

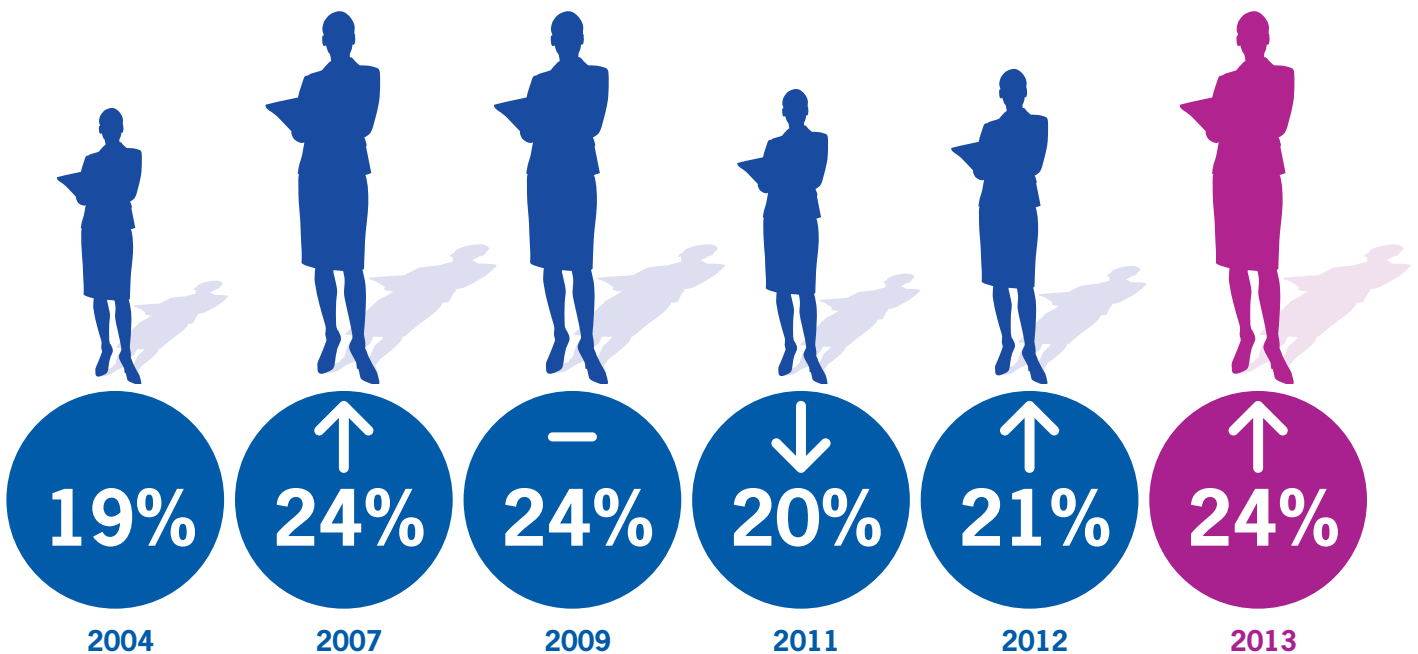


Grant Thornton

An instinct for growth™

Women in senior management: setting the stage for growth

Grant Thornton International Business Report 2013



International
Women's Day

This report, based on the latest research from the International Business Report (IBR), explores the global shift in the number of women at the top of the business world and examines ways to make this growth permanent and parity possible. Key findings from the survey include:

