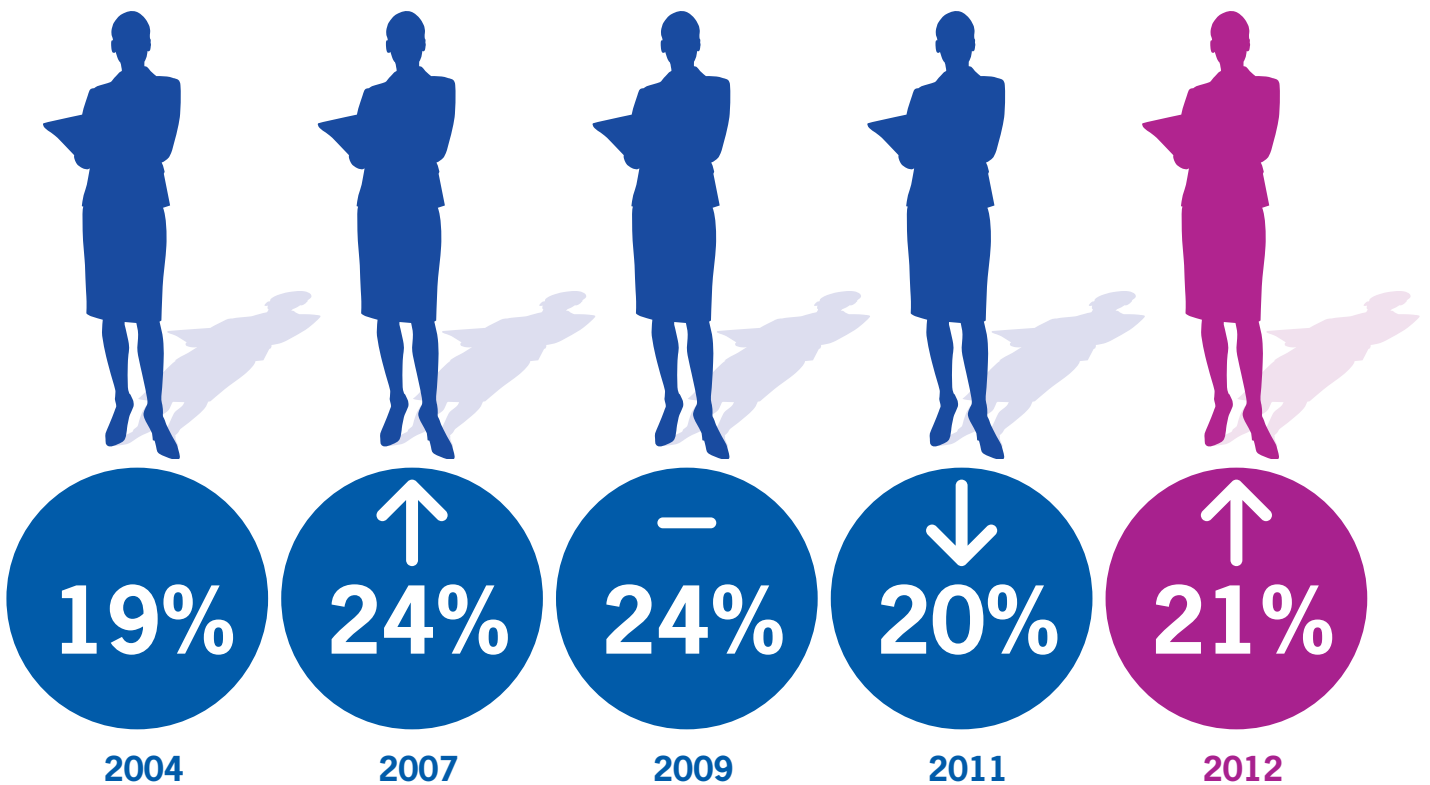


# Women in senior management: still not enough



The past 12 months have seen women take the lead in some of the toughest economic and political environments: Christine Lagarde became the first female to head the International Monetary Fund, Angela Merkel, the German Chancellor, has emerged as the key figure in solving the eurozone sovereign debt crisis and Maria das Gracas Foster has taken over at Petrobras, becoming the first woman to run one of the world's top five oil companies. Women also head governments in countries such as Argentina, Australia, Brazil and Thailand.

This short report, based on our latest International Business Report (IBR), explores why this issue matters, the current state of play and what is being done about it. Key findings from the survey:

- women hold one in five senior management roles globally, very similar to the level observed in 2004
- businesses in Russia, followed by Botswana, the Philippines and Thailand have the most women in senior management; those in Germany, India and Japan the least
- less than one in ten businesses has a female CEO, with women largely employed in finance and human resources (HR) roles
- many economies, especially in Europe, are choosing to implement quotas on the number of women on boards
- no clear correlation between either flexible working practices or female economic activity and the proportion of women in senior management was found.

