

HEALTH WEALTH CAREER

# WHEN WOMEN THRIVE, BUSINESSES THRIVE

CHALLENGES AND OPPORTUNITIES IN LATIN AMERICA



MAKE TOMORROW, TODAY



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### RESEARCH SURVEY CONDUCTED IN COLLABORATION WITH EDGE CERTIFIED FOUNDATION

EDGE is the leading global assessment methodology and business certification standard for gender equality. It measures where organizations stand in terms of gender balance across their pipeline, pay equity, effectiveness of policies and practices to ensure equitable career flows and inclusiveness of their culture and is designed to help organizations not only create an optimal workplace for women and men, but also to benefit from it. EDGE stands for Economic Dividends for Gender Equality and is distinguished by its rigor and focus on business impact. The methodology uses a business, rather than theoretical approach that incorporates benchmarking, metrics and accountability into the process. More than 180 organizations, in 48 different countries and across 23 different industries, have engaged to date with EDGE Certification.





When Women Thrive is a call to organizations and leaders to think and act differently to advance gender diversity. Our mission is to help organizations globally drive business performance by increasing the representation and advancement of women through a holistic focus on their careers, health and financial well-being. Gender diversity is a business imperative with deep and profound social implications – an imperative that every business leader needs to personally drive. Now is the time for us to take action.

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#WhenWomenThrive

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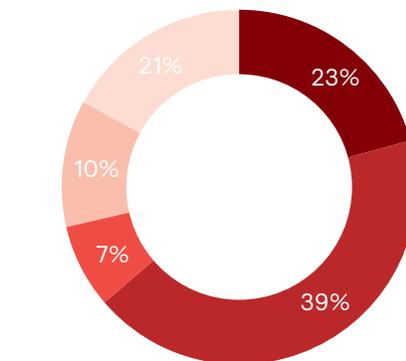
The author would like to extend a special thank you to Margaret Chabowski for her editorial work.

## SECTION 1

# A RESEARCH-BASED VIEW OF GENDER DIVERSITY IN LATIN AMERICA

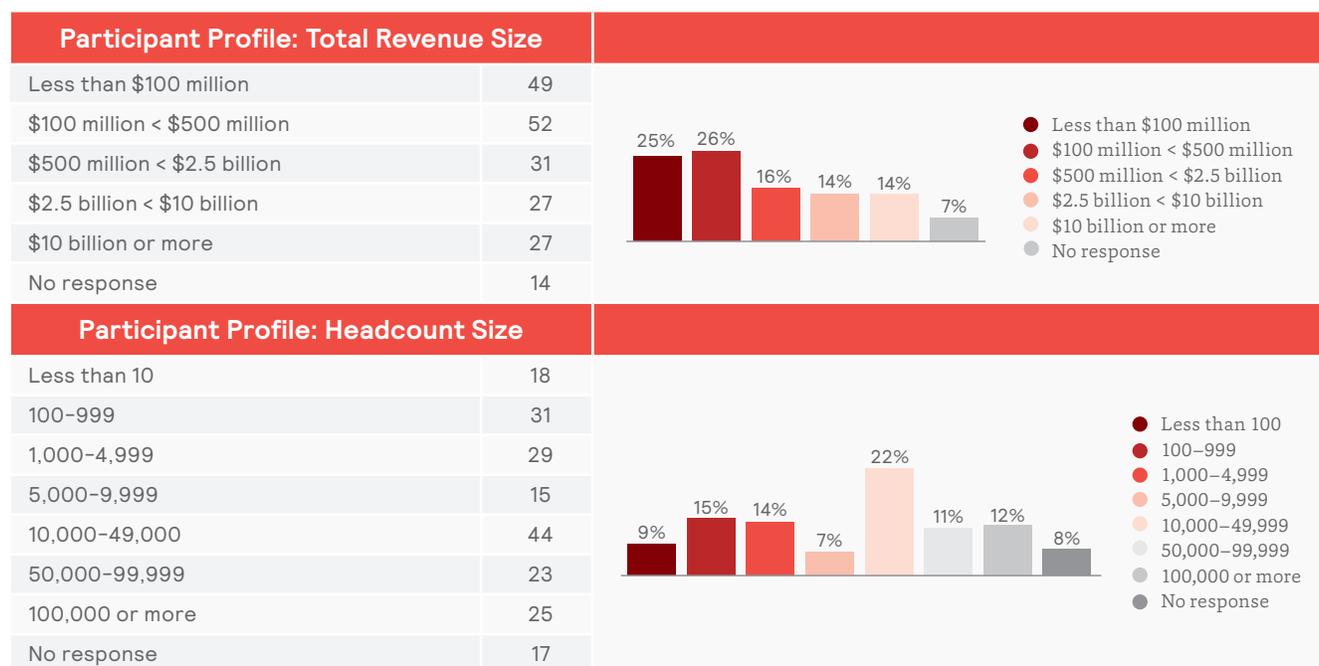
With *When Women Thrive, Businesses Thrive: Challenges and Opportunities in Latin America*, we set out to understand the state of women in the workforce in the region, gain a more nuanced understanding of the underlying forces driving women's representation and examine practices and policies that might accelerate the pace of change. Our 2016 *When Women Thrive, Businesses Thrive* global report projected promising increases in women's representation for the region, and we sought to update those figures with new data points representing a larger, more representative group of organizations in Latin America. Over the past few months we gathered data from over 50 organizations, adding those submissions to our extant database, with a total participant count of over 200 organizations.

| Latin America        | 202 |
|----------------------|-----|
| Regional submissions | 36  |
| Argentina            | 38  |
| Brazil               | 36  |
| Chile                | 7   |
| Colombia             | 14  |
| Dominican Republic   | 1   |
| Guatemala            | 2   |
| Mexico               | 63  |
| Panama               | 1   |
| Peru                 | 1   |
| Uruguay              | 2   |
| Venezuela            | 1   |



- Services
- Products/Manufacturing
- Information & Technology
- Energy
- All others

Note: Pie chart percentages less than 2% are not shown.



In addition to analyzing the qualitative and quantitative responses to our survey, we conducted a thorough literature review of relevant academic papers, business articles, reports from international organizations and private firm reports from Mercer and other consultancies. The result is a holistic perspective that paints a broad picture of Latin American women in the workplace, from barriers unique to their cultural context to best practices proven to increase women’s representation and advancement. While Latin America covers a myriad of geographies, languages and cultures, this report analyzes the countries on a regional level to identify trends that relate to gender equity in the workplace. We will highlight specific countries whose trajectories may vary – whether they are farther along on the path to gender parity or face greater barriers to inclusion.

**ABOUT THIS REPORT**

This report begins with a descriptive overview of women in the workplace in Latin America and ends with actionable recommendations directed toward organizations looking to improve their gender diversity strategy in the region. Section 2 provides an executive summary of our findings and recommendations. In Section 3 we describe the state of women in the workforce, examining demographic trends and the gender wage gap and comparing political and corporate representation. Section 4 delves into the underlying causes of women’s underrepresentation, from the role of occupational segregation in education to cultural factors that reinforce traditional gender roles. Section 5 provides the business case for gender

diversity, drawing on global and regional evidence to show the benefits of fostering a diverse and inclusive workforce. Finally, Section 6 provides organizations with a valuable methodology for determining how to improve women’s representation at all career levels as well as recommendations for action.

We hope you find this report both insightful and practical, providing critical background information as well as helpful findings that can be tailored to your organization’s unique needs.

## SECTION 2

# EXECUTIVE SUMMARY

Women in the workforce in Latin America have made incredible strides over the past three decades. From increasing their representation in the formal labor force to surpassing men in educational attainment at the university level, Latin American women are a formidable force for change. Yet improvements in female labor force participation rates have leveled off in recent years. Too many women continue to work in the informal sector, and women's representation in corporate leadership positions remains unacceptably low (albeit in line with developed countries like the United States). Organizations continue to pay women less than men, with a stubborn unexplained wage gap of 17% in the region.



A combination of factors contributes to women's persistent underrepresentation throughout the talent pipeline. Women continue to pursue different courses of study and therefore follow different career paths than their male counterparts, with significant underrepresentation in STEM fields (science, technology, engineering and math), which represent those job families that are projected to grow the most in the near future. Family care continues to fall disproportionately on women, who spend over twice as many hours on unpaid care than men. Finally, a pervasive culture of machismo perpetuates gender stereotypes, creating barriers for women trying to move up the career ladder.

The business imperative is clear: Organizations with more women in leadership are more profitable. From a macroeconomic perspective, bringing more women into the formal labor force is good for growth, increasing GDP and bolstering social security systems. Capitalizing on the increasingly well-educated female talent pool can help fill talent gaps and ensure sustainable growth during this time of job and labor market disruption. Competitive firms need employees that look like their customers, so

hiring more women translates into more relevant, innovative products and services. Women bring important team-building skills to the table, such as improved collaboration and increased collective intelligence. Multinational firms are leading the way in hiring and promoting high-skilled women, helping to change attitudes toward women in the workplace.

Our research shows that most Latin American organizations are in the early stages of their gender diversity journeys. Although 64% of organizations surveyed understood the business imperative behind a more diverse workforce, far fewer had taken actionable steps to create sustainable change. Mercer's five-step methodology for gender diversity provides a framework for change. From aligning on the business imperative to diagnosing the problem and rooting the strategy in proof, an organization must understand the problem before working to engage stakeholders and take action. From reviewing organizational processes for biases to actively managing care, leave and flexible work programs, there are a host of changes that organizations can make to better hire, promote and retain female talent. Leveraging organization-specific data to create holistic health and financial wellness

programs for women is another critical area where organizations can improve their gender diversity strategies.