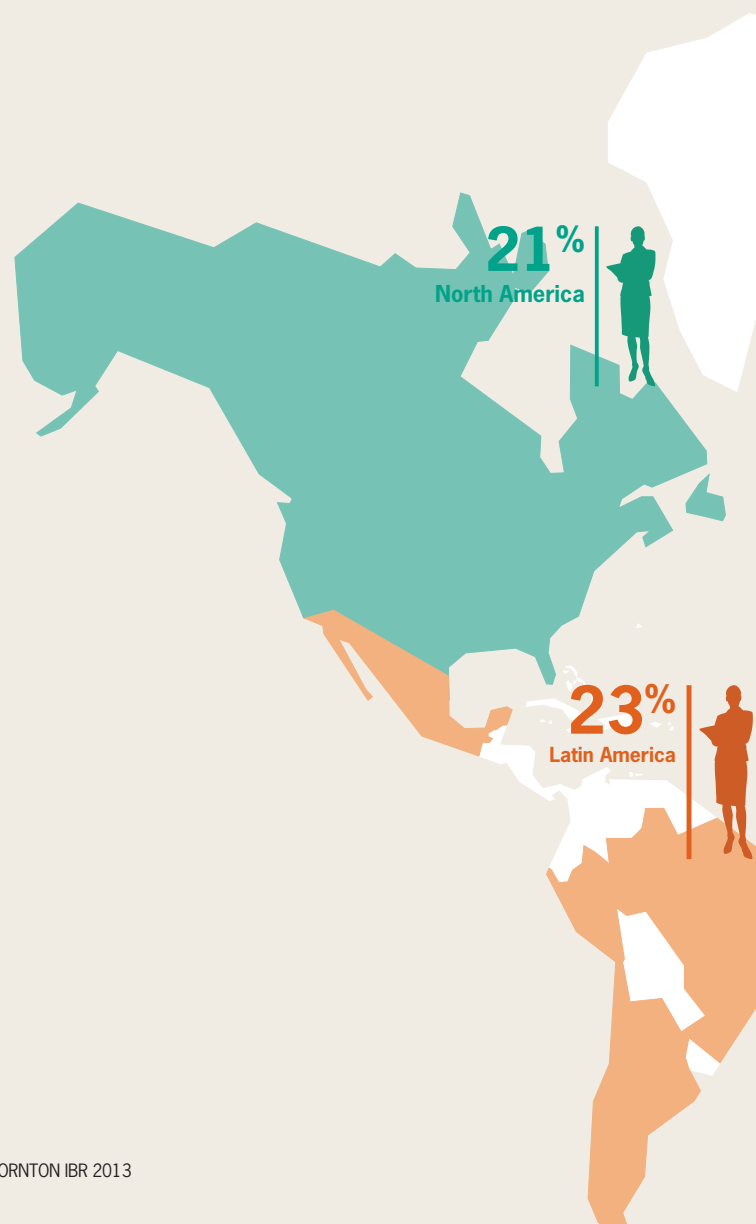
- women hold 24% of senior management roles globally, a three point increase over the previous year
- there has been a sharp rise in China, with 51% of senior management positions held by women, compared to 25% last year
- the proportion of businesses employing women as CEOs has risen from 9% to 14%
- education and talent management may work in tandem with flexible work arrangements, which 67% of respondents offer, to increase the number of women in top leadership
- just 19% of board roles around the world are held by women
- although quotas have been put into place around the globe to increase women's participation in boards, 55% of respondents oppose such quotas.

Changing perceptions

Over the past year, women have grabbed headlines in every industry and every corner of the globe. In the arts, more female directors, producers and writers were able to get their work into cinemas, television and theatre. In politics, an increasing number of women won elections: South Korea, for instance, recently swore in its first female president. Approximately 17 countries have women as head of government, head of state or both (a number that, according to the Inter-Parliamentary Union and UN Women, has more than doubled since 2005), and the world average for women in parliament totaled 20.4% as of 1 February 2013¹. The corporate world also saw firsts: Marissa Mayer broke ground when she took the helm of Yahoo more than six months pregnant.

Women breaking barriers was the conversation of the year – from the much-discussed piece in *The Atlantic*, “Why Women Still Can’t Have It All,” by a Princeton professor and former US State Department official, Anne-Marie Slaughter, to Facebook’s chief operating officer Sheryl Sandberg and her new tome, “Lean In: Women, Work and the Will to Lead”, which addresses how women can succeed in the face of gender barriers. Via ‘Lean In’ circles, Sandberg proposes to gather women to share their stories and create strategies for climbing the corporate ladder.