### Why it matters

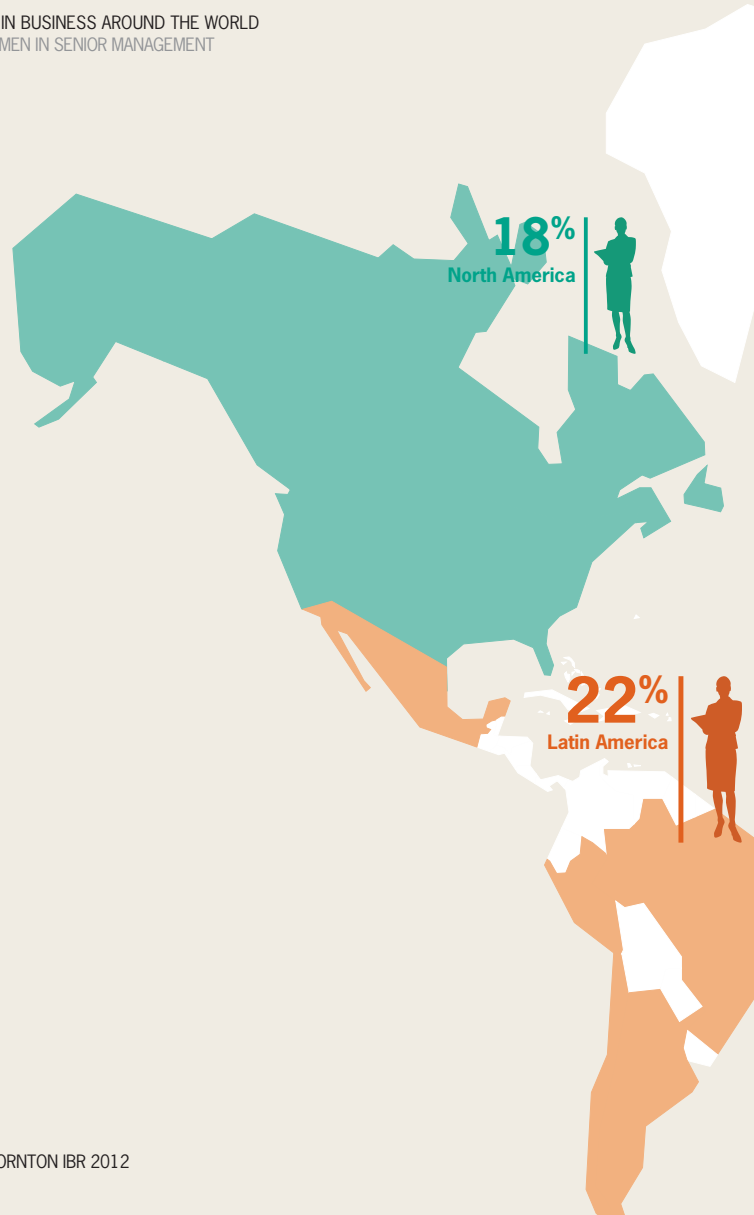
Approximately one in every two people on the planet is female, yet the latest IBR finds that women hold barely more than one in every five senior management roles. The bearing and raising of children is usually cited as the major explanation of these statistics, but a growing body of research suggests that such imbalance in the boardroom can be detrimental to business growth prospects.

Research has shown that stronger stock market growth is more likely to occur where there are higher proportions of women on senior management teams<sup>1</sup>. Another study found that businesses with a greater proportion of women on their boards outperformed rivals in terms of returns on invested capital (66% higher), returns on equity (53% higher) and sales (42% higher)<sup>2</sup>.

The positive influence of women is thought to extend into management and strategy. For example, mixed gender boards are thought to show better attention to audit and risk oversight and control<sup>3</sup>.

Further, a recent study by University of Leeds in the United Kingdom found that having at least one female board member reduced that business's chances of folding by 20%, and having more than one reduced the odds even further<sup>4</sup>.

FIGURE 1: WOMEN IN BUSINESS AROUND THE WORLD  
PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT



<sup>1</sup> 'Women Matter: gender diversity, a corporate performance driver' – McKinsey & Company (2007).

<sup>2</sup> 'The Bottom Line: Corporate Performance and Women's Representation on Boards' – Lois Joy, Nancy M Carter, Harvey M Wagener, Sriram Narayanan, Catalyst, 2007

