (see Figure 6). On the highest end, Latvia has 44% of women in managerial roles whereas Korea has just over 10%. On average, less than one third of managers are women across OECD countries (OECD, 2016). It is therefore important to build a "talent pipeline" for the recruitment of women in leadership position. This can include identifying strong candidates among women in management, women entrepreneurs or leaders outside of the specific business area, and providing these women with mentoring and leadership skills or career development programmes.

Research (Mercer, 2015) shows that men and women offer a different but equally relevant and complementary skill-set that can boost company success. The study finds that men lead with strategic vision and technical skills, though tend to cluster with other men. Women tend to steer with teamwork and cooperation, and are likely to act as connectors to a network. Research also shows that women develop certain skills such as influence and self-awareness that are required to navigate the barriers to corporate leadership (Baldoni, 2013). Tapping into the other half of the talent pool is in fact a resource to access a wider pool of skills. Company boards and businesses would benefit from a more diverse skillset, drive measures to increase women's skills and develop a "talent pipeline", strengthening their path to top management.

Figure 6. Share of women managers vs. women in the labour force, 2014 or latest year
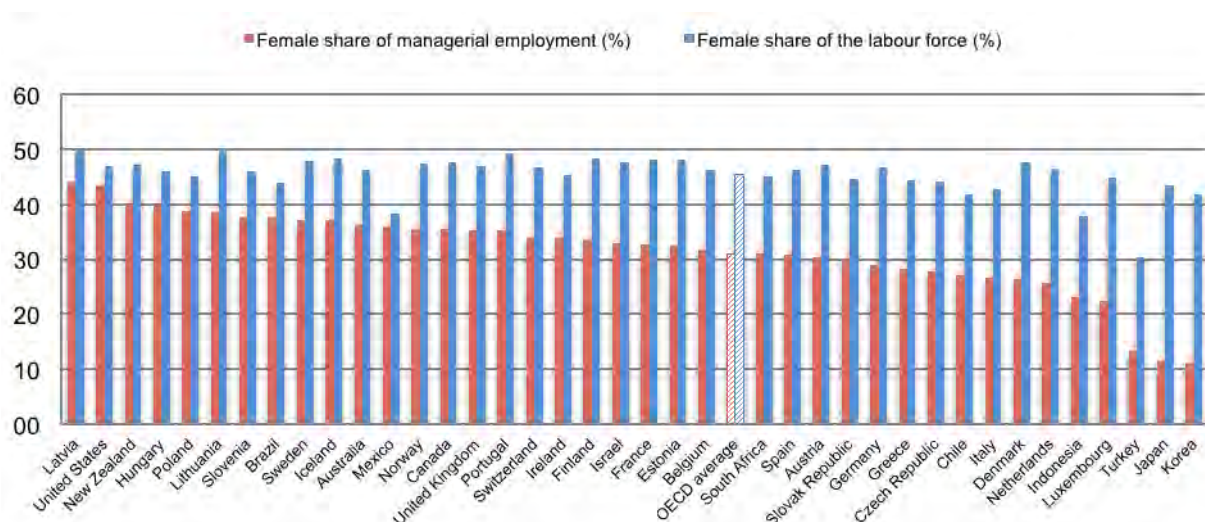
Sources: ILO Department of Statistics Database, 2016; OECD Online Employment Database, 2016.

3.3 Productive economies

Women in the workforce represent a significant resource for economic growth and development both at national and company levels. In fact, many studies show that a gender gap decrease could lift economies (OECD, 2012; Mercer, 2015; IMF, 2013). OECD data find that if women's participation rates in the workforce converged closer to men's by 2030, overall GDP would be raised by 12% across OECD countries. Furthermore, the projected global annual GDP growth in 2025 could amount to USD 28 trillion (ILO, 2015; McKinsey Global Institute, 2015). Research also shows that stock prices of companies announcing the appointment of women to senior-level management positions rose significantly, especially in women-led industries (Cook & Glass, 2011). At company level, data estimate a total opportunity cost of

USD 655 billion in 2014 for companies[22] without any women on their executive board (Grant Thornton, 2015).[23]

In addition to supporting economic and company growth, building inclusive societies and investing in women has the power to reduce inequality. Data shows that cutting the gender gap by 25% in the next 10 years can add 100 million women into the workforce, increase productivity and improve women's economic empowerment in line with the post-2015 sustainable development agenda (OECD, 2015d). Moreover, research finds that investing in women's education and employment would contribute to economic growth more than if economies would contribute to gender equality (Kabeer & Natali, 2013).