FIGURE 1: PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT



¹ <http://www.ipu.org/wmn-e/world.htm>

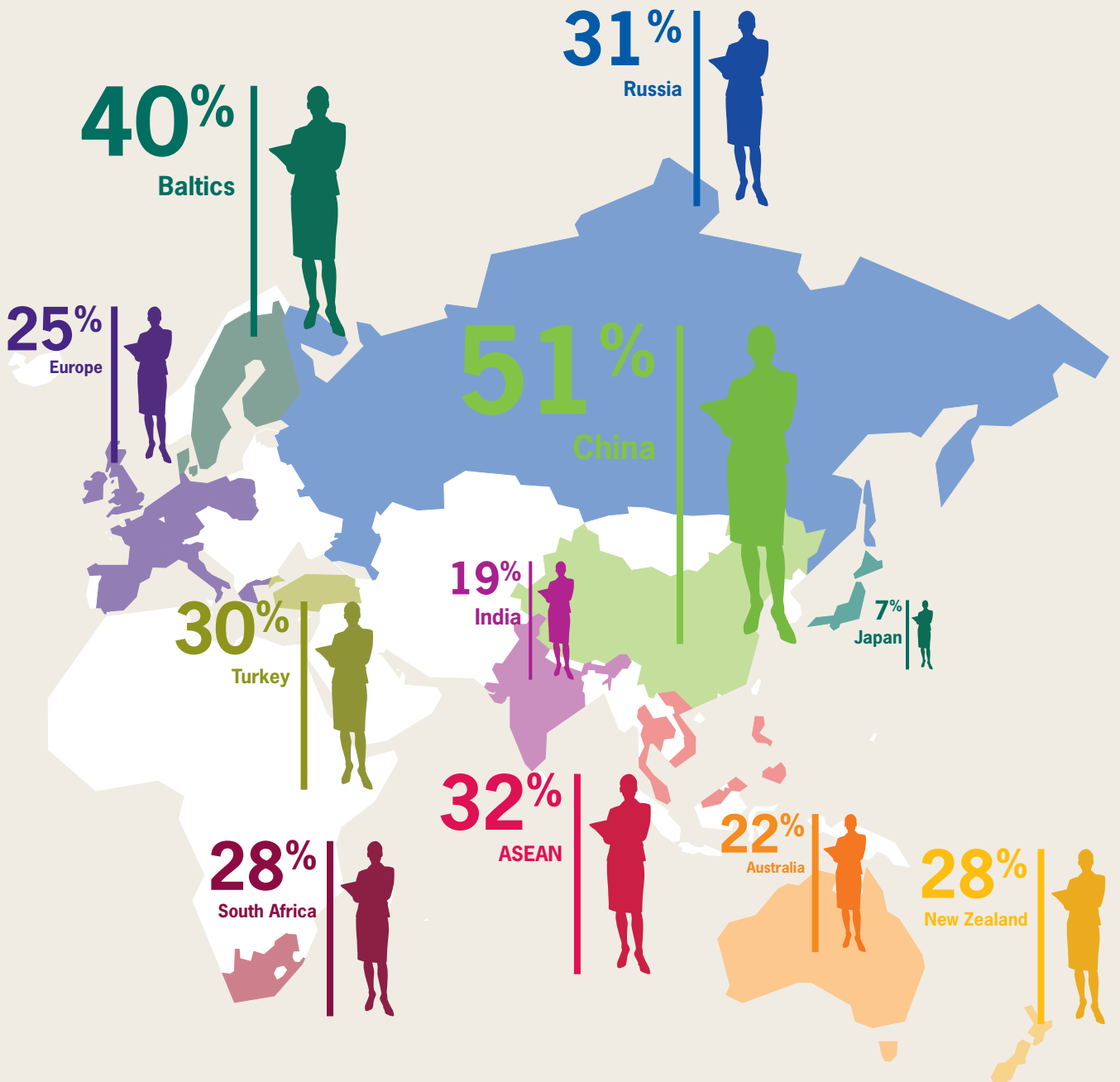
SOURCE: GRANT THORNTON IBR 2013

WOMEN AS PERCENTAGE OF SENIOR MANAGEMENT – GLOBAL AVERAGE

24%

WOMEN AS PERCENTAGE OF WORKFORCE – GLOBAL AVERAGE

35%



The benefits of parity

The conversation continues as to whether women will ever reach parity with men in the workforce. Though the past 40 years have seen a massive generational shift, with more women entering the workforce across the globe, more needs to be done to advance women to senior leadership positions.

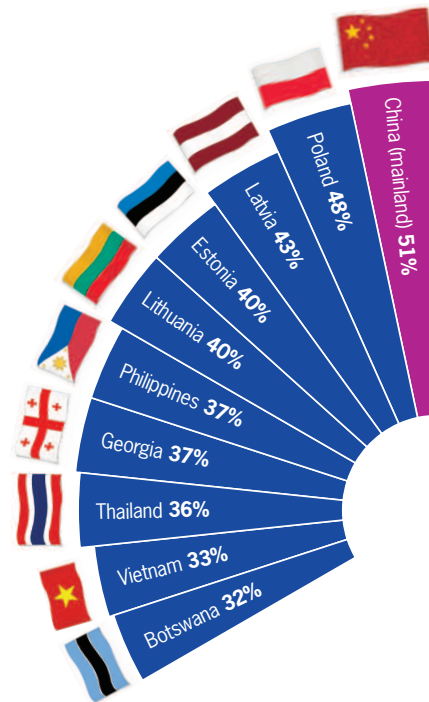
In 2012, though women comprised over a third of the workforce in the United States, they held a mere 14.3 percent of executive officer positions at Fortune 500 companies and only 8.1 percent of executive officer top-earner positions². Of the FTSE 100, women held only 15% of board seats and 6.6% of executive positions in 2012³. In the Asia Pacific region, the percentage of women on boards was about half that in Europe, Australia and North America⁴.

The promising news is that the number of women in leadership roles is growing. The IBR survey, which includes both listed and privately held businesses, indicates a 3% increase in the number of women in senior management positions from 2011 to 2012, with 24% of businesses with women in senior management roles globally in 2012 (compared to 21% in 2011).

And more people are taking note that gender diversity at board and senior management positions promotes corporate growth. A recent McKinsey review of 100 companies against the Organizational Health Index (OHI) found that companies with three or more women in top positions (on the executive committee or board) scored higher than their peers⁵. In a similar vein, another report concluded that the “overall median proportion of female executives was 7.1% at successful companies and 3.1% at unsuccessful companies, demonstrating the value that having more females can potentially bring to a management team...for start-ups with five or more females, 61% were successful and only 39% failed”⁶. In another study tracking results from Fortune 500 companies from 2004 to 2008, those companies with the most women board directors outperformed those with the least by at least 16% in terms of return on sales and 26% in terms of return on invested capital⁷.