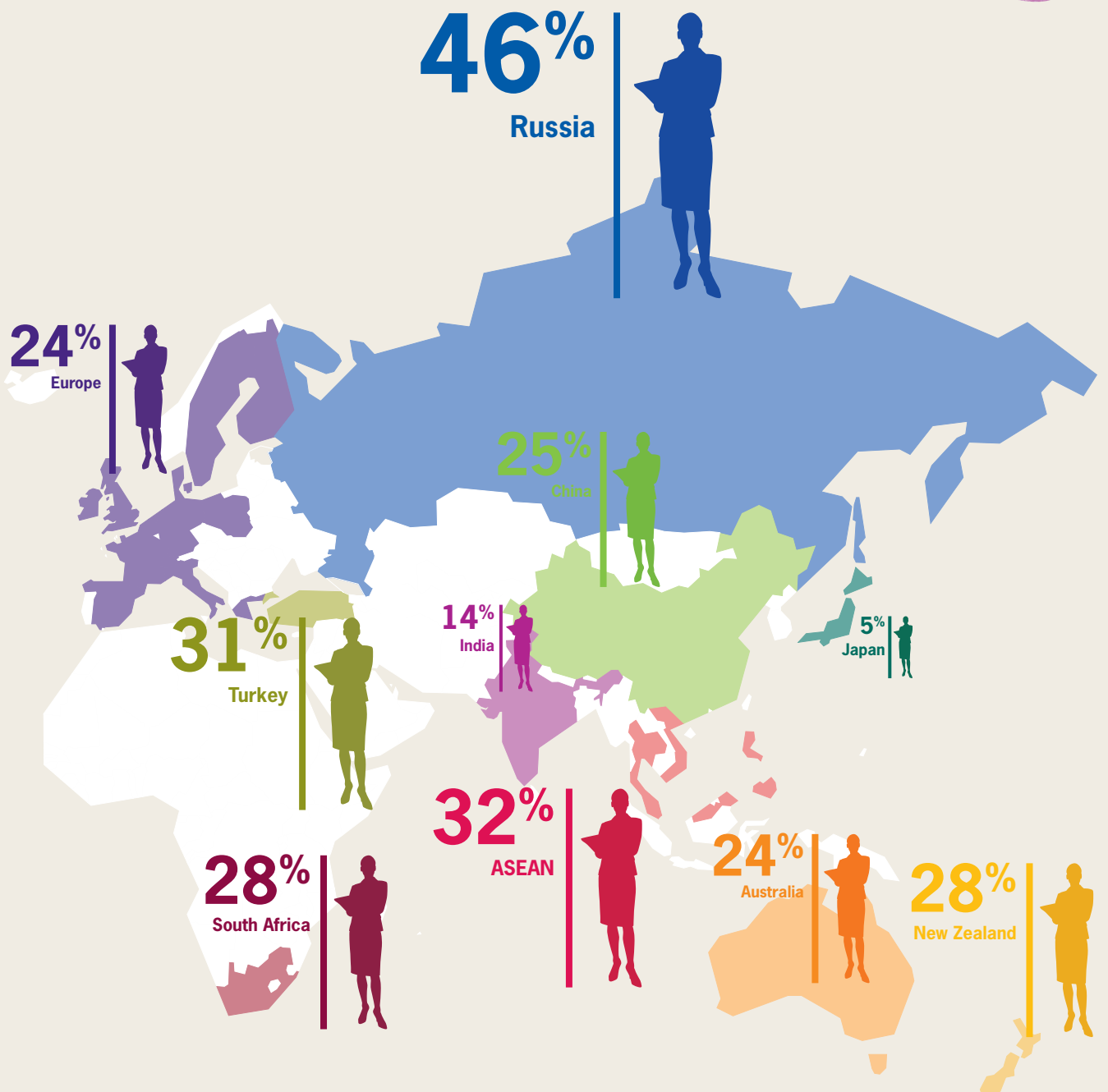
<sup>3</sup> 'Women on Boards: Not Just the Right Thing...But the "Bright" Thing' – Conference Board of Canada (2002)

<sup>4</sup> 'Women in the boardroom help companies succeed' – Professor Nick Wilson LUBS reported in the Times, 19 March, 2009

SOURCE: GRANT THORNTON IBR 2012

“It is important that businesses understand the benefits that a more gender balanced decision-making process can provide to growth prospects.”

MADELEINE BLANKENSTEIN  
GRANT THORNTON BRAZIL



**FIGURE 2: LITTLE CHANGE SINCE 2004**  
PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT GLOBALLY



SOURCE: GRANT THORNTON IBR 2012

### The state of play

Women have made progress in the wider workforce over recent years; since 1970 the proportion of women in the mature market workforce has risen from 48% to 64%<sup>5</sup>. However, whilst male and female graduates are recruited in almost equal numbers by businesses, the proportion of women in the top jobs around the world is very low. Just 3% of Fortune 500 CEOs are women<sup>6</sup>. Just 14.9% of corporate board members in FTSE 100 companies are female, although this is up from 12.5% in 2010<sup>7</sup> and in the wider FTSE 350, just 10% of 2,775 directors are female, and 40% have all-male boards<sup>8</sup>. South Africa has seen the proportion of women on boards of JSE listed companies more than double since 2004, but they still represent less than one in six of all members.

The IBR survey, which encompasses both listed and privately held businesses, barely offers a brighter picture of female involvement in senior management globally. It indicates that 21% of senior management roles globally are held by women, a figure which – despite much talk – has barely changed since 2004 (19%).

The regional picture shows some interesting variations, with 26% of senior management roles in

the BRIC economies held by women, compared to just 18% in the G7. South East Asia (ASEAN) has the highest level of female participation (32%), ahead of the EU (24%), Latin America (22%) and North America (18%).

At the country level, Russia emerges as the country with the highest proportion of women in senior management (46%), followed by Botswana, the Philippines and Thailand (all 39%). In Russia, the sex ratio favours females, with 1.2 women for every man. This, together with the promotion of women to demonstrate ‘equal opportunity’ in the former Soviet Union<sup>9</sup>, helps explain why women have picked up so many jobs in rapidly expanding services sectors, such as health, education and accountancy, over the past 20 years.

Meanwhile in Botswana, the Philippines and Thailand, the tendency for families to live with or near parents and grandparents provides in-built childcare infrastructure, allowing mothers to go out and work. At the other end of the spectrum are countries with relatively patriarchal cultures where the proportion of women in senior management is much lower, such as Japan (5%), India (14%) and the United Arab Emirates (15%).

