

IOE Policy Paper – Optimizing the Potential of Female Talent



International Organisation of Employers
Organisation Internationale des Employeurs
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Executive Summary

Even though the importance of gender equality is widely recognized across countries, many still struggle to close the gender gap. A large slice of the population still remains absent from wage-earning activities, depriving economies of a valuable resource. In the context of globalization and continuous technological change, the need to better harness and utilize female talent becomes all the more pertinent.

While there is no miraculous global panacea to achieving gender parity, there are three main ways to better integrate female talent into today's labour force:

- Educating women to address skills shortages;
- Removing legal and structural barriers to female labour market participation; and
- Promoting various forms of work to retain female talent.

Raising the female literacy rate through equal access to basic education and training can help to bridge the skills gap and raise female workforce participation.

Creating the incentives to attract female talent mainly requires the removal of legal and structural barriers that impede women's entry into the labour market. The removal of such barriers would also require a huge change in mindset within society, which will have a long-lasting impact on various aspects of the economy. Such a reversal of gender stereotypes and social norms will have a positive impact on corporate culture, enabling it to be more diverse at all levels of management.

Unlocking potential in the labour market requires addressing the constrained employment prospects for women. The rise in diverse forms of work provides opportunities for women to enter the workforce, and helps the economy utilize skills more effectively.

This paper aims to provide employers and their representative organisations with policy recommendations on increasing women's participation in the labour market and optimizing their potential to address the challenges facing the world of work. In doing so, the paper sets out both public and private policies that ensure the inclusion of women's talents, skills, experience and energies in the economy.

Introduction

The quickening pace and nature of technological change and the ongoing reach of globalization demand a qualified labour force, i.e. a workforce displaying a wide range of higher-level skills and the ability to work in non-traditional settings under uncertain and changing conditions. Women's economic empowerment is an integral part of an effective response to this changing world of work, if only because women represent at least half of the world's potential human resources.

In recent decades, a large share of economic growth in the OECD has come from employing more women. Since 1995, narrowing the gap between male and female employment rates has accounted for half of the increase in Europe's overall employment rate and a quarter of annual economic growth¹. It is estimated that if female employment were raised to the male rate, economic growth would be substantial, particularly in countries such as Japan².

Nevertheless, women remain one of the most underutilized talent pools, with their labour participation standing at 49.6 percent compared to 76.1 percent of men in 2015. More can and should be done to better harness the potential of female talent and to put it to good use.

Allowing women to access education opportunities while helping them achieve the necessary qualifications to respond to the skills shortage can also enhance their innate "soft skills", which are in high demand in the labour market. Removing legal and structural barriers can empower women to enter the labour market and even set up and grow their own business. Promoting various forms of working arrangements can offer opportunities to achieve the better work and family balance that many women and men have long sought, thereby potentially increasing female labour market participation.

This paper, which is part of the IOE's contribution to the ILO Director-General's "Women at Work" Centenary Initiative, aims to provide employers and their representative organizations with policy recommendations on increasing women's participation in the labour market and optimizing their potential to address the challenges facing the world of work.

¹ OECD (2008) "Gender and Sustainable Development: Maximizing the Economic, Social and Environmental Role of Women".

² Credit Suisse Research (2007) "Economics: More Women, More Growth".

Fostering Female Talent

In today's changing world of work, human talent is replacing natural resources as the basis for national competitiveness and economic growth³. This is particularly critical as populations age and shortages of skilled talent occur. Similarly, companies are increasingly relying on talent to maintain their competitiveness. More than 85 percent of corporate value creation relies on intangible human capital⁴. Yet, optimizing female talent as a key source of comparative advantage is challenging. Cultural stereotypes, social norms and national circumstances strongly influence women's participation in and entry into the labour market to varying degrees, across developed and developing countries. In today's society, where talent is increasingly mobile and can be accessed via internet opportunities, anywhere in the world, it is increasingly urgent for both the private and public sectors to focus on developing, attracting and retaining female talent more aggressively than before⁵.

EDUCATING WOMEN TO ADDRESS SHORTAGE OF SKILLED LABOUR

The advent of technological change has led to a diverging impact across countries. There are predictions of significant differences across advanced and developing countries by 2020⁶. A potential global shortage of about 38-40 million high-skilled workers is predicted, with a 16-18 million shortage in the advanced economies. On the other hand, a potential surplus of 90-95 million low-skilled workers is predicted with the majority (58 million) in developing and emerging economies. A potential shortage of 45 million middle-skilled individuals in developing countries is also predicted. Given the ageing population and shrinking domestic labour force, the need to tap into underutilized talent to fill the skills gap is becoming all the more pertinent.

Role of Governments

As the number of women expected to contribute to the national economy is estimated to be 865 million, of which 812 million will be from the emerging and developing economies, governments in these regions should focus on reducing gender inequality in literacy and in primary and secondary school education⁷.

