



Grant Thornton

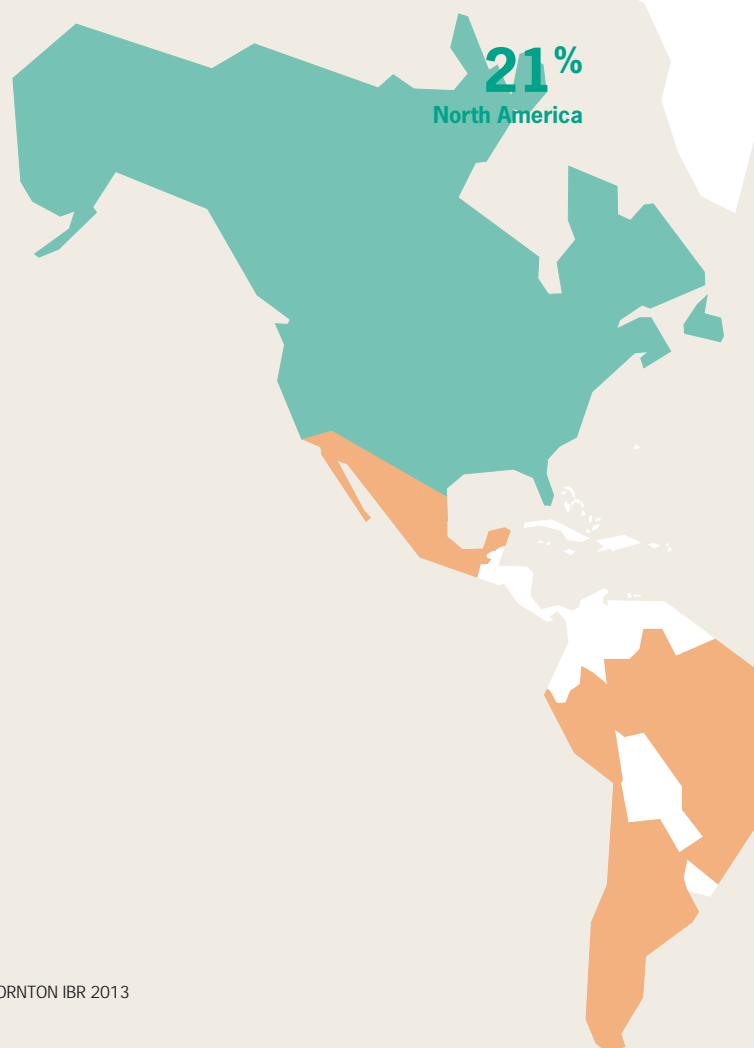
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# Women in senior management: setting the stage for growth

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 CE<sup>7</sup>s 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.

FIGURE 1: PERCENTAGE OF WOMEN IN SENIOR MANAGEMENT

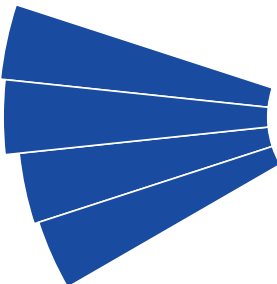


<sup>1</sup> <http://www.ipu.org/wmn-e/world.htm>

SOURCE: GRANT THORNTON IBR 2013



**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

“We’ve been able to attract female talent because they see women leading different

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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.

“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 researched<sup>9</sup>.

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 counterparts<sup>10</sup>.

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 women<sup>11</sup>.

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 ol

<sup>9</sup> World Bank 2012 World Development Report: Gender Equality and Development

<sup>10</sup> 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).

<sup>11</sup> European Commission data: [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Tertiary\\_education\\_statistics](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.<sup>12</sup>”

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

China (mainland)	51
Poland	48
Latvia	43
Estonia	40
Lithuania	40
Philippines	37
Georgia	37
Thailand	36
Vietnam	33
Botswana	32
Russia	31
Germany	31
Taiwan	31
Hong Kong	30
Turkey	30
Greece	30
South Africa	28
New Zealand	28
Belgium	28
Peru	27
Singapore	27
Sweden	27
Canada	27
Malaysia	26
France	26
Global	24
Finland	24
Italy	24
Denmark	23
Brazil	23
Mexico	23
Armenia	23
Australia	22
Chile	22
Norway	22
Spain	21
Ireland	21
United States	20
United Kingdom	19
India	19
Argentina	18
Switzerland	14
Netherlands	11
United Arab Emirates	11

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<sup>12</sup> “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.





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

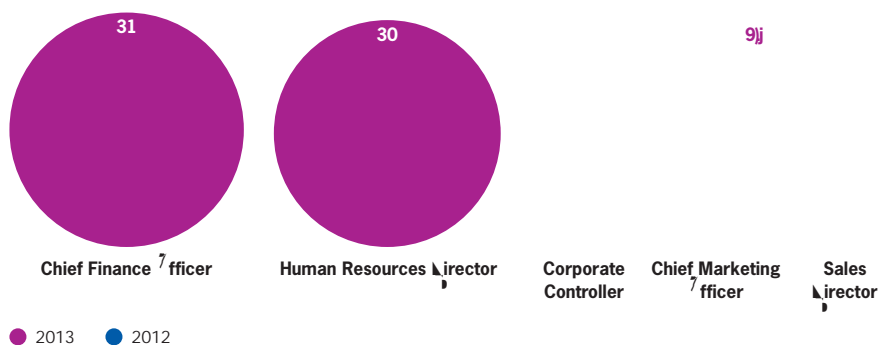
Women are increasingly rising to the top. 14% of those businesses with women in their senior management teams, have a female CEO, up from 9% in 2012. Now 21 of the Fortune 500 CEOs are women, and Yahoo's Melissa Mayer made headlines last summer with her appointment to the tech giant while she was pregnant. 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 background.

not to go to the self selection. Too often women will go

**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.<sup>14</sup>”

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 years<sup>15</sup>.

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.

<sup>14</sup> “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.

<sup>15</sup> GMI Ratings’ 2012 Women on Boards Survey.