Women in Latin America represent an underutilized resource. Organizations that want to succeed from a profit, innovation and collaboration perspective cannot afford to be complacent – they must take evidence-based steps to cultivate a diverse and inclusive workforce.

## SECTION 3

# WOMEN IN THE WORKFORCE IN LATIN AMERICA: SLOWING MOMENTUM AFTER DECADES OF PROGRESS

### HIGHLIGHTS

- Female labor force participation improvements are stalling, and too many women work in the informal sector.
- Latin America enjoys a demographic window of opportunity, but low female workforce participation rates will squander potential economic growth.
- Organizations continue to pay women less than men, with a stubborn unexplained gender wage gap of 17% in the region.
- Although there have been notable women in political leadership, women's representation among corporate boards and executive teams remains extremely low.

Women in Latin America have joined the formal labor force at an impressive pace over the last few decades – with female labor force participation rates increasing from 44% in 1990 to 54% in 2014.<sup>1</sup> Spurred by economic development and its byproducts, such as increased access to education and lower fertility rates, women in Latin America have made important strides in the workforce. Unfortunately, the momentum of the past decades has lost steam and growth in female participation rates has actually been decelerating since the 2000s, even leveling off in countries such as Argentina, Brazil, Chile, Mexico and Panama.<sup>2</sup> In addition, fully one-quarter of women in Latin America work in agricultural or nonagricultural informal wage employment, according to a 2015 UN Women report.<sup>3</sup> That means 25% of the female population works for low wages, without the protection of government regulations and without contributing to social security or taxation systems.

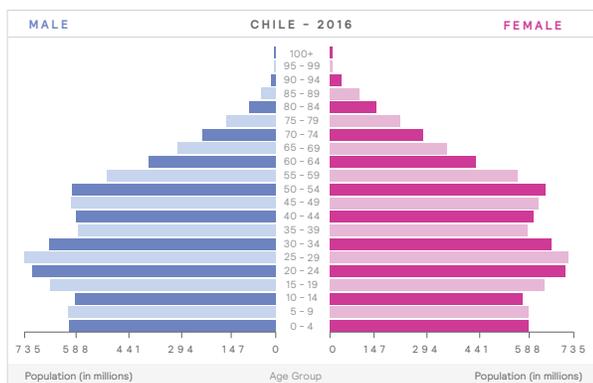
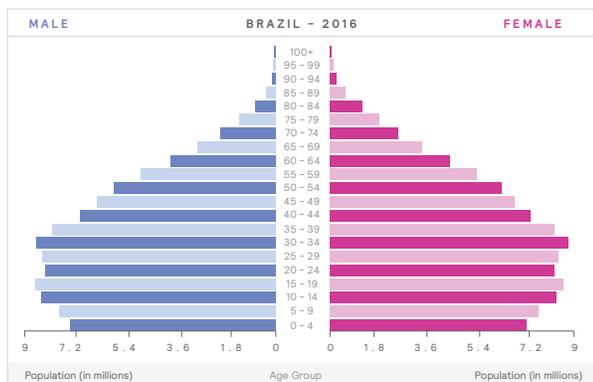
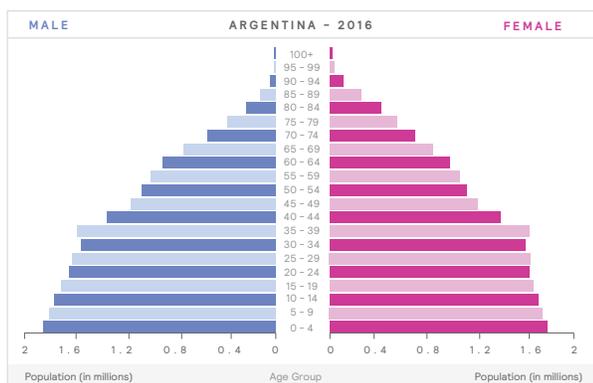
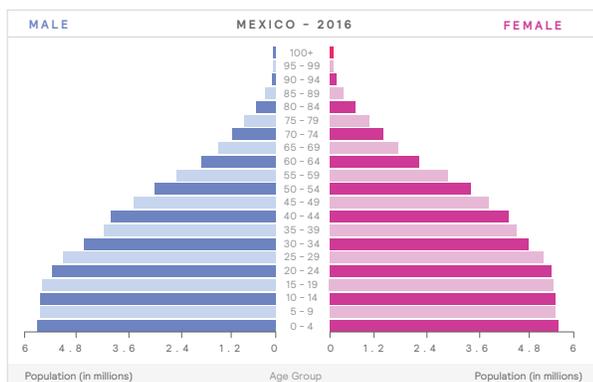
Female labor force participation improvements are stalling, and too many women work in the informal sector

<sup>1</sup> International Monetary Fund (IMF). *Women at Work in Latin America and the Caribbean*, 2017, p. 4.

<sup>2</sup> Center for Distributive, Labor and Social Studies (CEDLAS). *Bridging Gender Gaps? The Rise and Deceleration of Female Labor Force Participation in Latin America*, 2015, p. 22.

<sup>3</sup> United Nations Women (UN Women). *Progress of the World's Women 2015–2016*, 2015, p. 103.





### TAKING ADVANTAGE OF THE DEMOGRAPHIC WINDOW

With a growing working-age population and a falling ratio of dependents to working-age people because of declining fertility rates, Latin America finds itself in a so-called “demographic window of opportunity.”<sup>4</sup> This favorable population structure means that a greater percentage of the population is available to work, drive economic growth, save and invest. This advantage is lost, however, without high labor force participation rates among all members of society, including women. Moreover, this demographic window will inevitably close once declining fertility rates shrink the working-age population even as the aging population continues to grow. In fact, fertility rates in Latin America have been declining for decades, from a regional average of 5.92 births per woman in the 1950s to a near-replacement level of 2.02 between 2015 and 2020.<sup>5</sup> Many countries in the region have already dropped below replacement levels, with fertility rates of 1.7 in Brazil, Chile and Colombia. The time is now for Latin American companies and countries to take advantage of the current demographic potential for accelerated growth by bringing more women into the formal workforce.

*A look at the population pyramids of four selected countries shows the percentage of the population in each age category by gender — Mexico can expect a large population under 30 to fuel an increasing working-age population for the next several decades, whereas Chile’s population is already aging, as manifested by its proportionally smaller population under 20.<sup>6</sup>*

<sup>4</sup> Comisión Económica para América Latina y el Caribe (CEPAL), *Demographic Trends in Latin America and the Caribbean*, 2009, p. 1.

<sup>5</sup> CEPAL. Data available at [http://estadisticas.cepal.org/cepalstat/WEB\\_CEPALSTAT/Portada.asp](http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/Portada.asp), accessed July 15, 2017.

<sup>6</sup> United Nations (UN). Data available at [www.un.org/popin/data.html](http://www.un.org/popin/data.html), accessed July 15, 2017.

## THE GENDER WAGE GAP REMAINS A PROBLEM

As in every other country around the globe, women in Latin America get paid less than men. Part of that difference is due to explained factors, such as educational attainment or years of experience, but some is due to unexplained factors, or wage discrimination.<sup>7</sup> After controlling for explained factors, one study found wage gaps across the board in Latin America but highlighted significant differences between countries. The unexplained gap was large at the bottom of the income distribution in lower-income countries, such as Bolivia and Peru — a phenomenon known as “sticky floors.” Meanwhile, higher-income countries such as Brazil and Uruguay presented large unexplained gender wage gaps at the top of the income distribution — bringing to mind the popularized notion of “glass ceilings.” Brazil provides a striking example: Its male to female unexplained gender wage gap at the top of the income distribution was a staggering 57%.<sup>8</sup> Although gender pay gaps have been declining globally over the last decade, they have actually widened in some countries, with Colombia and Paraguay experiencing increases between 2000 and 2010.<sup>9</sup> A 2012 estimation of the unexplained wage gap in Latin America saw women earning 17% less than men for the same work.<sup>10</sup>



<sup>7</sup> Carillo P, Gandelman N, Robano V. “Sticky Floors and Glass Ceilings in Latin America,” *The Journal of Economic Inequality*, Volume 12 (2014), pp. 339–361.

<sup>8</sup> *Ibid.*

<sup>9</sup> UN Women. *Progress of the World’s Women 2015–2016*, 2015, p. 96.

<sup>10</sup> Ñopo H. *New Century, Old Disparities: Gender and Ethnic Earnings Gaps in Latin America and the Caribbean*, Washington, DC: Inter-American Development Bank and World Bank, 2012.

## COMPOUNDING CHARACTERISTICS: AN UPHILL BATTLE FOR WOMEN OF COLOR IN LATIN AMERICA

Female ethnic minorities in Latin America, representing hundreds of indigenous groups and a significant Afro-descendant population, face even greater barriers to workforce inclusion than their white counterparts. Their work is usually concentrated in the informal sector, poorly remunerated and entrenched by historic patterns of inequality typified by low human capital endowments — from inadequate education to poor nutrition.<sup>11</sup> Given an estimated indigenous population of 28 to 34 million (about 10% of the region's total population) and an Afro-descendant population of 150 million, inclusion of Latin America's racial and ethnic minorities is vital to ensuring sustainable workforce growth.<sup>12</sup>

One analysis by the Inter-American Development Bank showed a total ethnic earnings gap (comprising both explained and unexplained factors) of 38% in Latin America. After controlling for education level, gender, job characteristics and demographic characteristics, the gap decreased significantly but remained roughly constant throughout the income distribution, hovering between 15% and 20%. Much of the ethnic earnings gap is due to occupational segregation.<sup>13</sup> Minorities are almost entirely absent from the highest-paying senior-level positions, manifesting that the “glass ceiling” is real, not only for women but for ethnic minorities as well.<sup>14</sup> Ethnic and gender earnings gaps compound to create an exponentially uneven playing field, and indigenous women in particular are the inevitable losers.<sup>15</sup>

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

<sup>15</sup> UN Women. *Progress of the World's Women 2015–2016*, 2015.