According to new data released by UNESCO, literacy rates for adults and youth continue to rise. Young women aged 15-24 are making the strongest gains, but they still lag behind young men. In 2011, 87 percent of female youth had basic literacy skills, compared to 92 percent of males. Despite these gains, 774 million adults still cannot read or write, of which two thirds are women⁸. Increasing the literacy rate of these women by providing effective access to education can have positive results on the competitiveness of the country and its economic growth. For instance, it has been shown that if African countries had closed the gender gap in schooling between 1960 and 1992 as quickly as East Asia did, this would have produced close to a doubling of per capita income growth in the region⁹.

In developed economies where the number of women in higher education outnumbers that of men, the challenge is to make better use of women's qualifications. The reasons behind this may be attributable to a variety of factors such as less accommodating career paths, few female role models and strong gender stereotypes. Governments should attempt to understand such barriers in order to come up with effective labour market policies to optimize the female talent pool.

As STEM (Science, Technology, Engineering and Mathematics) occupations increasingly become a driving force of economic growth, it is imperative that

³ John Hagel, Jon Seely Brown and Lang Davidson (2009) "Measuring the Forces of Long Term Change: The 2009 Shift Index", Deloitte Development.

⁴ Cathleen Benko and Molly Anderson (2010) "The Corporate Lattice: Achieving High Performance in the Changing World of Work", Harvard Business Review Press.

⁵ Deloitte Touche Totmatsu (2011) "The gender dividend: Making the business case for investing in women".

⁶ McKinsey Global Institute (2012) "The world at work: Jobs, pay and skills for 3.5 billion people".

⁷ Booz & Company (2012) "Empowering the Third Billion. Women and the World of Work in 2012".

⁸ UNESCO Institute for Statistics (2013) "International Literacy data" <http://www.uis.unesco.org/literacy/Pages/data-release-map-2013.aspx>, last accessed on 18 November 2016.

⁹ World Bank Gender and Development Group (2003) "Gender Equality and the Millennium Development Goals".

the supply of STEM skills can keep up with this crucial demand. Yet, women are vastly underrepresented in these fields. For instance, women hold less than 25 percent of STEM jobs in the US even though the share of college-educated women of the overall workforce has increased¹⁰. Public policy should put in place financial and other incentives to encourage women to enter more technical fields of study, notably the STEM fields.

Role of Private Sector

As well as being actively involved in framing national education and training programmes that respond to the needs of the labour market, employers should also engage in encouraging female talent to acquire these skills. For instance, school guidance and counselling services can invite companies to provide information to girls and women on the range of jobs for which they can apply and the required skills, so that they are aware of the opportunities that are available to them. Curricula should also integrate the cultivation of “soft skills” which will assist female talent in aiming for and obtaining higher-level positions in all fields. Injecting work experience into the educational curriculum, through approaches such as mentoring and apprenticeship programs, is very effective in broadening the ambitions and promoting the training of young women. Companies can also establish specific leadership and management training for talented women to support their ascent up the corporate ladder, in an attempt to shatter the glass ceiling.

REMOVING LEGAL AND STRUCTURAL BARRIERS TO ALLOW WOMEN'S ENTRY IN THE LABOUR MARKET

Equality of opportunity allows women to make the best choices for them, their families and their economies. However, opportunities for women are not equal where legal gender differences are prevalent. According to the World Bank¹¹, legal gender differences are widespread. 155 out of 173 economies have at least one law impeding women's economic opportunities. Lower levels of legal gender equality are associated with fewer girls attending secondary school, relative to boys, and fewer women working or running businesses. Over the past two years, 65 economies carried out 84 reforms increasing women's economic opportunities, which has led to significant improvements in the economy's development and growth.

Role of Governments

Restrictions on women in the labour market constrain women's ability to make economic decisions in a variety of ways, and can have far-reaching consequences. Economies with more restrictions for women tend to have, on average, lower female labour force participation and a lower percentage of female labour force relative to male. The same relationships apply to women's participation in firm ownership and management. Thus, governments should aim at removing such restrictions and integrating women more rapidly into the workforce so as to reverse these negative outcomes.

Women's transition to the formal economy is impeded by such legal restrictions, especially in developing economies, where vast numbers of women remain in the informal economy. For instance, women have difficulty accessing credit that can help them to set up their businesses in the formal sector. This difficulty is further exacerbated for married women, who require the consent and approval of their spouses, should they wish to work outside of their homes.

Governments can act as catalysts to promote gender equality perspectives and practices by heightening awareness of gender inequality, the benefits of gender equality and the adverse impacts of gender inequality on societies. Governmental policy and legislation can dismantle discriminatory practices and artificial barriers, and programs and projects can further the understanding of the best interventions for breaking down barriers. In addition, it is important to monitor and enforce existing legislation against gender discrimination in order to break down barriers that hold women back. Such attempts should also be directed towards closing the gender pay gap which prevents women not only from optimizing their talent to their full potential, but also discredits their abilities.

Role of Private Sector

In developed economies, women's access to the corporate ladder is also hindered as a result of structural barriers, notably those originating from cultural and societal biases. Such biases are often internalized in the world of business and become part of the fabric of corporate culture. Understanding the reasons for the attrition of women on the corporate ladder and putting in place measures at the enterprise-level to address them is critical in an attempt to create a pipeline of talented women for the future. For instance, closing the gender pay gap, particularly at board levels, can also help to attract

¹⁰ U.S. Department of Commerce, Economics and Statistics Administration (2011) “Women in STEM: A Gender Gap to Innovation”.