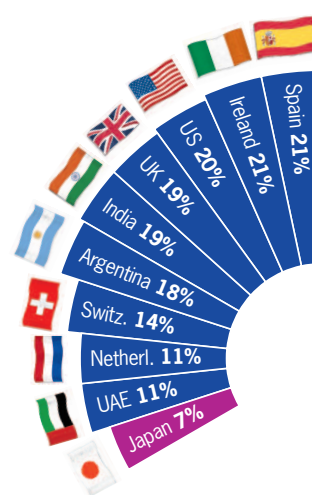
Nancy McKinstry, the first woman to run 175-year-old Dutch publisher Wolters Kluwer, believes that diversity drives results, and she has helped draw women to leadership positions since she stepped up as CEO in 2003. Back then, women held only 20% of top leadership posts at Wolters Kluwer; ten years later, it's 33%. Says McKinstry, “We’ve been able to attract female talent because they see women leading different parts of the company. Diversity helps; it is a self-fulfilling prophecy.”

FIGURE 2: WOMEN IN SENIOR MANAGEMENT AROUND THE WORLD: TOP 10



SOURCE: GRANT THORNTON IBR 2013

FIGURE 3: WOMEN IN SENIOR MANAGEMENT AROUND THE WORLD: BOTTOM 10



SOURCE: GRANT THORNTON IBR 2013

² 2012 Catalyst Census Fortune 500 Women Executive Officers and Top Earners

³ Ruth Sealy and Susan Vinnicombe, “The Female FTSE Board Report 2012: Milestone or Millstone?” (Cranfield University, 2012).

⁴ “Mind the Gap: Half of Asia’s Boards Have No Women, a Risky Position for Governance and Growth,” by Alicia Yi (2011).

⁵ “Unlocking the Full Potential of Women in the U.S. Economy,” special report produced by McKinsey exclusively for the Wall Street Journal Executive Task Force for Women in the Economy 2011, by Joanna Barsh and Lareina Yee.

⁶ “Women at the Wheel: Do Female Executives Drive Start-up Success?” by

⁷ “The Bottom Line: Corporate Performance and Women’s Representation on Boards (2004–2008),” by Nancy M. Carter and Harvey M. Wagner (2011).

“We’ve been able to attract female talent because they see women leading different parts of the company. Diversity helps; it is a self-fulfilling prophecy.”

NANCY MCKINSTRY
WOLTERS KLUWER

A shifting landscape of opportunity

The increase in the number of senior management positions occupied by women takes the ratio back up to the levels that preceded the global recession. The slump hit women disproportionately, and only now is a turnaround at hand⁸. The increase from 21% of women in senior management in 2011 to 24% in 2012 is a significant improvement, occurring in parallel with the recovery (albeit tepid) of the global economy.

Regionally, Asia Pacific leads with 29% of senior leadership positions held by women, compared to 25% in the European Union, 23% in Latin America and 21% in North America.

The country ahead of the pack in Asia is China, with 51% of senior management positions held by women, compared to 25% last year.

“Women have more and more opportunities now. Their talent and intelligence are much more respected at higher-level positions,” Mei Hui, board secretary of the China Financial Futures Exchange, tells GrantThornton/Forbes Insights. “In my experience, the proportion of women in senior management has definitely increased over the last five years. Women’s power in China is increasing. Still, we have further to go, and it would help if companies and institutions offered more opportunities for women to develop.”

Former Eastern bloc countries including Poland (48%), Latvia (43%), and Estonia and Lithuania (both 40%) also have healthy representations of women occupying senior decision-making roles.

This is not the case in more patriarchal societies like Japan (7%), United Arab Emirates (11%), and Argentina (18%).

In Latin America, cultural issues tend to keep women from ascending to senior management ranks – the number is 23%, unchanged from last year. Indeed, 38% of companies in Latin America have no women at all in senior management.

Softtek president and CEO Blanca Treviño tells Grant Thornton/Forbes Insights, “Softtek has offices in Asia, Europe, Latin America and in the United States, and probably the toughest one is Latin America. Even in Softtek, I cannot deny that there is a culture issue. If you think about Latin America and very specifically about Mexico, even at a family level, the husband is the boss. When you go and work for a company, one of the things that is difficult for men is to see that the boss is going to be a woman. Sometimes a woman feels that she cannot be the boss of 10 or 20 different men.”

Despite much negative press coming from India with respect to gender relations, the country might prove to be the next leader. With only 15% of the total employee base occupied by women, 42% of survey respondents said they had plans to hire more women, especially in senior positions.

“Definitely the number of women on top in banking and finance has increased. Women are getting earlier career breaks as well. Women who dropped out are being called back by their old companies. The economy is growing and the demand for good executives is ongoing,” explains Kaku Nakhate, the president and country head of Bank of America Merrill Lynch India.

⁸ “The Demographics of the Job Recovery,” by Rakesh Kochhar, Pew Hispanic Center (March 21, 2012).

“If there can be more planning and implementation of programmes and policies to offer more opportunities for women, including internships for female students, apprenticeships and promotion structures, this would help women in the corporate hierarchy.”

MEI HUI
CHINA FINANCIAL FUTURES EXCHANGE

Education: the leap forward

The consensus is that change begins with education. According to a recent World Bank report, there are more women than men studying in universities in 60 countries it researched⁹.