## FEMALE REPRESENTATION IN POLITICS: NOTABLE LEADERSHIP AMID INTRAREGIONAL VARIATION

Latin America stands out as a region with a comparatively high number of women in positions of political leadership, including 10 women presidents over the past 40 years.<sup>16</sup> From Chilean President Michele Bachelet to Costa Rica's former president, Laura Chinchilla, Latin American voters have elected women to lead their countries even when more developed economies resist. Most countries have also enacted gender-focused laws, created national policy-coordinating units focused on women and instituted quotas to spur gender parity in legislatures.<sup>17</sup> While mandates vary widely, and poorly designed laws can greatly impede outcomes, Mexico, Argentina, Ecuador, Bolivia and Nicaragua all boast female representation in excess of 35% in the lower or single chamber of their legislatures. Bolivia's lower chamber is comprised of 53% women, in contrast to Brazil, which has a meager 9% representation of women in the lower chamber.<sup>18</sup>

Unfortunately, there is little evidence that the high representation of women in top leadership roles translates into gender diversity throughout the talent pipeline. Women remain vastly underrepresented in the public and policymaking arenas in Latin America. Moreover, there is scant evidence that having women in powerful political roles creates spillover effects to corporate leadership.<sup>19</sup>

## FEMALE REPRESENTATION IN BUSINESS: WEAK GENDER DIVERSITY REIGNS, REGIONALLY AND GLOBALLY

Women in the workforce in Latin America are underrepresented at all career levels, with representation declining as career level increases. Our survey data representing over 200 organizations across Latin America illustrates this stark underrepresentation, particularly at the manager level and above. Although women represent nearly 40% of professional-level employees, that representation drops to 31% at the manager level. Only a quarter of senior managers are women and a meager 16% of executives are women. It is also interesting to note that women are underrepresented at the support-staff level, the one career level where women's representation is closest to parity across other industries and geographies.<sup>20</sup>

<sup>16</sup> Atlantic Council. *Women's Leadership in Latin America: The Key to Growth and Sustainable Development*, 2017, p. 4.

<sup>17</sup> *Ibid.*, pp. 5-7.

<sup>18</sup> *Ibid.*

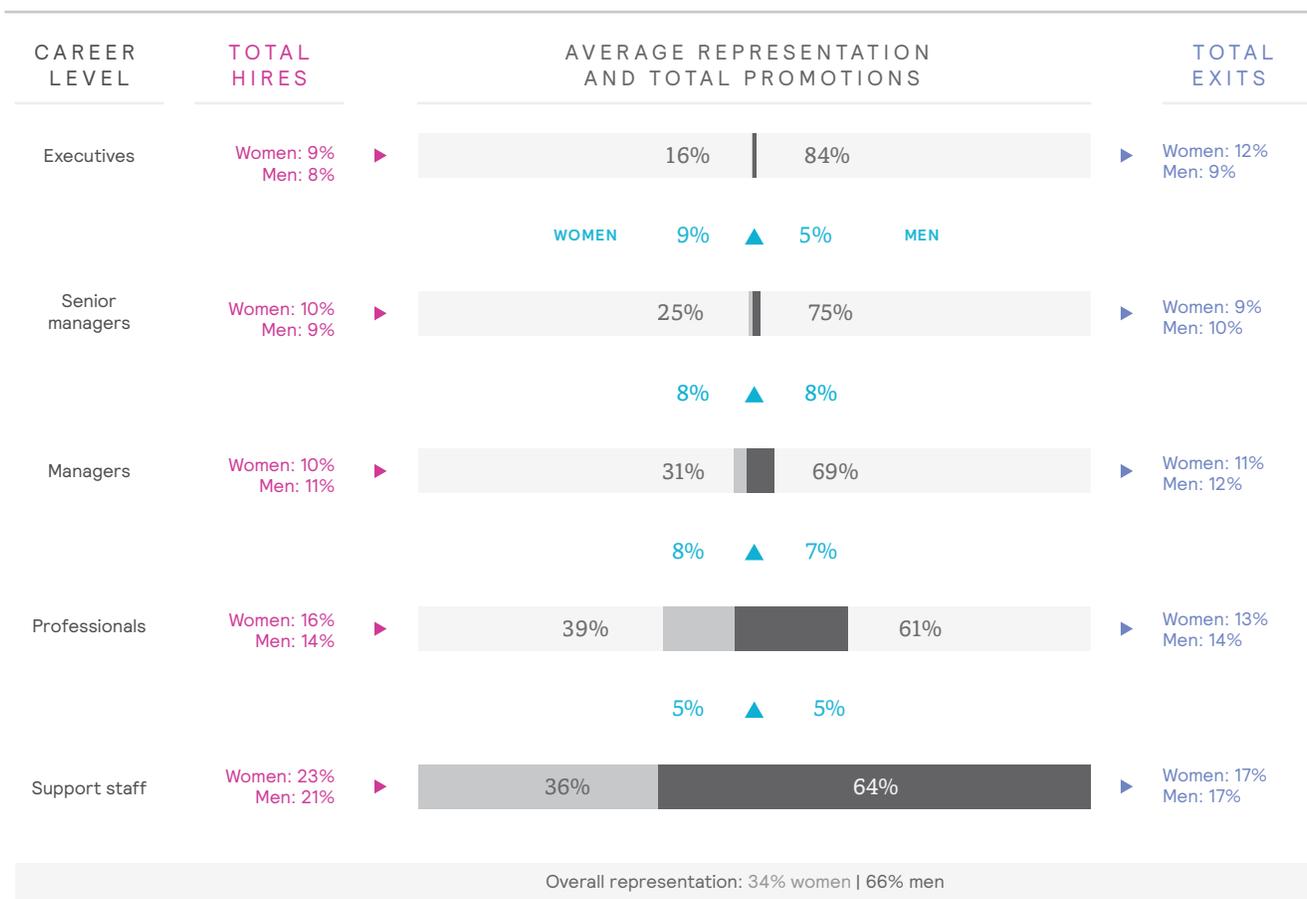
<sup>19</sup> Pande R, Ford D. "Gender Quotas and Female Leadership: A Review," Background Paper for the World Development Report on Gender, 2011, p. 6.

<sup>20</sup> Mercer. *When Women Thrive, Businesses Thrive: Global Report*, 2016.



READING AN INTERNAL LABOR MARKET (ILM) MAP

An ILM map is a graphical representation of the talent pipeline in an organization. It summarizes, for each standard career level, the rate at which talent is coming into the organization (total hires), moving up through the hierarchy (total promotions), and ultimately exiting the workforce (total exits). Percentages in the middle of the map indicate female and male representation at each career level. Hire, promotion and exit rates are calculated as the total number of events over a 12-month period divided by the average headcount over the same time period, by level and gender.

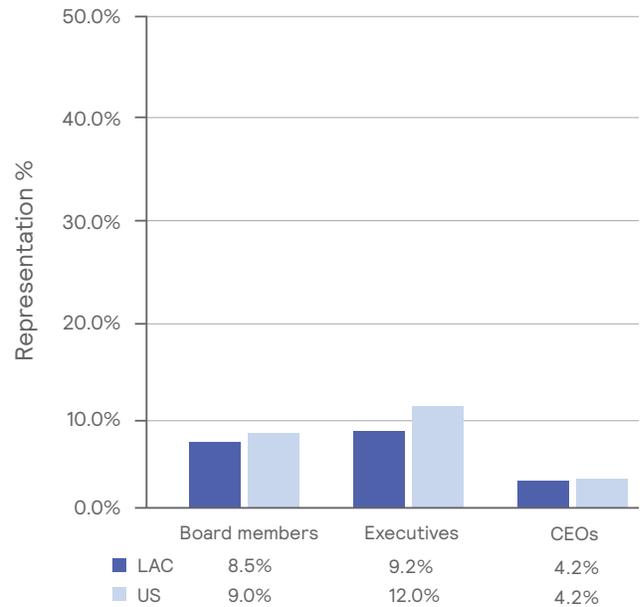


Note: ILM map reflects average representation and talent flow across 113 participating organizations.

A closer look at boards of directors and C-suite executives in Latin America yields a picture of exaggerated gender imbalance, although the figures are not far off from the United States and other developed countries.<sup>21</sup> One working paper from the Inter-American Development Bank assessed nearly 7,500 companies in Latin America and the Caribbean (LAC) and found that 63% of companies in LAC had no women board members and 73% had no women executives.<sup>22</sup> On average, women make up 9% of board members, 9% of executives and 4% of CEOs in LAC companies – surprisingly similar to the US figures of 9% board members, 12% executives and 4% CEOs.<sup>23</sup> Representation varies by sector, with healthcare, financial services, consumer products and telecommunications featuring above-average female leadership.<sup>24</sup>

There are also significant variations by country. Colombia has the highest gender diversity in the boardroom, with 14% of board seats occupied by women; only 5% of Mexico's board seats are held by women.<sup>25</sup> In one survey of board chairs in Colombia, Chile, Brazil, Mexico and Argentina, over 70% responded that gender diversity is relevant to board performance, yet few said that it was on the board's agenda to improve it.<sup>26</sup>

## WOMEN'S REPRESENTATION IN LEADERSHIP



<sup>21</sup> Inter-American Development Bank (IDB). *Female Corporate Leadership in Latin America and the Caribbean Region: Representation and Firm-Level Outcomes*, 2016.