<sup>5</sup> ‘Still struggling’ – The Economist <http://www.economist.com/blogs/dailychart/2011/11/working-women>

<sup>6</sup> ‘Closing the gap’ – The Economist <http://www.economist.com/node/21539928>

<sup>7</sup> ‘Record Numbers of Women in UK boardrooms’ – The Guardian <http://www.guardian.co.uk/business/2012/jan/10/record-numbers-of-women-on-uk-boards?newsfeed=true>

<sup>8</sup> Corporate Governance Review 2011 – Grant Thornton UK

<sup>9</sup> ‘Women’s role in the Soviet Union: ideology and reality’ Alice Schuster

<sup>10</sup> A phenomenon where the working age population increases relative to older and younger generations, increasing potential output

“It remains to be seen whether the government target of having one in four seats on the board of FTSE100 companies occupied by women will be met by 2015. But recent improvements are encouraging.”

FRANCESCA LAGERBERG  
GRANT THORNTON UK

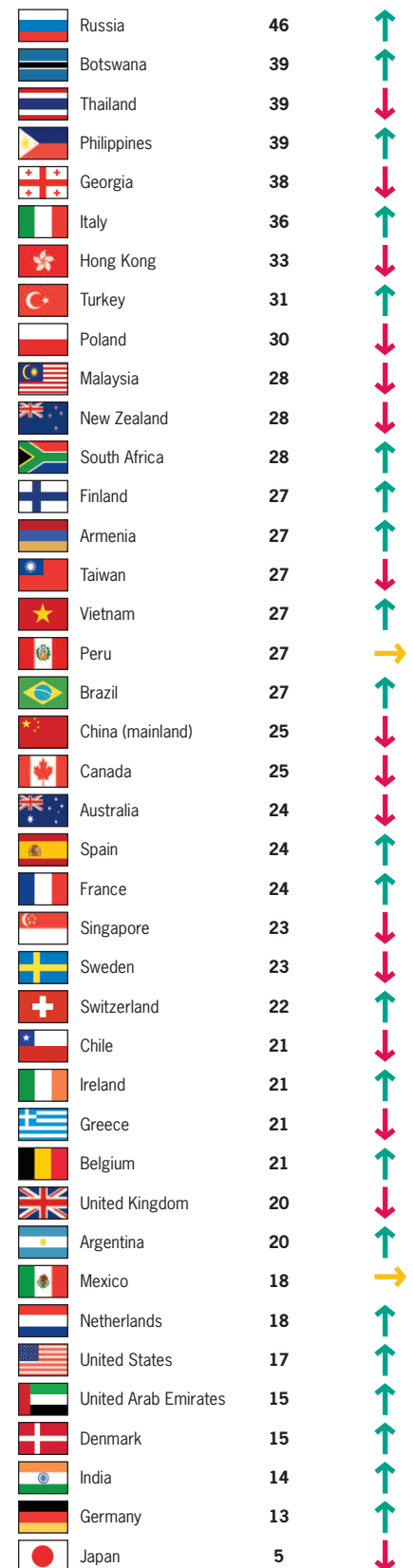
By contrast, in mainland China, women hold one in four senior management roles, although this has dropped off from one in three 12 months previously. This might be a sign that as China becomes richer, families become less financially constrained, and mothers therefore choose to pursue a higher quality of life by opening their own micro businesses or leaving the workforce altogether. It could also be that as China loses the boost of its demographic transition<sup>10</sup> and dependency rates increase, more mothers are being forced to give up work to look after both younger and older relatives. Mass urbanisation in China also means that families move away from the support networks that provide childcare, further lessening the ability of mothers to work their way up to senior positions.

In fact, emerging markets across the world have seen declines in the proportion of women in senior management roles; the averages for the ASEAN, APAC, BRIC and Latin American economies have all declined since 2009.

PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT GLOBALLY:

21%

FIGURE 3: RUSSIA LEADING THE WAY  
PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT



SOURCE: GRANT THORNTON IBR 2012

The participation of women in senior management is a hot topic in Europe. As the sovereign debt crisis rumbles on, commentators have asked whether more women in the boardrooms of major financial institutions would have averted or at least lessened its impact – Christine Lagarde, Head of the IMF and former Finance Minister of France commented: “if Lehman Brothers had been ‘Lehman Sisters’, today’s economic crisis clearly would look quite different”<sup>11</sup> and high-flying UK financier, Nicola Horlick, said: “although most women don’t want to be in the City, if they had been there, we wouldn’t have had the same problems.”<sup>12</sup>

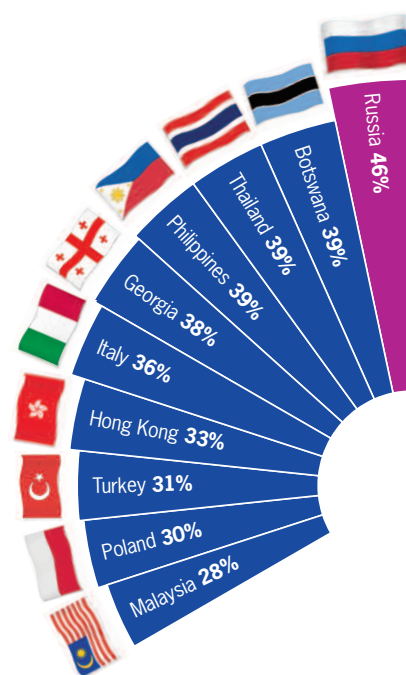
Interestingly, Europe does seem to have made some steady progress, an interesting counterbalance to the situation in emerging markets where female take up of senior roles seems to be on the decline. In 2004, just 17% of senior management roles were held by women, climbing to 20% in 2009 and 24% this year. Businesses in Italy (36%) and Poland (30%) particularly employ relatively large numbers of women in senior management. In the Nordic region, Finland (27%) and Sweden (23%) are well ahead of Denmark (15%). Spain (up from 14% in 2004 to 24% in 2012) has seen dramatic improvement over recent years, ahead of France (21% to 24%) and the United Kingdom (18% to 20%).