The same report attributes the great strides in women’s participation in the labour force to increased education. Specifically in Colombia, higher education led to the steepest increase in women’s labour force participation as well as representation in senior managerial positions. This could provide an example for Latin America, where just 32% of total employees are female, according to the IBR survey, and only 15% of survey respondents say they plan to hire more women in senior management.

Explains Blanca Treviño: “Forty years ago or [in] my mother’s generation, in Mexico, women were not expected to go to university; you were supposed to get married. The percentage of women in university at that time was 20 to 25 percent. Today, you will see 45 percent. That will have an impact on the work level. You see more women looking to have a career. So yes, it is changing.”

Since the early 1990s, in the United States women have been attaining bachelor’s degrees in far greater numbers than their male counterparts¹⁰.

According to the census, 2010 was the first year in which women earned more advanced degrees than men. In the European Union, 60 percent of graduates from universities in the Union’s 27 member states last year were women¹¹.

Elizabeth Truelove McDermott, the vice president of Audit, Ethics and Compliance Services at DeVry, says that her master’s degree and CPA shaped her career. “I finished my CPA when companies had to start complying with the Sarbanes-Oxley Act [regulation passed in 2002 to improve financial disclosures from corporations and prevent fraud]. The new career path helped my talent to grow.”

Those women who stay ahead of the game with the rapid pace of technology change will have an advantage when senior management positions open up. “You always have to be open to continually develop your skills,” advises Wolters Kluwer CEO McKinstry. “For me, getting my MBA gave me a whole tool kit.”

⁹ World Bank 2012 World Development Report: Gender Equality and Development

¹⁰ Pew Research Center Social & Demographic Trends project, “Women See Value and Benefits of College; Men Lag on Both Fronts, Survey Finds,” by Wendy Wang and Kim Parker (August 17, 2011).

¹¹ European Commission data: http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Tertiary_education_statistics

“Women who dropped out are being called back by their old companies. The economy is growing and the demand for good executives is ongoing.”

KAKU NAKHATE
BANK OF AMERICA MERRILL LYNCH INDIA

Creating the pipeline for senior female managers

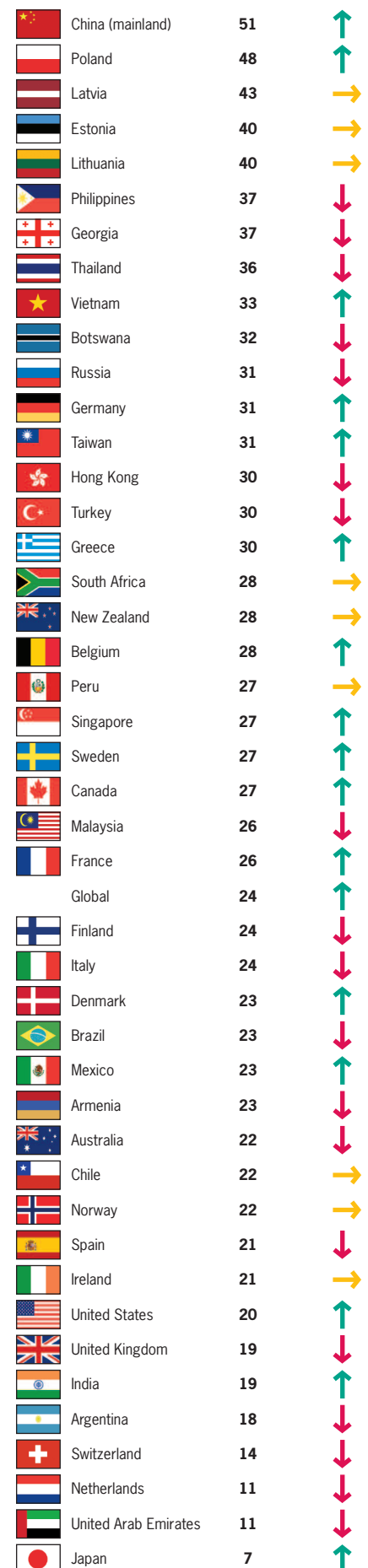
Another key factor in promoting women in the workplace is talent management. According to a McKinsey report, “If companies could raise the number of middle management women who make it to the next level by 25%, it would significantly alter the shape of the pipeline. More women who make it to senior management share an aspiration to lead, and more believe that getting to senior leadership is worth the cost.¹²”

McKinstry has instituted an innovation contest to spur thought leadership at Wolters Kluwer; this also allows her to see the pool of candidates coming up the pike and gives more input to managers when they are seeking people to promote. Participation in the innovation programme indicates a passion for work and a dedication to put in the extra hours – both of which are necessary for advancement to senior positions, adds McKinstry.

The problem is typically that in this mid-career space, women are leaving companies to start families, and companies need to find solutions to keep the pipeline strong.