<sup>22</sup> *Ibid.*

<sup>23</sup> *Ibid.*

<sup>24</sup> Credit Suisse. *CS Gender 3000: Women in Senior Management*, 2014, p. 9.

<sup>25</sup> Egon Zehnder. *Latin America Board Diversity Analysis*, 2016.

<sup>26</sup> *Ibid.*



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## UP FOR DEBATE: QUOTAS

Latin American countries have seen political quotas instituted with varying degrees of success, but few such measures have been actively pushed in the region with regard to corporate boards. Meanwhile, in Europe and the United States, quotas have been introduced to improve gender diversity on corporate boards of public companies – an easy target that might be missing the mark. Evidence on the impact of gender diversity board quotas on firm performance is inconclusive: A study by the Peterson Institute found that board gender quotas had no significant impact on firm performance, while a study by the Inter-American Development Bank found a five percentage point increase in firms' profit margins for those companies whose boards had at least 30% women.<sup>27</sup> However, boards with women have a higher probability of hiring female executives, which is itself linked to higher profitability.<sup>28</sup>

Although legislatively mandated quotas are unpalatable for the vast majority of Latin America's corporate leaders, merit-based targets determined by an organization's leadership team offer a less contentious alternative.<sup>29</sup> The ultimate objective should be to diversify talent at all levels of the organization, avoiding tokenism and pushing for system-wide change.

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<sup>27</sup> IDB. *Female Corporate Leadership in Latin America and the Caribbean Region: Representation and Firm-Level Outcomes*, 2016, p. 14.

<sup>28</sup> Peterson Institute for International Economics. *Is Gender Diversity Profitable? Evidence From a Global Survey*, 2016, p. 9.

<sup>29</sup> Egon Zehnder. *Latin America Board Diversity Analysis*, 2016, p. 11.

## SECTION 4

# DIGGING DEEPER: WHAT'S THE CAUSE OF THIS UNDERREPRESENTATION?

### HIGHLIGHTS

- More Latin American women than men are attaining university degrees, though occupational segregation means that men continue to dominate STEM fields, which are projected to grow the most in the next decades.
- Women continue to carry the burden of caring for elderly parents and children, and the cost of childcare imposes a great burden on the average working mother.
- A pervasive culture of *machismo* perpetuates gender stereotypes, creating visible and invisible barriers for women trying to move up the career ladder.
- Multinational firms are leading the way in hiring and promoting high-skilled women, helping to change attitudes toward women in the workplace.

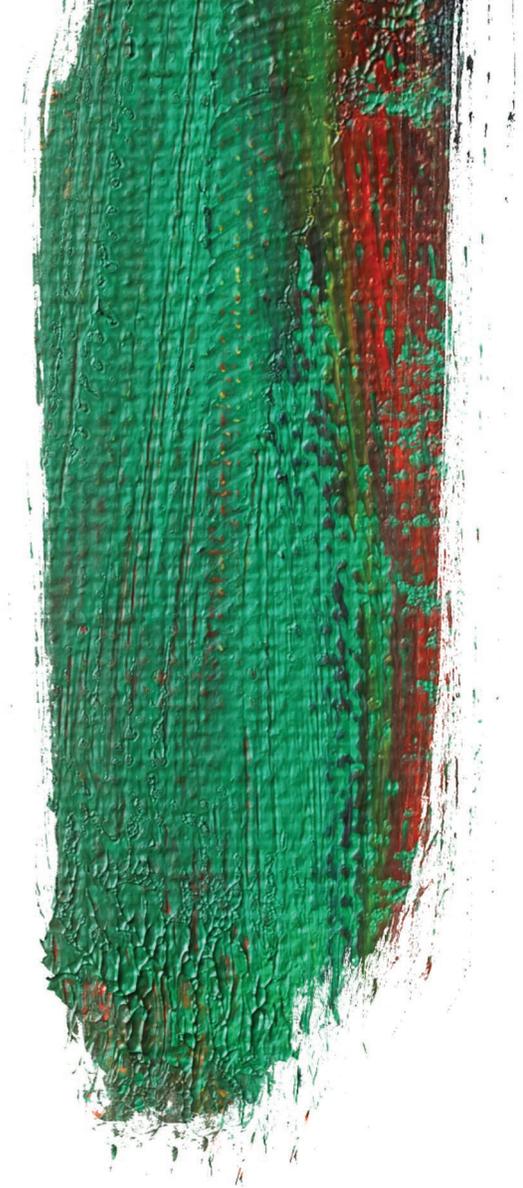
### Education, in general, is not the problem: Women achieve higher levels of education but are concentrated in different occupations

Women in Latin America are now better educated than men, averaging more years of schooling and higher rates of tertiary educational attainment. The World Economic Forum's *Gender Parity Report*, which ranks countries on a host of economic, political, health and education-related indicators, shows that enrollment in university is one of the few areas where women in Latin America have gone beyond parity, surpassing their male counterparts.<sup>30</sup> Uruguay, Argentina, the Dominican Republic and Venezuela all have female to male tertiary enrollment ratios over 1.60, while Mexico is closest to parity at 1.01.<sup>31</sup> It is important to note that while women are increasing their representation at the university level and above, huge discrepancies remain between rural and urban areas when it comes to access to quality primary and secondary education. In Chile and Peru the urban-rural education gap is an alarming 20%.<sup>32</sup>

<sup>30</sup> World Economic Forum (WEF), *Global Gender Gap Report*, 2016.

<sup>31</sup> *Ibid.*

<sup>32</sup> Parra et al. "Brecha de género en los países miembros de la Alianza del Pacífico," *Estudios Gerenciales*, Volume 32 (2016), pp. 336–345.



If women are attaining higher levels of education than their male counterparts, why hasn't Latin America seen a corresponding increase of women in the workplace? Part of the answer lies in occupational segregation. Although women are attending university at higher rates than men, their chosen courses of study are still differentiated along gender lines. As in most developed countries, women are heavily underrepresented in STEM fields. The female to male ratio of STEM graduates in Latin America ranges from an abysmal 1:5 in Chile to 1:2 in Guatemala. And for those women who do break into male-dominated fields, it is critical to prevent a "leaky pipeline" by fostering their continued participation and eventually their accession to senior positions.<sup>33</sup>

#### FAMILY CARE FALLS DISPROPORTIONATELY ON WOMEN

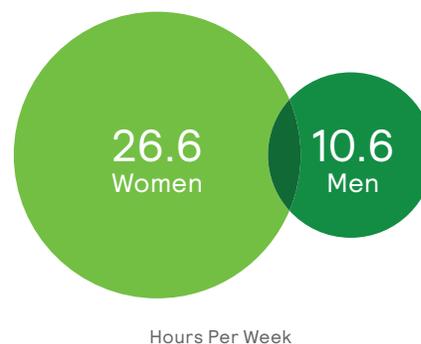
It is a similar story around the world: Women spend disproportionately more time

than men on unpaid work, usually taking care of children and the elderly. By one estimate, Latin American women spend 2.6 times more hours than men on domestic work — averaging 26.6 hours a week, compared to 10.6 hours for men.<sup>34</sup> This imbalance imperils women's career ascension and, in one survey of 162 executive women from 17 Latin American countries, was identified as the biggest challenge to their professional development.<sup>35</sup> Women themselves may choose to work fewer hours or travel less to take care of their family, but often it is employers who assume mothers or women of childbearing age may not desire stretch assignments or other important skill-building opportunities, a phenomenon called the "maternal wall."<sup>36</sup>

One major stumbling block is the fact that for the majority of women in Latin America, getting help with domestic responsibilities, which is often critical to career success, is not financially accessible. Although

the availability of inexpensive domestic workers has assisted financially successful women with balancing work and family life, even helping them ascend to executive ranks, such low-paying domestic work actually adds to increasing inequality, an intransigent problem in one of the most unequal regions in the world.<sup>37</sup> Improving access to affordable child and elder care, as well as sharing care responsibilities more equitably with men, is vital to women's continued presence in the formal labor market and critical to their representation in leadership positions.

#### DOMESTIC WORK



**Although women are attending university at higher rates than men, their chosen courses of study are still differentiated along gender lines.**

<sup>33</sup> UN Women. *Progress of the World's Women 2015–2016*, 2015, p. 93.

<sup>34</sup> McKinsey Global Institute. *Women Matter: A Latin America Perspective*, 2013, p. 8.

<sup>35</sup> Cárdenas et al. "Latin American Female Business Executives: An Interesting Surprise," *Gender in Management: An International Journal*, Volume 29, No. 1 (2014), pp. 2–24.

<sup>36</sup> *Ibid.*

<sup>37</sup> *Ibid.*

### CULTURAL FACTORS: ENDURING GENDER STEREOTYPES SOFTENING OVER TIME

Contributing to the disproportionate burden of care responsibilities is a diminishing but stubborn culture of *machismo*, a patriarchal belief system that promotes exaggerated masculinity to the detriment of women.<sup>38</sup> According to social psychologist Geert Hofstede, countries in Latin America share several cultural orientations with implications for women at work, including a “masculine orientation.”