¹¹ World Bank (2016) “Women, Business and the Law 2016”.

and retain more women at management levels.

The use of quotas as a means of increasing women's participation, especially at board levels, remains controversial. While this may be a useful instrument in some countries, it does not address the actual barriers behind low female participation. Such strategies need to be part of an overall collaboration among businesses, government and society working together. Changing attitudes in society has a more lasting impact on gender equality.

PROMOTING VARIOUS FORMS OF WORK TO RETAIN FEMALE TALENT

New technologies allow for more flexible workplaces, with people working outside the usual core '9-to-5' hours. Research shows that higher employment rates are positively correlated with the proportion of the general part-time rate¹². Those countries with higher rates of part-time work also tend to have higher employment rates, with the association being the most striking among the female workforce. To the extent that part-time employment allows mothers to work who would not otherwise be able to do so, this may help explain the association between flexible work arrangements and higher employment.

Role of Governments

Employment regulation should be modernized to reflect the changing nature of work and the rise of on-line workers. Current excessive regulations prevent the growth of various forms of work by increasing costs, reducing flexibility and creating uncertainty in the legal environment. Reducing such barriers, that restrict certain forms of work, and allowing for a flexible transition between these forms of work would increase labour market participation, especially among the young and women¹³. Offering care facilities and infrastructure can go a long way in attracting mothers and women with care responsibilities to return to the labour market.

For many people, today's increase in access to digital technologies brings more choice and greater convenience. Yet, many are still left out. Notably, 6 billion people do not have high-speed internet, making them unable to fully participate in the digital economy. To deliver universal digital access, governments should invest in infrastructure and pursue reforms that bring greater competition to telecommunications markets, promote public-

private partnerships and yield effective regulation. The World Bank Report on Digital Dividends (2016) concludes that the full benefits of the information and communications transformation will not be achieved unless countries continue to improve their business climate and invest in people's education so as to optimize the use of female talent.

Role of Private Sector

New global freelancing platforms such as Upwork or TaskRabbit make online work around the globe possible and this appeals particularly to young women and women with family responsibilities who are looking for more flexible work arrangements¹⁴. For instance, 90 percent of women from poor families in the Indian state of Kerala who had previously not worked outside the home have entered the labour market due to information technology services that help them to set up their own businesses. Of global online workers on the Elance freelancing platform, 44 percent are women, with many wishing to balance work and family life¹⁵. Company respondents to an ILO company survey showed¹⁶ that the lack of flexible solutions was deemed an important barrier to the successful retention of skilled women and to women taking up management positions. Thus, employers should promote and offer workplace flexibility in their companies to attract and retain female talent.

Extending such arrangements to older women is a useful way of ensuring greater rates of retention among employees, who may instead choose to move to different roles or embrace more flexible working arrangements as an alternative to full retirement. This is important in a knowledge economy, in which much of the value of an employee is held as tacit knowledge. Ensuring that older workers remain associated with the company helps retain this knowledge while providing an ageing population with employment options¹⁷.

¹² Institute for Public Policy Research (2014) "Women and Flexible Working: Improving Female Employment Outcomes in Europe".

¹³ World Bank (2016) "Doing Business 2017".

¹⁴ World Employment Confederation (2016) "The Future of Work", White Paper.

¹⁵ World Bank (2016) "World Development Report 2016: Digital Dividends".

¹⁶ ILO (2015) "Women in Business and Management: Gaining Momentum".

¹⁷ Future of Work Institute (2012) "The Benefits of Flexible Working Arrangements: A Future of Work Report".

Conclusion

While the changes in the world of work have varying degrees of impact in attracting women to the labour market in developing and developed economies, both groups still struggle with achieving gender parity in many aspects of the economy, largely as a result of cultural stereotypes and social norms. While there is no miraculous global panacea to achieving gender parity, there are ways to better integrate female talent in today's labour force.

Better utilisation of women's skills can increase enterprise competitiveness, national output and economic development. Their participation is central to addressing the problem of skills shortages. Women's economic empowerment can mitigate the social costs of ageing populations and address youth unemployment. Finally, the rise in flexible work arrangements can help address the demand

for flexibility that many women need to fulfil both work and family responsibilities.

As policymakers seek short and long term solutions to the challenges of the changing world of work, expanding opportunities and fostering the talent of the previously untapped pool of female talent becomes all the more important. This will require the joint efforts of governments, employers, and workers to remove the cultural, economic and social barriers hindering women's participation in the labour market. The IOE and its member organisations have an important role to play in contributing to the construction of effective policies to ensure the inclusion of women's talents, skills, experience and energies in the economy.

The IOE is the largest network of the private sector in the world, with more than 150 business and employer organisation members. In social and labour policy debate taking place in the International Labour Organization, across the UN and multilateral system, and in the G20 and other emerging processes, the IOE is recognised as the Global Voice of Business.



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