Programmes that focus on nurturing talent are critical. Mei Hui recommends internships, apprenticeships and tailored career paths. “Generally, it would be best if the men in charge could increase opportunities for women. If there can be more planning and implementation of programmes and policies to offer more opportunities for women, including internships for female students, apprenticeships and promotion structures, this would help women in the corporate hierarchy. Men should be more supportive and more caring about the women in the workforce and create an atmosphere for mutual respect,” she explains. In China in particular, such policies are crucial; 71% of companies surveyed in China do not offer flexible working options.

FIGURE 4: CHINA LEADING THE WAY
PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT



SOURCE: GRANT THORNTON IBR 2013

¹²“Unlocking the Full Potential of Women in the U.S. Economy,” special report produced by McKinsey exclusively for the Wall Street Journal Executive Task Force for Women in the Economy 2011, by Joanna Barsh and Lareina Yee.

“We have been very good at capturing women [of] talent at the entry level, but the combination of industry characteristics and culture in Latin America creates a scenario that has proven to be tough for us in terms of retaining and developing this mid-level talent.”

BLANCA TREVIÑO
SOFTTEK

Meanwhile, in India, where 49% of those surveyed say they offer flexible working options, Kaku Nakhate says there is still much room for improvement: “There are certain infrastructural constraints that women executives who are rearing children face. Being provided flexible work hours, for example, is very important, but all companies don’t offer that. Unfortunately, there are rigid mindsets, mostly male, that don’t believe in giving women opportunities or creating an environment where they can work and express themselves.”

On the flip side, flexible working conditions do not always lead to increased numbers and retention of women in top jobs. In Denmark and Finland, with 93% and 90% respectively offering flexible work schedules, women represent only 23% and 24% of senior management, and in both countries, fewer than 10% of respondents said they were seeking to hire more women into top roles over the next 12 months.

In the United States, where 72% of respondents said they offered flexible working options, only one-third of total employees are women. A recent high-profile and much debated announcement from Yahoo! CEO Melissa Mayer, rolling back the company’s work-at-home policy, highlighted the intense debate over the value of flexible work rules. A memo from Yahoo! human resources informed employees that they would not be permitted to work remotely because “speed and quality are often sacrificed when we work from home.”

Softtek CEO Treviño would like to implement more flexible work options for employees, but she believes that at senior management levels this is difficult because of the travel and meeting requirements of those roles. “Softtek has not been as successful as I’d like to see in promoting women

to senior levels. The social and cultural environment in Latin America plays a big role. The industry in which we participate tends to be very demanding for mid-management levels. Regardless of gender, IT services demand very flexible hours and a lot of travel. We have been very good at capturing women [of] talent at the entry level, but the combination of industry characteristics and culture in Latin America creates a scenario that has proven to be tough for us in terms of retaining and developing this mid-level talent.”

If flextime is not available – globally only 67% of respondents stated that they offered it – there may be other ways to keep women in the talent pool. India’s Kaku Nakhate admits, “I have spent hours trying to persuade women not to quit and to take a sabbatical instead. As I said, we face drop-offs in the middle rungs, and if we can’t retain them there, they can’t rise to the top.”

Corporate talent retention policies and flexible work options are only one part of the puzzle. Women who remain in the workforce in mid-career and higher levels need to have strong support networks at home. All of the female executives interviewed stated that family networks enabled them to climb the corporate ladder, even with strong cultural biases working against them. Blanca Treviño explains that not only are some women not expected to work outside the home in Mexico, but often other men harass the husbands of working women about why they allow their wives to work. Until such cultural perceptions change, it will be difficult to find the support women need to work their way up the career ladder.

Growth spurt: more female CEOs globally in 2013 than ever before

Women are increasingly rising to the top. 14% of those businesses with women in their senior management teams, have a female CEO, up from 9% in 2012. Now 21 of the Fortune 500 CEOs are women, and Yahoo's Melissa Mayer made headlines last summer with her appointment to the tech giant while she was pregnant. After a century of appointing male CEOs, IBM appointed Ginni Rometty as chair, president and CEO. Making further inroads into traditionally male-dominated industries, in 2013 Marilyn Hewson took the helm of defense contractor Lockheed Martin as president and CEO.

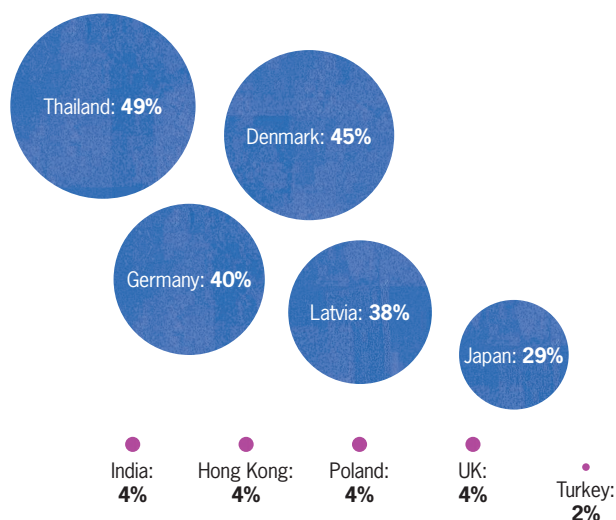
Women are also increasing their presence in the C-suite. The top five positions where women enter senior management – chief finance officer (31%), human resources director (30%), corporate controller (14%), chief marketing officer (13%) and sales director (13%) – all saw increases in the number of women over the past year. As women take on greater roles in the C-suite, they're better positioned for management to consider them for the top spot.

