



The Global Voice of Business

POLICY BRIEF

# INTERNATIONAL ORGANISATION OF EMPLOYERS



WOMEN'S ECONOMIC  
EMPOWERMENT



November 2014

DEAR MEMBERS,

Gender equality is a key business priority. The International Organisation of Employers commits to tackling gender discrimination in the workplace; to promoting access to equal education, training and career opportunities; to encouraging women entrepreneurs and entrepreneurship; and to contributing to the global effort to increase the participation and integration of women in the workforce.

We hope that this policy brief will support and guide our members in their work in this important area.

Your comments and questions are welcome.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Funes de Rioja', with a long, sweeping horizontal stroke at the top.

**Daniel Funes de Rioja**  
President



## Introduction

THE TREATMENT OF WOMEN IN THE WORKPLACE RAISES EQUALITY, EQUITY AND HUMAN RIGHTS ISSUES.

There is also an undeniable economic and business case for women's economic empowerment in the workplace, market place and community. Strengthening the economic, political, and social positions of women is fundamental to economic growth and development, as well as to enterprise productivity and competitiveness.

Empowering women to participate fully in economic life across all sectors and throughout all levels of economic activity is essential to:

- Build strong economies;
- Establish more stable and just societies;
- Achieve internationally-agreed goals for development, sustainability and human rights;
- Improve quality of life for women, men, families and communities; and

- Boost competitiveness and profitability of enterprises

This paper sets out the IOE position on the economic and business cases for advancing the economic empowerment of women. It addresses the linkages between gender equality and equity, economic growth and development; discusses the bottom-line benefits of company practices that promote gender diversity, and the importance of improving opportunities for women to advance in management; highlights the role of safe workplaces in achieving equity; and promotes a position on women's entrepreneurship.

Finally, the paper suggests actions that employers and their representative organisations can take within their own operations, and at the national and international policy levels, to further women's economic empowerment.

---

“There is an undeniable economic and business case for women's economic empowerment in the workplace, market place and community.”

---

## Women, Economic Growth and Development

COUNTRIES THAT DO NOT CAPITALISE ON THE FULL POTENTIAL OF ALMOST ONE-HALF OF THEIR SOCIETY ARE MISALLOCATING THEIR HUMAN RESOURCES AND COMPROMISING THEIR ABILITY TO COMPETE IN THE GLOBAL ECONOMY.

The efficient use of the potential of both males and females is key to addressing the demographic challenges posed by falling birth rates and ageing societies. An increase in female employment, in both the developed and developing world, has arguably been the biggest engine of global growth in recent decades:

- According to a report published by the Economist Intelligence Unit in 2012, since 1995 the narrowing gap between male and female employment has accounted for a quarter of Europe's annual GDP growth.
- In the developing world, the UN Food and Agriculture Organization (FAO) has estimated that giving female farmers equal access to time- and labour-saving tools could increase agricultural output by as much as 2.5-4 per cent.
- According to a recent study by the consulting firm Booz & Company, if employment rates for women in the United States matched those for men, overall GDP would increase by 5 per cent. In developing economies, the effect would be even greater.

Moreover, there is clear evidence that enabling women to develop their skills and qualifications and to join the labour market boosts incomes and well-being throughout society. In particular, educating girls boosts prosperity. Not only are better-educated women more productive, they raise healthier and better-educated children by encouraging an environment conducive for learning. Putting more resources in the hands of women has a multiplier effect, raising the welfare of the entire

family, and creating significant societal benefits.

Yet, despite these gains and demonstrable impacts, the talents and potential contributions of women remain perhaps the world's most underutilised and poorly deployed resources. According to 2009 data reported by the ILO, nearly one-half of working-age women – some 1.5 billion women – are not active in the formal economy. Many of these women are engaged in unpaid labour, and/or are working in the informal economy under poor or hazardous conditions. Often, the reason these women are unskilled is due to gender discrimination, which restricts their access to education and to job openings.

For example, it has been estimated that in sub-Saharan Africa, 84 per cent of women are informally employed (compared to 63 per cent of men). This informal work accounts for over 50 per cent of the GDP in Benin, Chad, Kenya, and Mali.

The picture is brighter, but still far from satisfactory, in the developed world. In OECD countries, female entrants to the labour market tend to have comparable or higher educational qualifications than their male counterparts. But these women are more likely to be employed in lower-paid occupations and sectors. Compared to men, employed women work fewer hours, are less likely to progress, and are under-represented in managerial positions. In large part for these reasons, a significant gender pay gap persists.

In short, not only is equal opportunity for women in the area of economic empowerment not a reality, its absence is a drag on growth, development and poverty alleviation.