However, the regional economic superpower, Germany, stands out in this regard; just 13% of senior management roles are held by women, slightly down from 16% in 2004. Some of the most generous maternity leave in the world – German law gives mothers the right to a position with their employer for up to three years after a pregnancy – may help explain this situation. A long gap in any employee’s work experience may prevent them from seriously pursuing senior management roles.

The United States too has shown very little progress since 2004, with the proportion of women in senior management actually falling to 17% this year, down from 20% in 2004. North of the border, one in four senior management roles in Canadian businesses are held by women. In Latin America, the picture is fairly mixed with more than one in four senior management roles held by women in Brazil and Peru (both 27%), ahead of Chile (21%), Argentina (20%) and Mexico (18%).

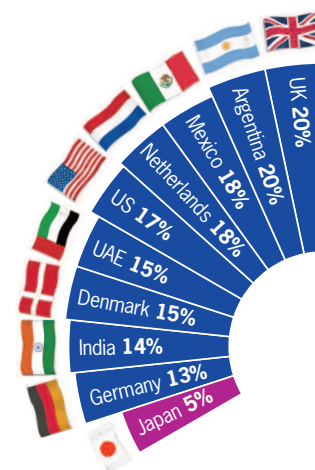
Globally, 34% of businesses have no women in senior management, roughly the same as the 2009 figure (35%). However, this is largely driven by businesses in mature markets; 40% of those in the G7 have no women in senior management, compared to just 18% in the BRIC economies. Similarly, businesses in Europe (38%) and North America (30%) are behind their peers in ASEAN (20%) and APAC (excl. Japan, 19%) on this measure.

**FIGURE 4: TOP 10 ECONOMIES**  
PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT



SOURCE: GRANT THORNTON IBR 2012

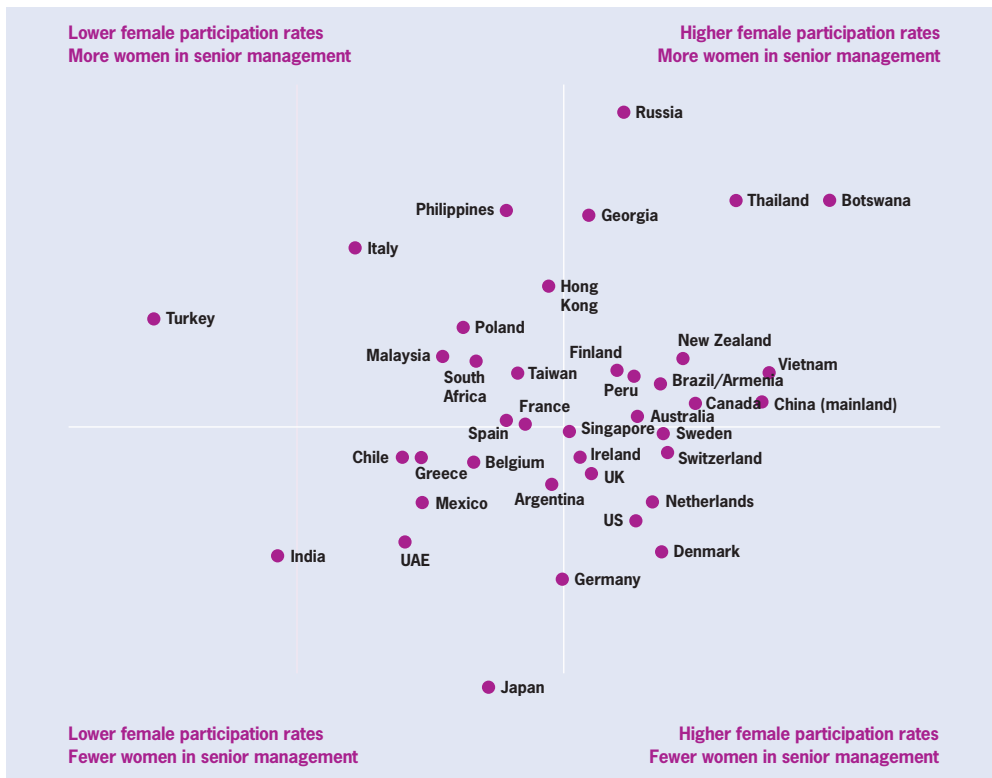
**FIGURE 5: BOTTOM 10 ECONOMIES**  
PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT



SOURCE: GRANT THORNTON IBR 2012

<sup>11</sup> 'Lagarde: What If It Had Been Lehman Sisters?' – New York Times  
<http://dealbook.nytimes.com/2010/05/11/lagarde-what-if-it-had-been-lehman-sisters/>  
<sup>12</sup> 'It's easy to demonise bankers' Alice Thomson interview with Nicola Horlick – The Times

FIGURE 6: FEMALE ECONOMIC ACTIVITY RATES VS PARTICIPATION IN SENIOR MANAGEMENT



SOURCE: GRANT THORNTON IBR 2012, UNITED NATIONS 2011

### Economic activity

As shown earlier with Russia, one factor influencing the proportion of women in senior management is the number of females who are economically active. Female economic activity rates are fairly mixed globally. The two fastest growing large economies in the world have vastly differing rates: the proportion of female adults in the labour force in China is 67%, falling to 33% in India. Similarly in the G7, Canada tops the pile at 63%, with Italy bringing up the rear on just 38%.

Turkey (24%) and the United Arab Emirates (42%) have amongst the lowest female participation rates of economies included in the survey, however both have shown significant progress over the past 12 months. In Turkey, 31% of senior management roles are held by women, up from 25% in 2011. Relatively few of the top jobs are held by women in the United Arab Emirates (15%) but this is up from just 7% 12 months previously. The results suggest that the wave of economic liberalisations in the Middle East as a result of the Arab Spring could have boosted the chances of women in the region reaching the top.

However, a clear correlation between the two does not emerge (see figure 6). Whilst economies such as India, Japan and Mexico have both low female economic activity rates and low proportions of women in senior management, in Italy and Turkey low female participation rates are turned into a higher proportion of women in senior roles, suggesting a much deeper blend of cultural issues.

PERCENTAGE OF BUSINESSES WITH NO WOMEN IN SENIOR MANAGEMENT GLOBALLY:

# 34%

“The percentage of women in political and other leadership roles is too small. Quotas and other special measures open more space for women’s participation.”

UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

### Roles held by women

Globally, fewer than one in 10 businesses are led by women, indicating that it is even harder for women to reach the very top of the business world. 9% of businesses have a female CEO, although this ranges from 15% in the ASEAN region to just 6% in North America. In the Asia Pacific region (excl. Japan) and Europe, 13% of businesses are led by a woman, ahead of Latin America, the Nordic region and the BRIC economies (all 9%) and the G7 (8%).

Australia emerges as the country with the highest proportion of female CEOs; three in 10 businesses are led by women, ahead of Thailand (29%), Italy (24%) and Argentina (23%). Botswana, Brazil and Japan (all 3%) perform worst on this measure, with the United Kingdom and the United States (both 6%) not far ahead.

Women are best represented in finance and human resources positions. In terms of finance, 13% of businesses have female Chief Financial Officers (CFO), and a further 13% of businesses employ women in other senior finance roles such as Corporate Controller. More than one in four businesses in APAC (excl. Japan), Nordic and BRIC economies employ a female CFO. At the country level, businesses in Taiwan (48%), mainland China (39%), Sweden (37%) and Finland (31%) are most likely to employ a woman as CFO.

**FIGURE 7: AUSTRALIAN BUSINESSES ARE MOST LIKELY TO BE LED BY A WOMAN**  
PERCENTAGE OF BUSINESSES WITH A FEMALE CEO

	Australia	30
	Thailand	29
	Italy	24
	Argentina	23
	Taiwan	20
	Spain	18
	Peru	15
	France	15
	Georgia	15
	Mexico	15
	Russia	15
	Vietnam	14
	Poland	13
	Philippines	13
	Denmark	12
	Chile	12
	Germany	12
	India	10
	Greece	10
	China (mainland)	9
	Canada	9
	Switzerland	9
	Finland	9
	Turkey	9
	Armenia	9
	South Africa	8
	Singapore	8
	Hong Kong	7
	Netherlands	7
	Belgium	7
	Sweden	7
	Malaysia	6
	United States	6
	United Kingdom	6
	Ireland	5
	New Zealand	5
	United Arab Emirates	5
	Japan	3
	Brazil	3
	Botswana	3

SOURCE: GRANT THORNTON IBR 2012



PERCENTAGE OF FEMALE CEOs GLOBALLY:

9%

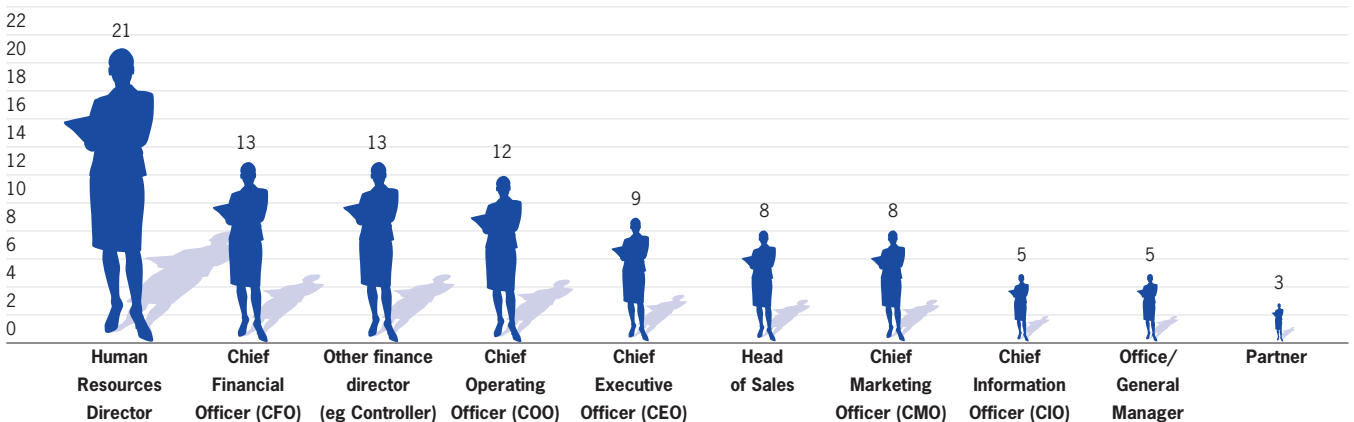
A further 21% of businesses employ women in senior HR roles. These roles are more common for women in North America (22%) and Europe (21%) than those in finance. Senior management roles within HR are held by large proportions of women in Poland (39%), France (37%), the Philippines (34%), Hong Kong and Russia (both 33%).