A new study by ACCA (Association of Chartered Certified Accountants) and the Economic and Social Research Council from Cranfield School of Management indicates that women who have a finance background find more success on the corporate boards of FTSE companies; the report states that 45% of female executive directors are financially qualified and 65% in total have a financial background¹³.

McKinstry does caution women not to pigeonhole themselves: "Too often women will go into roles that don't show results. They take on more support functions, such as head of human resources or head of legal, rather than a line function. If you can demonstrate results, it is better for advancement."

Softtek's Treviño sees travel as an obstacle for women juggling career and family and trying to climb the corporate ladder. "Travel presents difficulties for women – they need much more support from their families if they want to reach senior positions, which imply travel. If you think about marketing or human resources or probably other departments, it'll be much easier for us to say, 'OK, you can work from home or work part-time.'"

FIGURE 5: TOP 5 AND BOTTOM 5 ECONOMIES WITH FEMALE CEOS
ALL BUSINESSES WITH AT LEAST ONE WOMEN IN SENIOR MANAGEMENT



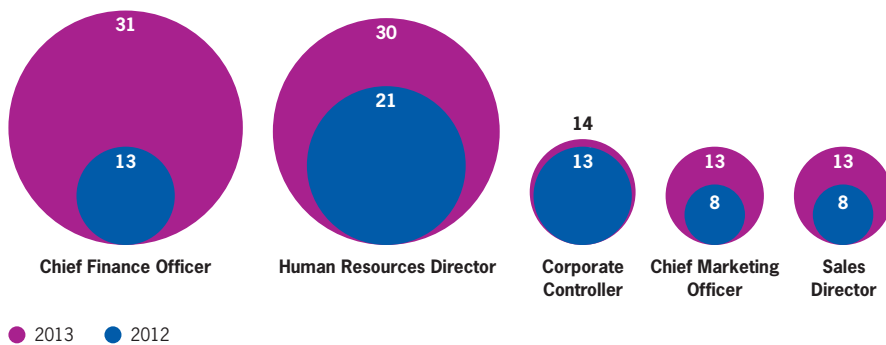
SOURCE: GRANT THORNTON IBR 2013

"Travel presents difficulties for women – they need much more support from their families if they want to reach senior positions."

BLANCA TREVIÑO
SOFTTEK

¹³ <http://www.accaglobal.com/content/dam/acca/global/PDF-technical/human-capital/pol-tp-cgs.pdf>

FIGURE 6: TOP TITLES OCCUPIED BY WOMEN
2013 VS 2012



SOURCE: GRANT THORNTON IBR 2013

The need to travel and the long hours required in senior leadership positions hold true across all industries, though some sectors see more women in top management than others. Healthcare leads the pack with 45% of women in senior management, followed by education and social services (44%), hospitality (41%), cleantech (33%) and financial services (29%).

Kaku Nakhate reveals that in India the banking industry offers a stable career for female executives: “Banks are recognising that diversity is important, as their customer universe is so diverse and half of their clients are women. So they are seeking out women, especially in front-end, client-facing jobs. We offer flexible working hours and training programmes, and allow women executives to go on sabbaticals. Banks are also developing mentoring networks within that can help women executives who are facing a career problem.”

Quotas: working but not favored

Gender diversity on boards elevates companies in the eyes of investors, according to a recent study: “We find that the market reaction to female appointees is, on average, positive and significant. This suggests that the market does not perceive the appointment of female directors to be primarily motivated by tokenism. Moreover, the average reaction for female appointees is roughly two percent higher than for male appointees even after controlling for other appointee characteristics, such as independence, expertise and qualifications.¹⁴”

Despite the increase in the number of women in senior leadership positions, and the move to improve programmes to promote women, especially on corporate boards, quotas remain on the table to move the process along.

Quotas for the number of women on boards have many advocates: “The proof is in the pudding; regulatory pressure works,” Viviane Reding, the EU justice commissioner, said in a statement to the International Herald Tribune. In France, legislation passed in January 2011 – requiring that within three years 20% of a company’s board members must be women, rising to 40% in six years – led to an increase in women directors, from 12.7% to 16.6% in 2012. In fact, almost nine out of 10 companies in France have at least one woman director. In Australia, following passage of a corporate governance code amendment dealing with diversity, the proportion of women on corporate boards increased from 10.2 percent to 13.8 percent within two years¹⁵.

Globally, 55% of respondents surveyed said that they would not support the introduction of quotas for the number of women on executive boards of large listed companies, versus 37% who would. The female executives we interviewed also view quotas with some unease.

¹⁴“Does Gender Matter in the Boardroom? Evidence from the Market Reaction to Mandatory New Director Announcements,” by Renee B. Adams, University of New South Wales; Financial Research Network (FIRN); European Corporate Governance Institute (ECGI), Stephen Gray, University of Queensland – Business School; Duke University – Fuqua School of Business; and John Nowland, City University of Hong Kong.