---

“To participate effectively in an increasingly competitive world, countries will need to harness their resources efficiently by improving opportunities for all and allocating based on skill instead of gender. Gender inequality - whether in endowments, economic opportunities, or agency - reduces a country's ability to compete in this increasingly globalized economic environment.”  
World Bank, 2011

“Reducing persistent gender inequalities is necessary not only for reasons of fairness and equity, but also out of economic necessity. Greater economic opportunities for women will help to increase labour productivity, and higher female employment will widen the base of taxpayers and contributors to social protection systems which will come under increasing pressure due to population ageing.” OECD

---

## The Business Case

THERE IS COMPELLING EVIDENCE THAT UNEQUAL OPPORTUNITY CAN ALSO BE A DRAG ON CORPORATE PROFIT.

There are clear economic and competitive benefits to companies in enabling and empowering women in the workplace.

The business case for improved participation and gender equity rests

on the premise that full and better utilisation of the entire talent pool available to companies can lead to increased productivity, better decision-making, and thus an increase to the bottom line.

---

“...full and better utilisation of the entire talent pool available to companies can lead to increased productivity...”

---

## Women in Management

AMONG THE MATERIAL CITED IN THE RECENT JOINT REPORT OF THE BUSINESS AND INDUSTRY ADVISORY COMMITTEE TO THE OECD (BIAC) AND THE AMERICAN CHAMBER OF COMMERCE IN FRANCE, *PUTTING ALL OUR MINDS TO WORK: HARNESSING THE GENDER DIVIDEND, 2012*, IS A STUDY CONDUCTED BETWEEN 2007 AND 2009 IN EUROPE, BRAZIL, RUSSIA, INDIA AND CHINA BY THE CONSULTANCY FIRM MCKINSEY.

It found that companies with the highest share of women in their senior management teams outperformed those with no women by 41 per cent in terms of return on equity and 56 per cent in terms of operating results.

The reason rests on the benefits to the bottom line associated with workplace cultures that value openness and diversity. Effective talent management is a key business issue, and women constitute a critical human capital asset, often complementing and enhancing the range of leadership behaviours that are critical to corporate performance. Women also control or influence the vast majority of household buying decisions worldwide. According to recent estimates, women control about 70 per cent of global consumer spending. More women in management positions can provide a broader insight into economic behaviour and consumer choices, leading to market share gains through the creation of products and services more respondent to consumers' needs and preferences.

Companies therefore benefit from better understanding this customer base. In short, businesses that recognise the value of having a diverse talent pool, particularly in senior management, outperform those that do not.

Acting on this realisation is not easy. At every successive management level, significant proportions of talented women drop out or stagnate below senior management and top leadership positions. This phenomenon, known as the “leaky pipeline,” is the result of a complex set of factors, involving both corporate policies and structures, and societal and cultural “soft” barriers that influence women’s decisions about their lives and careers and may impede their advancement in the workplace.

Such barriers can include:

- Family and work-life balance considerations
- Lack of access to or high cost of child-care
- Demands of parental care
- Lack of role models
- Inadequate support from their

---

“Companies with the highest share of women in their senior management teams outperformed those with no women...”

---

- companies (training, mentoring, networks)
- Gender stereotypes embedded in corporate culture
- Weak implementation of legislative gender equality initiatives
- Social norms that attach stigma to working mothers

Only when these barriers are addressed, will the full benefits of diversity and the gender dividend be realised. Some interventions can only be undertaken by companies themselves; others require government participation, including policy development, legal and regulatory measures, and leading by example. Many demand concerted and collaborative efforts.

## Women on Boards

THE RESEARCH GROUP CATALYST FOUND THAT U.S. FORTUNE 500 COMPANIES THAT RANK HIGHEST IN TERMS OF FEMALE REPRESENTATION ON THEIR BOARDS OF DIRECTORS OUTPERFORM THOSE THAT RANK LOWEST BY AT LEAST 53 PER CENT IN TERMS OF RETURN ON EQUITY.

This data and numerous other studies suggest that there is a clear business case for greater gender diversity in corporate boards, both in terms of a company's performance and in terms of higher, sustainable rates of growth. Companies that have moved toward greater Board diversity report such benefits as meaningful culture change, better morale, enhanced corporate reputation, improved attraction and retention of talented staff, less absenteeism, a wider talent pool, better stakeholder engagement and increased creativity and ability to adapt to change.

Some countries have introduced quotas or other statutory approaches that require listed and/or unlisted companies to have a certain percentage of women in management or on Boards. Others favour non-

statutory measures such as corporate governance codes or voluntary self-regulatory approaches. Whatever the approach, improving gender diversity and thus reaping its benefits often requires significant cultural change, which starts with the Board and executive team and flows throughout the organisation. It requires a robust pipeline or organisations and entities that are advancing capable women. This encompasses recruitment and promotion policies, workforce flexibility, and parental leave. It takes time, and requires collaboration between business and government. IOE encourages its members and the companies they represent to engage in this process and debate, recognising that genuine diversity can reap significant long-term dividends.