As talent becomes scarce and the need for a qualified workforce skyrockets, tapping into an often overlooked, under-exploited source of highly skilled women is imperative, and good for business. The reality is that women represent "the next emerging market" and a tremendous business opportunity. Gender-balanced management can become an asset for companies and an economic resource nationally.

Further action

Rigorous research and analysis on women's access to leadership in the workplace is widespread. Women have shown their determination, competence and leadership capabilities, while elevating company performance and the "bottom line". Yet, still today, data reveal that the "glass ceiling" is hard to crack.

Women remain an under-exploited talent pool. They represent half of the population, hold more tertiary degrees and have matching competences to boost company performance, improve productivity and support economic growth. While there has been an increase in the number of women at the top of companies, access to leadership is paved with challenges that remain to be overcome. Governments can't afford to overlook the other half of the talent pool.

Governments, shareholders and companies have implemented measures to improve women's access to leadership. Regulatory reforms have contributed to influencing public opinion and quotas have made a noted statistical difference. Yet, at the current pace, it will take 81 years to attain any results nearing gender parity (EY, 2015a; WEF, 2014). More comprehensive and accountable action needs to be taken. Some further actions could include:

- Fill the **data** gap on women in corporate leadership. Recent research finds that, in order to better frame the issue and inform areas for action, more targeted data on women in business is needed, including surveys on what governments, companies and women themselves see as effective measures. For instance, an impact analysis on the effects of quotas, government-led targets and disclosure policies could help to better understand what works and why in each particular context.

- Address the complex **social challenges** undermining women's access to leadership. These include a consideration of the underlying causes of the gender gap such as skewed perceptions and unconscious biases, and advocating for cultural and behavioural change in company culture.

- Frame the issue of gender inclusion as a **business opportunity**, rather than as a women's issue. As the research cited in this paper has shown, the benefits of gender-balanced leadership relate not only to company performance, but also risk management, company reputation, innovation and talent leverage. Reframing the debate can facilitate solutions.

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[22] Data covers Indian, UK and US companies listed on the S&P 500, CNX 200 and FTSE 350.

[23] For more, see performance and corporate governance sub-section.

CONCLUSION

There is a strong business case for the public and corporate sectors to join forces to develop a pipeline of women leaders, building on the evidence of what works and targeting both demand and supply. Taking a close look at practices from both sectors, we can draw several lessons. For example, creating a strong commitment to gender equality at the highest-level is an important prerequisite to drive change in both sectors. This commitment can be created and maintained through regular policy dialogue, and exchange on benefits of gender equality to economies and to societies at large. Also, understanding the multiplicity, complexity and linkages of the factors creating a hurdle to women's access to leadership positions in both sectors is fundamental.

Therefore, filling the data gap so as to develop evidence-based policies in both sectors will be instrumental to monitor continuous progress. Both sectors need to scale up efforts to create a results-oriented framework and robust accountability mechanism to effectively deliver their commitments to gender equality at the top. Importantly, in both sectors, practicing work-life balance at the top remains a challenge, despite the greater presence of institutional and policy measures in this regard in public institutions. This points to the need for a deep culture change in public and private sectors to ensure that women and men are able to balance their family and professional responsibilities without hindering their careers.

There are lessons to be learned and good practices to be shared between both sectors. For example, data show that women leaders are more prevalent in some public sector institutions than in the corporate sector because of more flexible working hours and targeted work-life balance policies. Although further efforts are needed, studies find that the gender wage gap is narrower in the public sectors of several OECD countries, as a result of targeted policies and monitoring practices. As such, in working towards gender equality, governments must lead by example. Similarly, through well-targeted regulatory and voluntary measures such as penalties and disclosure requirements governments in many OECD countries has also pushed for higher participation of women in corporate leadership positions and helped close the implementation gaps.

Research shows that, in the corporate sector, investors and shareholders are able to create important incentives. While in the public sector, the introduction of such practices could be more complex, citizens and the civil society can play a stronger role in holding all public institutions to account for meeting the gender equality standards. Framing the issue of gender inclusion as a business or economic well-being opportunity for all, rather than just a women's issue has created incentives in the corporate sector. While there is a growing body of knowledge on the positive impacts of gender balanced leadership, the public sector can learn from this experience to further fill the evidence gap on policy impacts of inclusive institutions on economic growth.

Through a regular policy dialogue between both sectors, momentum can be increased in the area of women's leadership. Building on these lessons learned, it is high-time to develop a joint action plan to speed up the pace of change and ensure the highest impact.

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