Of course, the extent to which this cultural orientation plays out in real life varies greatly by country, with differentiated socialization processes contributing significantly to general attitudes toward women. One study testing attitudes toward women of university students in Argentina, Brazil, Colombia and Mexico found that Colombian men had the highest egalitarian scores, whereas Mexican men had the

lowest, with mean rates differing by 25 percentage points.<sup>39</sup> Interestingly, Colombia also boasts the highest levels of female participation in executive suites and on boards of directors while Mexico has some of the lowest female representation on boards and executive committees in the region.<sup>40</sup>

Clearly, these cultural attitudes matter. From over-valuing masculine traits in the hiring or promotion processes to making assumptions about women’s ambitions and abilities, cultural attitudes create biases in key organizational processes that hold women back. Men often actively seek stretch positions or assignments for which they are not wholly qualified, whereas women typically wait until they have all the requisite experience, leading to a business culture where “women are often judged on their performance, and men on their potential.”<sup>41</sup> When women do display qualities associated with masculinity, such as assertiveness, competitiveness and

independence, their behavior is too frequently considered inappropriate or unlikeable, further hindering their advancement.<sup>42</sup> Something as simple as joining a group of male colleagues for drinks after work can be a crucial opportunity to make business decisions but also a taboo for women in a *machista* culture.<sup>43</sup> Such informal business settings, dominated by men but integral to deal making and relationship building, present problems for women around the world; this conundrum is not limited to Latin America.<sup>44</sup>

<sup>38</sup> Olivas-Lujan et al. “Values and Attitudes Towards Women in Argentina, Brazil, Colombia, and Mexico,” *Employee Relations*, Volume 31 No. 3 (2009), pp. 227–244.

<sup>39</sup> *Ibid.*

<sup>40</sup> McKinsey Global Institute. *Women Matter: A Latin America Perspective*, 2013.

<sup>41</sup> *Ibid.*

<sup>42</sup> Hermans et al. “Attitudes Towards Women’s Career Advancement in Latin America: The Moderating Impact of Perceived Company International Proactiveness,” *Journal of International Business Studies*, Volume 48 (2016), pp. 90–112.

<sup>43</sup> Cárdenas et al. “Latin American Female Business Executives: An Interesting Surprise,” *Gender in Management: An International Journal*, Volume 29, No. 1 (2014), pp. 2–24.

<sup>44</sup> Miller C. “It’s Not Just Mike Pence. Americans Are Wary of Being Alone With the Opposite Sex,” *The New York Times*, July 1, 2017.



Perhaps most concerning is the misalignment between men and women on what factors are holding women back from moving up the corporate ladder.<sup>45</sup> In one survey of individuals from 375 listed companies from six Latin American countries, men attributed women's lack of representation to their own personal choices or interests while women understood their underrepresentation to be a result of poor recruitment and biased leadership. Although men thought their industries were simply less attractive to women, thus inadvertently

perpetuating a male-dominated workforce, women said that organizations were not doing enough to recruit female candidates. Regarding lower promotion rates for women, men believed the differential treatment arose from women being "concentrated in departments with lower promotion rates," whereas women blamed a lack of sponsorship and a perception among leadership that women are less ambitious.<sup>46</sup>

### MULTINATIONALS AS A FORCE FOR CHANGE

There is significant global pressure to diversify talent, and in many instances multinationals are leading the way. One study of both foreign-owned multinational and domestic manufacturing firms in Brazil found that, although women were less likely than men to be promoted at both types of firms, there was significantly less difference in time to promotion between women and men at foreign-owned firms.<sup>47</sup>

Multinationals often act as moderating forces in the face of cultural biases by holding country offices accountable to global standards, which usually reflect more progressive values and eschew traditionalist views of women.<sup>48</sup> One study involved interviews with middle managers in 11 Latin American countries to quantify the impact of working for an international company on attitudes toward women's career advancement. Although it found that respondents' ideas about gender roles were correlated with their attitudes toward women's career advancement, it also found that for respondents whose employer's headquarters were located outside Latin America, headquarter location was a significant moderating influence on the relationship between beliefs around gender roles and attitudes toward women's career advancement.<sup>49</sup> Through greater exposure to women as managers and co-workers as well as the need to comply with global standards set by multinationals, employees of foreign-owned firms have more positive attitudes toward women in the workplace and have the opportunity to lead the charge in Latin America.

<sup>45</sup> McKinsey Global Institute. *Women Matter: A Latin America Perspective*, 2013.

<sup>46</sup> *Ibid.*

<sup>47</sup> Coelho et al. "Foreign Capital and Gender Differences in Promotions: Evidence From Large Brazilian Manufacturing Firms," *Economia*, Volume 14, No. 2 (2014), pp. 55–89.

<sup>48</sup> Credit Suisse. *CS Gender 3000: Women in Senior Management*, 2014, p. 11.

<sup>49</sup> Hermans et al. "Attitudes Towards Women's Career Advancement in Latin America: The Moderating Impact of Perceived Company International Proactiveness," *Journal of International Business Studies*, Volume 48 (2016), pp. 90–112.

## SECTION 5

# WHY SHOULD ORGANIZATIONS CARE? THE BUSINESS IMPERATIVE FOR GENDER DIVERSITY

### HIGHLIGHTS

- Organizations with more women in leadership report higher profitability, and increased female participation throughout an organization positively impacts productivity.
- Gender diversity is good for macroeconomic growth, increasing GDP and further bolstering social security systems.
- Taking advantage of the increasingly well-educated female talent pool can help fill talent gaps and ensure sustainable growth during this time of job and labor market disruption.
- Competitive firms need employees that look like their customers, so hiring more women translates into more relevant, innovative products and services.
- Women bring important team-building skills to the table, such as improved collaboration and increased collective intelligence.

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“We strongly believe that an inclusive culture brings value to our business. This belief has become the foundation of our gender balance strategy. To demonstrate the business benefit, Sodexo held a study that confirmed that gender-balanced teams had consistent and predictable positive results on all KPIs, including engagement, brand awareness, client retention and financial performance, compared to the unbalanced teams.”

Janet Awad, Regional Chair, Sodexo LatAm

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## INCREASE ORGANIZATIONAL PROFITS AND PRODUCTIVITY

The business case is clear — firms with more female leaders are more profitable. One global study by the Peterson Institute found that, for profitable firms, moving from no women executives to 30% representation was associated with a 15% increase in the net revenue margin.<sup>50</sup> In fact, the returns on increasing women's participation at the executive level are consistently better than returns on increasing female board membership.<sup>51</sup>

Research by Credit Suisse shows that companies with higher proportions of female top managers show greater dividend payouts, higher returns on capital employed and better reporting standards.<sup>52</sup> A regional analysis by McKinsey covering 345 listed companies in Latin America revealed that firms with one or more women in executive positions outperformed those companies with all-male executive committees. Across sectors and countries, the companies in their study with higher female representation posted 44% higher returns on equity and 47% higher EBIT margins.<sup>53</sup>

Gender diversity at all career levels is also good for productivity. One study examining over 2,200 manufacturing firms in Chile found conclusive evidence that “increasing gender equality in the workplace accelerates productivity growth” regardless of firm size.<sup>54</sup> For firms with more than 50 employees, a 1% increase in the number of female low-skilled workers increased productivity by a whopping 34%. Increasing women's representation throughout the pipeline, from low-skilled production workers to the C-suite, pays off in terms of productivity and profits for those organizations that make the effort.

## INCREASE GDP AND BETTER SUPPORT SOCIAL SECURITY SYSTEMS

Increasing women's participation in the workforce by creating a more inclusive work environment could also boost productivity of the entire society. According to McKinsey's *Power of Parity* report, Latin America could increase its gross domestic product (GDP) by 14% or \$1.1 trillion by 2025 if it were to match

the fastest-improving country in the region, Chile.<sup>55</sup> Over half of the growth would come from increasing female labor force participation, roughly a quarter would come from increasing women's hours worked and another quarter from diversifying the sectors in which women work, particularly toward higher productivity sectors.

Bringing more women into the formal workforce would also improve each government's long-term fiscal sustainability. Although most Latin American countries have reformed their pension systems over the past 25 years, moving from defined benefit schemes to defined contributions and shifting to increasing privatization, most are still running a deficit as the transition draws out.<sup>56</sup> Bringing more women into the formal workforce would significantly bolster faltering pension and social security systems.

<sup>50</sup> Peterson Institute for International Economics. *Is Gender Diversity Profitable? Evidence From a Global Survey*, 2016.

<sup>51</sup> *Ibid.*

<sup>52</sup> Credit Suisse. *The CS Gender 3000: The Reward for Change*, 2016, p. 27.

<sup>53</sup> McKinsey Global Institute. *Women Matter: A Latin America Perspective*, 2013, p. 1.

<sup>54</sup> Ruohan Q. Cheng. “Gender Equality in the Workplace: The Effect of Gender Equality on Productivity Growth Among Chilean Manufacturers,” *The Journal of Developing Areas*, Volume 50 No. 1 (2016), pp. 257–274.

<sup>55</sup> McKinsey Global Institute. *The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth*, 2015, p. 32.

<sup>56</sup> BBVA. *Pension Reforms in Latin America: Balance and Challenges Ahead*, 2010.

## FILL TALENT GAPS AND ENSURE SUSTAINABLE GROWTH

According to Mercer's *Global Talent Trends* report, executives and HR professionals across the board are worried about the talent scarcity challenge that will only grow as jobs and global labor markets are transformed during the coming fourth industrial revolution.<sup>57</sup> With the disruption, organizations will be increasingly challenged to find people with the skills and competencies they need to power their organizations; even today, 90% of employers participating in the study say they anticipate increased competition for talent in the next 12 months. At the same time, women around the world face the loss of a staggering 3 million jobs as female-dominated job families, such as office and administrative work, disappear.<sup>58</sup> Taking advantage of the ever-more-educated female population throughout Latin America and aggressively looking to women to fill the positions of the future

could be the solution that propels organizations forward in this time of change and creates sustainable growth.<sup>59</sup>

## BETTER REFLECT CUSTOMER BASE

Women control spending decisions on the vast majority of consumer goods, so why aren't more of them informing decisions for the companies that produce the items they buy? Today's customers want more personalized attention and demand products that are tailored to their needs — only a diverse workforce can deliver on that. Businesses that involve more women at every level of product planning and execution are better able to understand this large and powerful customer segment, anticipate their needs and deliver to them. One study from the Center for Talent Innovation found, unsurprisingly, that teams with at least one member who shares traits with the end user of a product or service can help the entire team understand that user better.<sup>60</sup>

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**“Gender equality does not only benefit women, it benefits society as a whole and that is what needs to be broadly understood. Women represent 50% of the population so advancing women is critical to address the talent needs of the future and to the betterment of society. As simple as that!”**

Maria Julieta Castaneda, Managing Director,  
Southern Cluster Lead, Johnson & Johnson Medical

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<sup>57</sup> Mercer. *Talent Trends 2017 Global Study: Empowerment in a Disrupted World*, 2017.