¹⁵GMI Ratings’ 2012 Women on Boards Survey.

Says Blanca Treviño, “If there were quotas involved, there would always be the question that you’re there not because you are the most qualified for that seat but because the company needed or wanted to meet those quotas.” However, perhaps because of the male-dominated business culture in Mexico, 65% of Mexican respondents said they would support the introduction of quotas.

In China, which leads the percentage of women in senior management this year, 72% of respondents favour board quotas to promote women. “For governmental organisations, it can definitely help. But for commercial sectors, we need to respect the market value. A certain percentage of women in the boardroom are very helpful for avoiding risk and making good business decisions,” says Mei Hui of the China Financial Futures Exchange.

In India, where women are just coming up in the ranks, there is no consensus on quotas. Kaku Nakhate’s opinion reflects this dichotomy: “Personally, I’m against quotas, because I believe in meritocracy, and that should not be compromised for the sake of filling a board seat. If the woman doesn’t deserve being on the board, what would she contribute? Having said that, we need quotas so that it sets a goalpost for companies. In India, we definitely need regulation as women are so poorly represented on corporate boards.”

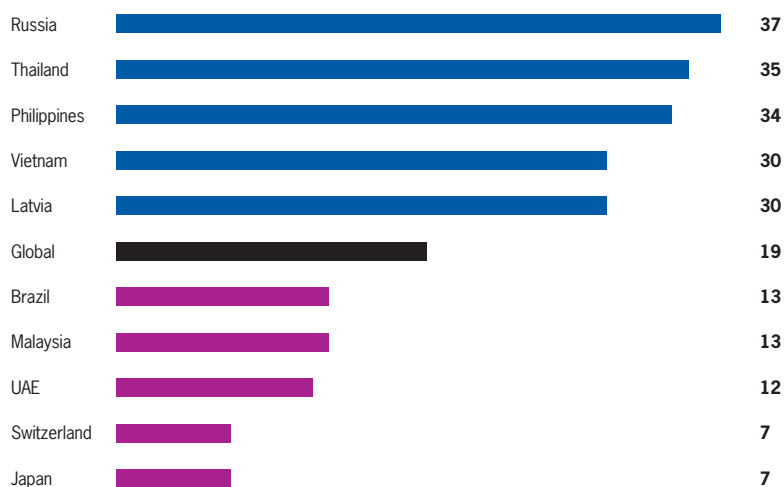
Future outlook: positive

Significant obstacles remain to reaching parity in senior leadership posts and corporate boards. In her essay in *The Atlantic*, Anne-Marie Slaughter explored these challenges, especially those posed by work-life balance. She sees no easy answers until there is a cultural shift recognising that women need more support¹⁶.

“Expectations are higher of women,” says Wolters Kluwer’s McKinstry. “Women have to achieve better results because there are fewer of them.”

McKinstry adds that women face judgement based on the whole person, not just the company’s performance, making scrutiny of female leaders even more acute: “Women are judged on how they dress, how they look, their work-life balance.”

FIGURE 7: WOMEN ON BOARDS
PERCENTAGE OF BOARD OF DIRECTOR ROLES HELD BY WOMEN



SOURCE: GRANT THORNTON IBR 2013

But McKinstry and the other executives interviewed remain positive; the seeds of change have been planted and the 2013 IBR survey shows the results. Emerging markets in Asia and Latin America will see the greatest change in the years to come.

“I really see that the younger generation will soon overtake us. There will be no glass ceiling for them. The younger generation—look at my daughter as an example—are very talented and very motivated. In the near future, they will be teaching us,” says Mei Hui.

Blanca Treviño concurs: “In Latin America, the women who graduate from the universities today are going to be the professionals in five years and will look for those senior positions in 10 years. It’s not at the speed that we would like, but I do think that in 10 years, it will have improved.”

Thanks to the following:

Mei Hui, board secretary, China Financial Futures Exchange
Elizabeth Truelove McDermott, vice president, Audit, Ethics and Compliance Services, DeVry
Nancy McKinstry, CEO and chairman of the executive board, Wolters Kluwer
Kaku Nakhate, president and country head, Bank of America Merrill Lynch India
Blanca Treviño, president and CEO, Softtek

¹⁶<http://www.theatlantic.com/magazine/archive/2012/07/why-women-still-cant-have-it-all/309020/>

The Grant Thornton International Business Report (IBR) is a quarterly survey of 3,500 senior executives in listed and privately-held businesses all over the world. Launched in 1992 in nine European countries the report now surveys 13,000 businesses leaders in 44 economies on an annual basis providing insights on the economic and commercial issues affecting companies globally.

The data in this report are drawn from more than 6,500 interviews with business leaders from all industry sectors, conducted between November 2012 and February 2013. Additional in-depth interviews were conducted by Forbes Insights.

To find out more about IBR and to obtain copies of reports and summaries visit: www.internationalbusinessreport.com.

Participating economies

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



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