A further 12% of businesses have a female Chief Operating Officer – rising to 45% in mainland China – whilst just 8% of businesses employ women as their head of sales or head of marketing.

“The roles women perform are very concentrated around finance and Human Resources. We would like to see more women leading companies and support any efforts to help them achieve this.”

NICOLE BRADLEY  
GRANT THORNTON AUSTRALIA

FIGURE 8: TOP WOMEN MOST LIKELY TO BE EMPLOYED IN FINANCE AND HR  
PERCENTAGE OF BUSINESSES EMPLOYING WOMEN IN EACH ROLE



SOURCE: GRANT THORNTON IBR 2012

## What is being done

Much debate in Europe has recently surrounded a proposal from the European parliament to introduce a quota of 40% on the number of women directors on supervisory boards by 2020 – the European Union’s Justice Chief Viviane Reding commented: “I am not a great fan of quotas. However, I like the results they bring<sup>13</sup>.” The two-fifths target would represent a significant increase on the one-tenth currently observed in large listed businesses across the EU. It follows the introduction of a similar quota in Norway which now has the highest representation of females on boards in the developed world<sup>14</sup>.

Many countries in Europe are taking their own actions. In Spain, a gender equality law was passed in 2007 obliging businesses with more than 250 employees to have at least 40% women on their boards by 2015. In France, a bill has been passed requiring 40% of board members to be women in six years for listed businesses and nine years for non-listed businesses.

In Italy, Consob, the Italian Companies and Exchange Commission, recently enforced a resolution requiring that all listed companies guarantee a gender balance on their boards, with a system of sanctions that could be applied, should companies fail to comply with the regulations. In the United Kingdom, the government has called for at least 25% of FTSE 100 boards to be made up of women by 2015.

Outside of Europe, in Canada, Québec passed legislation in 2006 requiring gender parity on the boards of its state-owned enterprises which then comprised just 28% women; the 50% target was reached in December 2011. In Australia, reporting guidelines in operation since 2010 require businesses to disclose the proportion of women on their boards whilst there have been calls to introduce a 30% quota<sup>15</sup>. And in South Africa, a ‘Gender Equality Bill’ due to be presented this year proposes giving the government the power to force companies to appoint women to half of all top positions<sup>16</sup>.

Direct legislation has its critics – a recent article in *The Economist* called quotas a “bad idea”<sup>17</sup> – and Lord Davies, author of the United Kingdom government’s recent ‘Women on boards’ report, has called the EU proposals a “mistake”<sup>18</sup> – so providing the right environment to allow women to juggle both children and work commitments is often championed as a means of keeping women in the workforce, and allowing them to progress to take on the top jobs.

<sup>13</sup> ‘EU Considers Quotas as Firms Fail to Add Female Corporate Board Members’ – Bloomberg, 5 March 2012

<sup>14</sup> ‘MEPs back quota for women on boards’ – Financial Times <http://www.ft.com/cms/s/0/ff8d546c-a7f0-11e0-afc2-00144feabdc0.html#axzz1j3Wx59Ua>









































<sup>15</sup> ‘Hockey backs quota for women on boards’ – ABC News <http://www.abc.net.au/news/2011-03-08/hockey-backs-quota-for-women-on-boards/2665968>

<sup>16</sup> ‘Half of top jobs must go to women’ Times Live <http://www.timeslive.co.za/local/article1107000.ece/Half-of-top-jobs-must-go-to-women>

<sup>17</sup> ‘Still lonely at the top’ – *The Economist* <http://www.economist.com/node/18988694>