<sup>58</sup> WEF. *The Future of Jobs: Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution*, 2016, p. 39.

<sup>59</sup> Hewlett S, Rashid R. *Winning the War for Talent in Emerging Markets: Why Women Are the Solution*, Boston: Harvard Business Review Press, 2011, p. 61.

<sup>60</sup> Hewlett et al. “How Diversity Can Drive Innovation,” *Harvard Business Review*, 2013, p. 30.



## FOSTER INNOVATION AND INCREASE COLLECTIVE INTELLIGENCE

Research confirms that innovation flourishes when team members contribute input based on their differentiated experiences. Both inherent and acquired diversity are important to innovation: Gender falls under the former category, whereas such things as experience in different cultural contexts or educational background fall under the umbrella of acquired diversity. Women bring both inherent and acquired diversity to the table, although fully capitalizing on their diversity of thought requires leaders who listen and make an effort to include everyone in discussions.<sup>61</sup> Diversity in leadership is critical to unleashing the important contributions of underrepresented groups. By one estimate, “women are 20% less likely than straight white men to win endorsement for their idea” when their leaders lack diversity.<sup>62</sup>

Research by MIT’s Center for Collective Intelligence further validates the notion that gender diverse groups produce better results, largely because teams with more women have higher collective intelligence. Collective intelligence relates to a team’s ability to collaborate effectively and make group decisions — it is not directly related to the intellect of individual members. Teams in the study, tasked with brainstorming, decision-making and visual puzzles, did better when they had more women, with no sign of diminishing effects as the proportion of women increased. The most likely explanation for teams with more women outperforming male-dominated teams was their level of social sensitivity, a trait typically associated with women. Rather than exhibiting autocratic characteristics typically associated with men, teams with women were more likely to share talking time, listen to team members, provide constructive criticism and maintain open minds.<sup>63</sup>

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“Our ambition is to be the tech company where women come to succeed. We recognize that greater gender diversity will improve business performance by enhancing human-centric innovation, relationships with customers, and decision-making.”

Geert Lohrengel, Head of Costa Rica  
Global Delivery Center, Fujitsu

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<sup>61</sup> *Ibid.*

<sup>62</sup> *Ibid.*

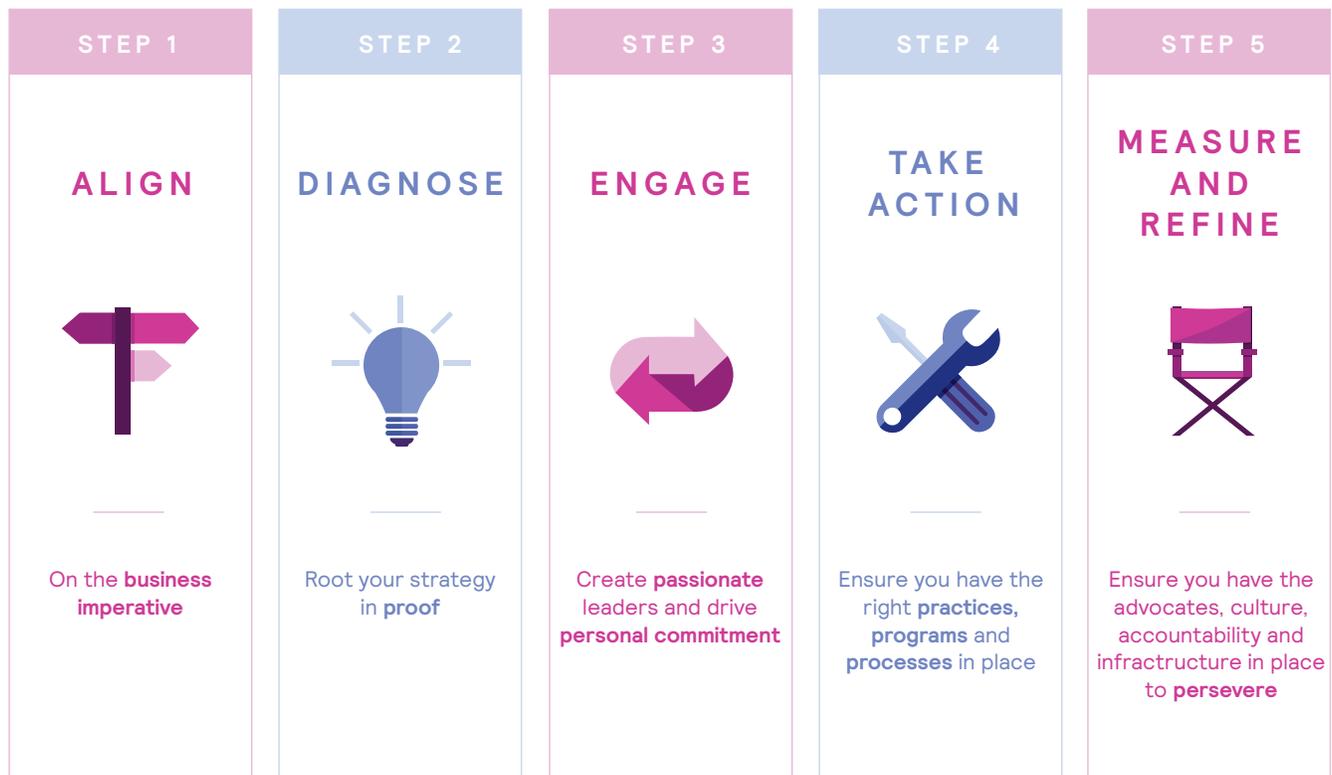
<sup>63</sup> Woolley A, Malone T. “What Makes a Team Smarter? More Women,” *Harvard Business Review*, 2011, pp. 32–33.



## SECTION 6

# KEY FINDINGS AND RECOMMENDATIONS: WHAT WORKS?

Mercer's five-step methodology to improving gender diversity within an organization stems from several years of research, consulting work with organizations across industries and geographies, and robust statistical analyses drawn from our survey data. We know that any successful strategy must be data-driven and rooted in a sound diagnosis of the current state of women's representation. We also know that proof alone is not sufficient; leaders must be passionate about creating real change, making personal commitments and engaging all employees. When it's time to take action, organizations must assess their practices, programs and processes to make sure they are creating equal opportunities and setting all employees up for success.



## STEP 1



### ALIGN ON THE BUSINESS IMPERATIVE

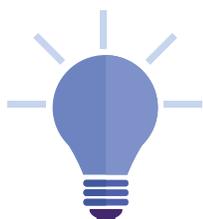
The first step to creating a more diverse and inclusive workplace for women, and reaping the manifold benefits, is ensuring that employees at all levels are aligned on the business imperative for their organization. Our survey responses show that nearly 64% of organizations in Latin America believe there is a clear business imperative for improving gender diversity, in line with global responses. Although the majority of organizations clearly understand the business case for gender diversity, moving from acknowledgement to action requires creating a clear narrative about an organization's unique motivations for improving gender diversity. Regardless of where an organization is on its gender diversity journey, it must answer some fundamental questions: Why is improving the representation and advancement of women important for the

organization? What benefits has or will the organization derive from a more diverse workforce?

The organization's business case for gender diversity must be driven from the top and understood throughout the organization. This requires articulating how gender diversity supports the organization's business goals — for example, unleashing innovation by including new perspectives or driving growth by expanding talent pools. Building internal alignment and consensus around the business imperative for gender parity means the effort will be embraced as strengthening the bottom line, not viewed as ticking a box to meet corporate responsibility standards and easily cast aside when there are changes in leadership or economic downturns.



## STEP 2



### DIAGNOSE: ROOT STRATEGY IN PROOF

Once senior executives have prioritized a focus on gender diversity to improve business results, the next step is to build a complete picture of women's experiences within the organization. The organization's HR and payroll data can be used to uncover what's helping women and what's standing in their way. Only after uncovering *where* and *why* women are facing chokepoints can the organization develop evidence-based strategies for improving female representation.