---

“...improving gender diversity, and thus reaping its benefits, often requires significant cultural change, which starts with the Board...”

---

## Women's Entrepreneurship - Creating Opportunities

AN IMPORTANT PART OF CAPITALISING ON HUMAN POTENTIAL LIES IN FOSTERING ENTREPRENEURSHIP, WHICH IS ESSENTIAL TO ECONOMIC GROWTH AND EMPLOYMENT CREATION AND CALLS FOR CONCERTED AND COLLABORATIVE EFFORTS.

The world of women's entrepreneurship is large, diverse, and of great economic significance.

Women-owned enterprises exist everywhere. They populate all sectors of the economy and they come in

all sizes. Worldwide, women-owned businesses are said to comprise between one-quarter and one-third of all businesses, an estimate that is almost certainly understated because available data does not always distinguish by gender, and because women are more likely to run businesses in the informal economy where data is hard or impossible to capture.

When asked to identify the biggest obstacles to founding and growing their businesses, women entrepreneurs around the world tend to cite concerns around accessing capital and markets, and securing essential social protections. Such concerns are common to all entrepreneurs: they are small business issues, not particularly women's issues. Thus, the essential starting point for fostering women's entrepreneurship is the creation and promotion of a culture of entrepreneurship and an enabling environment for sustainable enterprises that addresses barriers to access to financing. Employers can develop policies and implement programmes in the areas of enterprise development, capacity building and training, supply chain and marketing practices that empower women by:

- expanding business relationships with women-owned enterprises, including small businesses, and women entrepreneurs.
- asking business partners and peers to respect the company's commitment to advancing equality and inclusion.

But beyond these general policies are distinct concerns and needs of women entrepreneurs that demand separate and specific policy interventions. Their enterprises tend to be smaller than men's, both in terms of number of workers employed and in terms of the presence and value of fixed assets.

Women's enterprises also tend to be concentrated in low investment, less

remunerative sub-sectors that build on traditional skills, while men tend to be concentrated in more dynamic sub-sectors.

The factors accounting for these differences include:

***Socio-cultural resistance to women in business:***

Such resistance may apply in very different societies, at all levels of development. Limited or inadequate access to education may limit a woman's business potential, as may the notion that certain fields of endeavour are inappropriate or off-limits.

***The need to balance home and work responsibilities:***

The demands of motherhood and the division of labour between men and women in the household may reduce the amount of time, energy and concentration women have to expend on their business.

***Laws that directly or indirectly discriminate on the basis of sex:***

In some countries, women lack the legal status to establish a contract, represent themselves in legal cases and/or hold property in their own name.

For example, a recent International Finance Corporation (IFC) survey of legal and regulatory impediments to the growth of women's enterprises in Africa found:

- Only 7 per cent of the female respondents surveyed could own land;
- Many women respondents lacked legal property assets to serve as collateral;
- 30 per cent of women operated their businesses from registered premises, as opposed to 51 per cent of men.

At the same time, a legal framework that does not provide for the overlapping productive and reproductive roles of women may also indirectly discriminate against them.

In short, gender-specific constraints to entrepreneurship require well-supported specific policy responses. These responses need to be both practical and political. Employers can support gender-sensitive solutions to credit and lending barriers. They can also help meet the need for targeted training in how to start, manage, and grow businesses. But they also must lend their voices to efforts to identify and address laws and policies that do not adequately consider the needs of women entrepreneurs and sometimes further exacerbate gender-specific constraints to entrepreneurship.

Policies and strategies targeted at women's economic empowerment must be supported by data and facts. It is therefore important that the IOE work with the ILO, OECD, other international organisations and the international financial institutions to work collaboratively to describe the economic dividend of gender equality.

Women entrepreneurs may require specific services to increase their business confidence and/or specific mechanisms for increasing their access to credit. A number of IOE members operate highly successful women's entrepreneur networks, which serve as major sources of knowledge and valuable tools for the development and promotion of women-owned businesses.

The ILO is actively engaged in promoting women's entrepreneurship globally through its programme on Women's Entrepreneurship Development and Gender Equality (WEDGE) within its Small Enterprise Development programme. WEDGE seeks to develop a knowledge base on innovative support services and products, and an advocacy voice for women entrepreneurs. The IOE and its member employer organisations work in collaboration with the ILO Bureau for Employer Activities (ACT/EMP) in this programme.