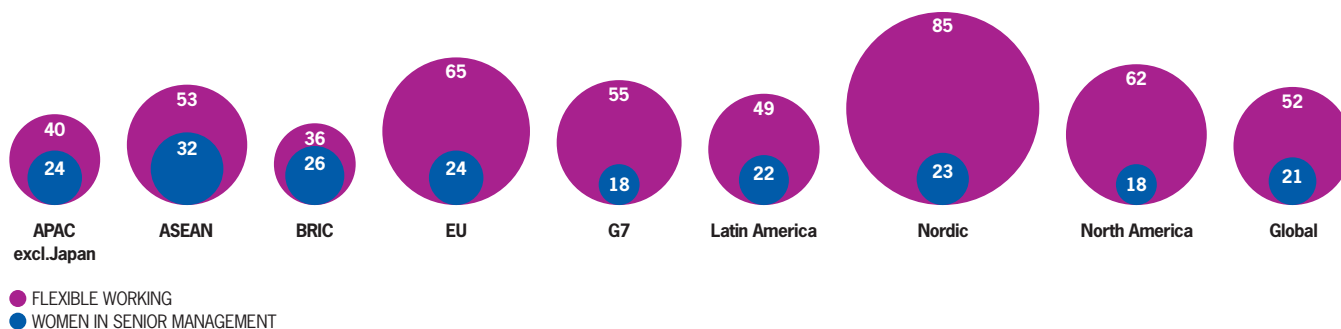
<sup>18</sup> ‘Davies calls women directors quota a mistake’ – Financial Times <http://www.ft.com/cms/s/0/b8b2be1c-6486-11e1-b30e-00144feabdc0.html#axzz1oF8MlaTW>

**FIGURE 9: HEAD TO SCANDINAVIA FOR A FLEXIBLE WORK SCHEDULE**  
PERCENTAGE OF BUSINESSES OFFERING FLEXIBLE WORKING

	Finland	89
	Sweden	85
	Denmark	82
	New Zealand	81
	Netherlands	81
	Vietnam	78
	Australia	77
	Switzerland	77
	Germany	76
	Thailand	69
	United Kingdom	67
	Peru	66
	Philippines	66
	India	66
	Spain	63
	United States	62
	Canada	61
	Turkey	60
	Georgia	56
	Mexico	56
	United Arab Emirates	55
	Ireland	55
	Belgium	55
	France	54
	Italy	53
	Poland	52
	Botswana	49
	Brazil	45
	Russia	43
	Hong Kong	43
	Chile	41
	South Africa	39
	Armenia	37
	Argentina	37
	Greece	31
	Malaysia	30
	Singapore	30
	China (mainland)	24
	Taiwan	17
	Japan	16

SOURCE: GRANT THORNTON IBR 2012

**FIGURE 10: FLEXIBLE WORKING – A CULTURAL ISSUE**  
PERCENTAGE OF BUSINESSES



SOURCE: GRANT THORNTON IBR 2012

However, the IBR was unable to uncover a strong correlation between the proportion of women in business and the availability of flexible working practices – such as working from home or variable hours. Japanese businesses came bottom for both provision of flexible working practices (offered by just 16% of businesses) and women in senior management, but a distinct trend is not obvious. For example, 85% of businesses in the Nordic nations offer flexible working but women hold just 23% of senior management roles.

Similarly, businesses in Germany (76%), the United Kingdom (67%) and the United States (62%) all offer above average levels of flexible working but are well behind in terms of female participation in senior management. In Russia, just 43% of businesses offer flexible working – compared to the global average of 52% – yet they have the highest proportion of women in senior management of the 40 economies surveyed.

It should be noted that whilst the participation of women in senior management has been rising steadily in Europe, where flexible working is fairly common, over the past few years, it has been declining in emerging markets as a whole, suggesting that such practices could help reverse the trend in these economies. However, the data suggest that the conundrum of how to encourage and facilitate women to take up senior management roles cannot be solved simply by the provision of flexible working arrangements.

Quotas may not seem the ideal solution in everyone’s eyes – Sheryl Sandberg, COO of Facebook, advocates women taking more control of their careers<sup>19</sup> – but the lack of movement in the IBR figures over the past decade supports the view that intervention should at least be considered.

“In many ways, the Scandinavian countries have acted as trailblazers in terms of promoting women to senior management roles, but there are still too few women on the boards of major companies. The quotas imposed by our neighbours in Norway and are now being looked at throughout the EU.”

**LENA MÖLLERSTRÖM NORDING**  
GRANT THORNTON SWEDEN

<sup>19</sup>Sheryl Sandberg: Why we have too few women leaders' [http://www.ted.com/talks/lang/en/sheryl\\_sandberg\\_why\\_we\\_have\\_too\\_few\\_women\\_leaders.html](http://www.ted.com/talks/lang/en/sheryl_sandberg_why_we_have_too_few_women_leaders.html)

The Grant Thornton International Business Report (IBR) is a quarterly survey of 3,000 senior executives in listed and privately held businesses all over the world. Launched in 1992 in nine European countries the report now surveys 12,000 businesses leaders in 40 economies on an annual basis providing insights on the economic and commercial issues affecting companies globally.

The data in this report are drawn from 6,000 interviews with business leaders conducted between November 2011 and February 2012.

To find out more about IBR and to obtain copies of reports and summaries visit: [www.internationalbusinessreport.com](http://www.internationalbusinessreport.com).

#### Participating economies

Argentina	Malaysia
Armenia	Mexico
Australia	Netherlands
Belgium	New Zealand
Botswana	Peru
Brazil	Philippines
Canada	Poland
Chile	Russia
Mainland China	Singapore
Denmark	South Africa
Finland	Spain
France	Sweden
Georgia	Switzerland
Germany	Taiwan
Greece	Thailand
Hong Kong	Turkey
India	United Arab Emirates
Ireland	United Kingdom
Italy	United States
Japan	Vietnam



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