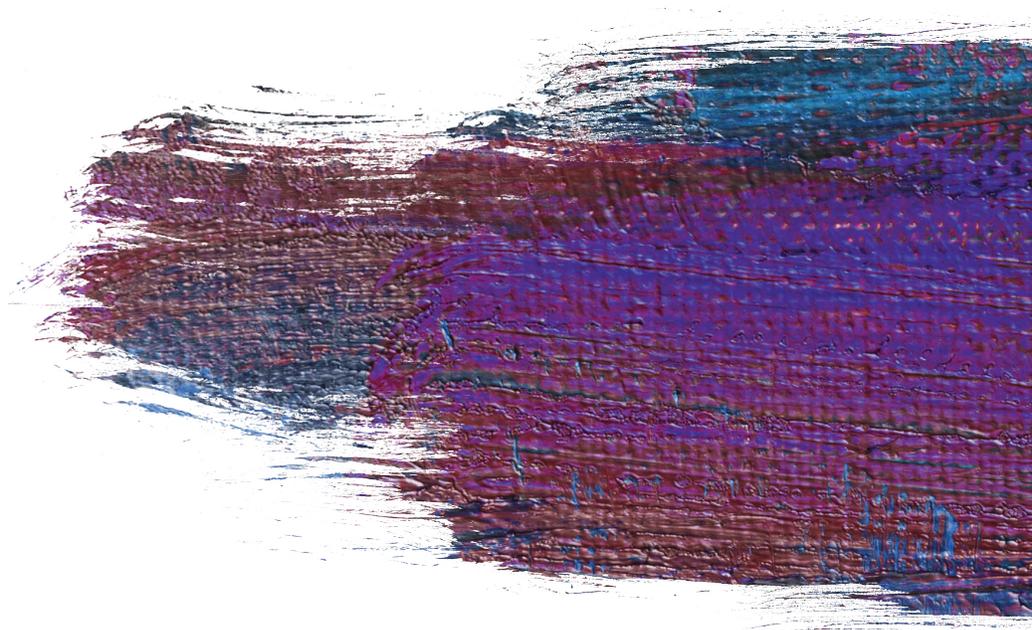
One highly effective method for gaining insights into an organization's female talent is internal labor market (ILM) mapping and analysis. An ILM map (like the one shown on page 11) is a starting point for organizations looking to visualize the flow of talent into, through and out of their organization. The map

displays current representation as well as hiring, promotion and turnover rates by gender at each career level, providing insight into where women may be facing chokepoints and raising critical questions for further analysis. Using this data, the organization can also examine its workforce projections, or how the representation of women at various career levels is expected to change assuming that current hire, promotion and exit rates for women versus men remain unchanged. These workforce projections can also help uncover where the organization has the greatest opportunity to improve gender diversity by modeling the impact that changes to female hire, promotion or retention rates could have on future female representation.

Beyond ILM mapping and projections, further analysis of actual (versus perceived) talent management practices and their consequences provides critical insights. Such analysis statistically models the drivers of key workforce outcomes, such as promotion, retention, performance ratings and pay, revealing which employee attributes and management practices account for workforce outcomes and answering questions such as:

- How is talent developed?
- What actually gets rewarded?
- Are we attracting, selecting and retaining top performers?
- What is the value of internal job movement?
- How do employee attributes such as education, tenure or gender impact performance ratings?
- What is driving turnover for men and women at each career level?

In addition, pay equity analyses are valuable in uncovering differential remuneration along gender lines – diagnosing the gender wage gap so proactive steps can be taken to remediate any discrepancies attributable to gender bias. The more transparent, the better – employers improve their brand and their ability to attract scarce talent when employees see them taking meaningful steps to pay women and men equally. Unfortunately, the majority of organizations in Latin America are still not conducting regular, robust pay analyses. While 56% of organizations in our survey report having a team formally responsible for conducting pay equity analyses, less than 44% say their pay equity analysis relies on a robust statistical approach, such as multiple regression analysis. Most Latin American organizations are not yet facing the kind of legislative and investor-led scrutiny that organizations in Europe and the US are dealing with, but pay equity is an increasingly visible and easy-to-target policy that Latin American companies can proactively address to improve gender diversity and reap the business rewards of that improvement.



## STEP 3

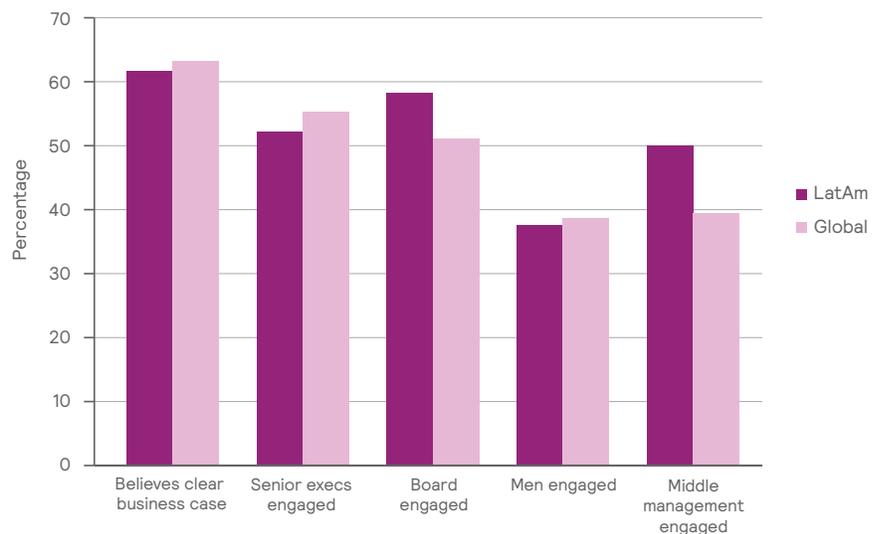


### ENGAGE STAKEHOLDERS – LEADERS, MIDDLE MANAGEMENT, MEN AND WOMEN

Despite decades of research confirming the importance of gender diversity to organizational success, many essential stakeholders remain unconvinced. Although over half of the organizations in our survey responded that gender diversity was a priority at the board member and senior executive levels, less buy-in is apparent at the middle-management level and particularly among male employees. Only 37% of organizations responded that men were engaged in diversity initiatives in Latin America – an alarming number considering that men make up over 60% of

the workforce and represent over 80% of leadership positions. In a survey by McKinsey, buy-in among executives varied greatly among Latin American countries, with particularly discouraging feedback from Argentina. Only 24% of Argentine executives believed that gender diverse leadership teams yielded better financial returns, compared to a regional average of 60%.<sup>64</sup> Those companies that neglect to engage employees at all levels of the organization around gender diversity stand to lose a lot in a globalized economy that values difference.

STAKEHOLDER ENGAGEMENT IN DIVERSITY INITIATIVES: LATAM COMPARED TO GLOBAL RESPONSES



<sup>64</sup> McKinsey Global Institute. *Women Matter: A Latin America Perspective*, 2013, pp. 18.



## INVISIBLE BARRIERS

One important component of an engagement strategy is an honest dialogue around the invisible barriers that still exist for women, many of which women remain unaware of themselves.<sup>65</sup> A survey of Latin American female executives showed that most acknowledged barriers to career success for other women but denied such barriers in their personal experiences; the narrative of their success was always bolstered by individual ambition and hard work.<sup>66</sup> This is in line with research by social psychologist Faye Crosby that found most women do not believe they have been victims of gender bias, denying it “even when it is objectively true and they see that women in general experience it.”<sup>67</sup>

Effecting real change requires broad buy-in to the importance of gender diversity — starting with the board, CEO and leadership team and moving down through the organization. Our research shows that the active involvement of the board, senior executives, middle managers and men in diversity and inclusion (D&I) initiatives is a critical success factor when it comes to ensuring that women thrive in the organization. Public commitments and regular

communication from leadership focused on D&I as a driver of business performance set the tone for the entire organization. By creating the agenda and providing strategic visioning for an organization, leaders are responsible for signaling to their employees what matters. If gender equity is a priority for the executive team, it is much more likely to be a priority for managers farther down the pipeline. Sharing organizational data and findings from ILM

mapping and analysis helps employees at all levels — both women and men — understand the opportunities and challenges that exist within their organization and/or business unit. Rather than discussing gender biases as ambiguous problems existing in hypothetical realms, sharing real data points with employees brings the problem (and solutions) closer to home.

“Diversity is about attracting and appreciating the broad experience and unique perspectives of individuals. Inclusion is how we translate diversity to the benefit of our organization.”

Dan O’Day, CEO, Roche Pharmaceuticals

<sup>65</sup> Ibarra et al. “Women Rising: The Unseen Barriers,” *Harvard Business Review*, 2013, pp. 60–66.

<sup>66</sup> Cárdenas et al. “Latin American Female Business Executives: An Interesting Surprise,” *Gender in Management: An International Journal*, Volume 29, No. 1 (2014), pp. 2–24.

<sup>67</sup> Ibarra et al. “Women Rising: The Unseen Barriers,” *Harvard Business Review*, 2013, pp. 60–66.



## STEP 4



### TAKE ACTION

#### A CHECKLIST OF RECOMMENDED ACTIONS

- REVIEW ORGANIZATIONAL PROCESSES FOR BIAS**
  - Create objective processes for hiring and promotions
  - Minimize subjectivity in choosing leaders
  - Apply a “gender lens” to talent management and pay practices and processes
- OFFER AND ACTIVELY MANAGE LEAVE, CARE AND FLEXIBLE WORK PROGRAMS**
  - Increase the availability of actively managed leave and flexible work programs
  - Ensure leave options are taken up equally by men and women
  - Support access to affordable childcare
- FOCUS ON CAREERS**
  - Give women access to critical roles
  - Foster the sponsorship of women
- PROVIDE HOLISTIC HEALTH AND FINANCIAL WELLNESS STRATEGIES THAT ADDRESS WOMEN’S NEEDS**
  - Tailor financial education and programs to women’s needs
  - Support women’s unique health needs

Much of the gender equity work to be done at the organizational level revolves around policies, practices and programs that require reassessment with a gender lens — and managers play a critical role. Based on the outcomes of ILM mapping and analysis, organizations can identify specific actions to accelerate progress on their gender diversity objectives. From developing and improving the utilization of parental leave policies to actively sponsoring high-potential women, there are a host of actionable changes that organizations can make if they truly want to create a more diverse and inclusive workforce.

# TAKE ACTION

## REVIEW ORGANIZATIONAL PROCESSES FOR BIAS

### CREATE OBJECTIVE HIRING AND PROMOTIONS PROCESSES

Minimizing gender bias at key decision points, such as hiring and promotion, requires establishing objective and quantifiable decision criteria and transparent decision-making processes. Organizations must actively communicate and reinforce the priority of attracting and considering diverse candidate slates. Hiring and promotion criteria should be rewritten using clearly defined measures that reflect the actual skills required for a position rather than ideal skills often aligned with typically masculine competencies. Deploying new technologies, including blind resume reviews, cognitive behavioral assessments and just-in-time training for recruiters, also can help eliminate potential biases.