## Employer Engagement - Creating safe Environments, Sharing Experiences and Building Networks

EMPLOYERS HAVE A PRIMARY DUTY TO ENSURE THAT THEIR WORKPLACES ARE SAFE AND THAT ALL EMPLOYEES CAN PURSUE THEIR RESPONSIBILITIES IN A SECURE AND HEALTHY ENVIRONMENT.

Aside from the obvious human rights and legal issues arising from violence inflicted on employees, such abuses are costly to employers. They can present substantial reputational risks, impair productivity and hamper job performance, and result in increased absenteeism, turnover, and accidents.

There is plentiful evidence that women are disproportionately the victims of both verbal and physical abuse and harassment. A workplace culture that tolerates such conditions is not a culture that will engender and benefit from diversity. It is in the interest of employers around the world to frame

and to implement policies directed at this abuse, to work with governments and international organisations such as the ILO to develop usable tools and to disseminate policy work and practices to address abuse and violence directly, both within the workplace and wider society.

The IOE and its member organisations have an important role to play in furthering women's economic empowerment through providing practical services to business members, and informing and advising governments and international organisations on appropriate

---

*“It is in the interest of employers around the world to frame and to implement policies directed at this abuse [violence against women in the workplace]...”*

---

policies. All such services and policy recommendations should consider the needs of both women and men.

Ensuring the inclusion of women's talents, skills, experience and energies requires intentional actions and deliberate policies.

An important resource in this regard is the partnership initiative of UN Women and UN Global Compact (UNGC), which provides a platform to help the private sector focus on key elements integral to promoting gender equality in the workplace, marketplace and community. The Women's Empowerment Principles (WEPs), which the IOE endorses, present seven steps that business and other sectors can take to advance and empower women:

1. Establish high-level corporate leadership for gender equality;
2. Treat all women and men fairly at work- respect and support human rights and non-discrimination;
3. Ensure the health, safety and well-being of all women and men workers;
4. Promote education, training and professional development for women and men alike;
5. Implement enterprise development, supply chain and marketing practices that empower women;
6. Promote equality through community initiatives and advocacy;
7. Measure and publicly report on progress to achieve gender equality.

## WEPs: A Tool for Business

TAILORED FOR BUSINESS, THE WEPs PROVIDE A COMPREHENSIVE APPROACH TO ACHIEVING GENDER EQUALITY.

There are many ways for companies to get involved:

- Sign the **CEO Statement of Support** for the WEPs and lead by example.
- Use the seven Principles to assess company policies and programmes.
- Develop an action plan to integrate gender into existing reporting mechanisms by identifying benchmarks and indicators.
- Communicate progress to stakeholders and take on board the **WEPs reporting guidance**.
- Connect with fellow businesses and other stakeholders to raise awareness about the WEPs and promote implementation.
- Share good practices and lessons learned.
- Support the WEPs initiative.

Employer organisations and their members can demonstrate leadership in advancing the participation and integration of women in the workforce by:

- supporting the WEPs and engaging in the business

platform they offer to share best business practices for women's advancement.

- devising programmes around best practices, addressing top management leadership and commitment; measurement

- and accountability; human resource and operational policies; education and training; and change management and communication.
- engaging with governments on public policies to support women's economic empowerment.
- encouraging governments and international organisations such as ILO and OECD to enhance and improve their gender-related research and data collection, so as to better track the impact of policies and programmes on the progress of women's economic empowerment.

## Conclusion

GENDER EQUALITY IS A KEY LEVER IN ECONOMIC DEVELOPMENT AND COMPETITIVENESS.

Countries have widely different approaches to women's empowerment affected by resources, levels of development and social and cultural norms. However, all governments should be encouraged to implement measures to improve the circumstances surrounding women as economic actors, from better childcare and family support to greater workplace and labour market flexibility.

Public policy should be the result of an active dialogue and engagement between the public and private sectors, as well as with other

stakeholders to deliver policies that align with and support efforts by business to advance women's economic opportunities.

Employers that are increasingly making real efforts to promote women to senior management ranks are building a bigger pipeline of future female CEOs and directors - more diverse companies make better decisions.

The IOE and its members stand ready to collaborate in advancing gender diversity and supporting the economic dividend this creates for women, families, companies and society.

---

“Employers that are increasingly making real efforts to promote women to senior management ranks are building a bigger pipeline of future female CEOs and directors.”

---

---

The IOE is the largest network of the private sector in the world.  
With 150 business and employer organisation members in 143  
countries, it is the global voice of business.

---



**The Global Voice of Business**

© November 2014  
71 Av. Louis-Casai  
1216 Cointrin/ Geneva  
T: +41 22 929 00 00  
[ioe@ioe-emp.org](mailto:ioe@ioe-emp.org)  
[www.ioe-emp.org](http://www.ioe-emp.org)