Getting rid of bias is also a matter of changing the conversations that managers have with new-hire candidates or those up for promotion. While a woman's personal life is almost

always discussed in hiring and promotion talks, the same is not true for men.<sup>68</sup> Managers should address work/life balance with all employees, regardless of characteristics such as gender or marital status.

### MINIMIZE SUBJECTIVITY IN CHOOSING LEADERS

When it comes to identifying leaders, managers too often choose candidates who "are likeable, attractive, nearby, and often similar to themselves."<sup>69</sup> Taking out the bias in selecting leaders requires that an organization clearly outlines what skills are necessary and what leadership potential means, using data points across time to measure those skills. One MIT study found that leaders typically evince four core capabilities: They're emotionally intelligent, motivated, adept at navigating change and smart.<sup>70</sup> Online assessments measuring those core traits can be scaled at low cost, helping remove a good amount of the subjectivity that goes into selecting leaders, if consistently applied.

### APPLY A "GENDER LENS" TO TALENT MANAGEMENT AND PAY PRACTICES AND PROCESSES

In addition to hiring and promotion processes, organizations must regularly review their talent management and pay processes to reduce and eliminate barriers. For example, our research showed that organizations with a robust pay equity process and a dedicated pay equity team have greater female representation. Yet among Latin American organizations, we found that only 27% review performance ratings by gender and less than half (49%) make pay equity adjustments as part of their annual compensation review process. Our work with clients has also shown that outcomes for women are generally not as positive as outcomes for men in areas where there is discretion, as it presents the opportunity for disparities to arise. We therefore recommend that organizations apply a proactive "gender lens" to all hiring, pay, promotion and performance management processes.

<sup>68</sup> McKinsey Global Institute. *Women Matter: A Latin America Perspective*, 2013, p. 13.

<sup>69</sup> Philpot S and Monahan K. "A Data-Driven Approach to Identifying Future Leaders," *MIT Sloan Management Review*, Volume 58 No. 4, 2017, pp. 18-22.

<sup>70</sup> *Ibid.*

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## UNCONSCIOUS BIAS

Unconscious bias, also known as implicit bias, refers to “the attitudes or stereotypes that affect our understanding, actions, and decisions in an unconscious manner. These biases, which encompass both favorable and unfavorable assessments, are activated involuntarily and without an individual’s awareness or intentional control.”<sup>71</sup> Beyond reviewing organizational processes for bias, employers can train employees on how to reduce their own personal biases in decision-making. To be effective, unconscious bias training must be specific and relevant to key decision points, such as hiring, promotion, performance management and pay decisions. Perhaps more important, it must be provided at relevant junctures just before decision points occur. The goal is not to get rid of employees’ biases but to make individuals cognizant of their potentially detrimental effects and to teach people applicable skills to minimize the impact of those biases.

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<sup>71</sup> The Ohio State University, Kirwan Institute for the Study of Race and Ethnicity. “Understanding Implicit Bias,” available at <http://kirwaninstitute.osu.edu/research/understanding-implicit-bias>, accessed July 5, 2017.



# TAKE ACTION

## OFFER AND ACTIVELY MANAGE LEAVE, CARE AND FLEXIBLE WORK PROGRAMS

### INCREASE THE AVAILABILITY OF ACTIVELY MANAGED LEAVE AND FLEXIBLE WORK PROGRAMS

Flexible work programs, including part-time, flex-time and remote working, are the future of work. They allow employees greater autonomy in determining when and where they do their work, enabling them to optimize work/life balance while maintaining productivity. Actively managed care and leave policies are also important in helping to shift the burden of balancing work and life so it falls more equitably on men and women. Yet our survey results for Latin American organizations show that most remain below the global average when it comes to offering flexible work options and managing employees through leaves and beyond (See “Health Benefits and Talent Management Programs” on the next page). For instance, although 60% of global organizations offer part-time schedules, only 31% of Latin American organizations do. And only 14% of Latin American organizations offer formal return-to-work programs, lower than the global average of 22%.

### ENSURE LEAVE OPTIONS ARE TAKEN UP EQUALLY BY MEN AND WOMEN

Even more essential than offering adequate care and leave policies, however, is ensuring their real-life uptake among employees. Organizations must change the culture around care and leave — from encouraging new fathers to take off the maximum allotted time for paternity leave (research shows that when men utilize parental or paternity leave, their wives are more likely to return to work full-time) to coaching managers in regular communication with new parents, thereby smoothing the transition back to work and keeping longer-term career goals in mind.<sup>72</sup>

One bright spot in Latin America seems to be that men who are offered paternity leave actually take it. Our survey found that 44% of organizations in the region offer paternity leave, compared to a global average of 56%. According to Mercer’s *Global Parental Leave* report, for those companies that do offer paternity leave, over 90% of

eligible employees in Colombia, Chile, Brazil and Argentina use their leave.<sup>73</sup> The rates of paternity leave take-up in highly developed countries pale in comparison: 76% in Australia and the UK, 64% in Japan, 55% in Germany, 46% in the US and 41% in Canada.<sup>74</sup>

### SUPPORT ACCESS TO AFFORDABLE CHILDCARE

Access to affordable childcare remains a major barrier to career success for women, and an area where employers can creatively step in. Our survey shows that 29% of organizations in Latin America provide company-sponsored access to childcare, nearly the same proportion as global organizations. Organizations that embrace gender diversity can do more to ease the burden of child and elder care if they want to attract and retain top female talent.

<sup>72</sup> Rau H, Williams JC. “A Winning Parental Leave Policy,” available at <https://hbr.org/2017/07/a-winning-parental-leave-policy-can-be-surprisingly-simple>, accessed July 29, 2017.

<sup>73</sup> Mercer. *Global Parental Leave: A By-Country Study on Maternity, Paternity, Adoption, and Other Family Leave*, 2016.

<sup>74</sup> *Ibid.*

### HEALTH BENEFITS AND TALENT MANAGEMENT PROGRAMS

Select all the policies and programs that your organization offers, above and beyond any government-provided or mandated levels.

Legend for interpreting the "Difference" column:

- If LatAm response is more than 10 percentage points above the overall global survey average
- If LatAm response is within 10 percentage points of the overall global survey average
- If LatAm response is more than -10 percentage points below the overall global survey average

|  | LatAm                         | Sample Size                  | Global                        | Difference                                    |
|--|-------------------------------|------------------------------|-------------------------------|---|
|  | Average of responses in LatAm | Number of responses in LatAm | Global survey average (n=798) | Difference between LatAm and Global responses |
| <b>Percentage of respondents offering each program:</b>              |                               |                              |                               |   |
| Part-time schedules  | 31%                           | (n=202)                      | 60%                           | -0.29 ●                                       |
| Compressed work weeks  | 21%                           | (n=202)                      | 34%                           | -0.13 ●                                       |
| Other flexible work arrangements (e.g., work from home, job sharing) | 56%                           | (n=202)                      | 69%                           | -0.13 ●                                       |
| Maternity leave  | 57%                           | (n=202)                      | 68%                           | -0.11 ●                                       |
| Paternity leave  | 44%                           | (n=202)                      | 56%                           | -0.12 ●                                       |
| Family or parental/caregiver leave                                   | 20%                           | (n=202)                      | 40%                           | -0.20 ●                                       |
| Company-sponsored access to child care                               | 29%                           | (n=202)                      | 28%                           | 0.01 ●  |
| Company-sponsored access to elder care                               | 2%                            | (n=202)                      | 8%                            | -0.06 ●                                       |
| Secure transportation/commuter options (e.g., transit to/from work)  | 42%                           | (n=202)                      | 31%                           | 0.11 ●  |
| Formal mentorship programs   | 31%                           | (n=202)                      | 43%                           | -0.12 ●                                       |
| Formal executive sponsorship programs                                | 21%                           | (n=202)                      | 26%                           | -0.05 ●                                       |
| Formal mobility or rotational programs                               | 36%                           | (n=202)                      | 37%                           | -0.01 ●                                       |
| Formal high potential acceleration programs                          | 46%                           | (n=202)                      | 46%                           | 0.00 ●  |
| Formal return-to-work programs                                       | 14%                           | (n=202)                      | 22%                           | -0.08 ●                                       |
| Gender diversity and inclusion business/employee resource groups     | 32%                           | (n=202)                      | 40%                           | -0.08 ●                                       |



## TAKE ACTION FOCUS ON CAREERS

Although many organizations have focused on buying female talent at the top, a focus on careers across the entire talent pipeline is critical to achieving sustainable gender equity. Organizations need to actively promote opportunities for women’s career growth, identifying chokepoints in their career trajectories and making a conscious effort to propel high-performing women forward.

### GIVE WOMEN ACCESS TO CRITICAL ROLES

In our analytics work with clients, we frequently uncover critical roles that are key feeder roles into management and leadership positions — and we often find glaring differences in the number of men and women moving into these roles. Critical roles are those positions in an organization that provide contact with a variety of stakeholders engaged in different activities. Employees in these positions benefit from a breadth of exposure within the firm, gaining useful insights that they can leverage as they move up the career ladder and into upper management.<sup>75</sup> For example, our research shows that managing profit and loss (P&L) is critical to women’s upward mobility. Yet less than half (45%) of Latin American organizations participating in our research agree there is equal representation of women and

men in roles with profit and loss responsibility.

Although there are relatively few critical roles in any given organization, they are extremely relevant to gender equity efforts because they are (1) more likely to lead to promotion, (2) provide opportunities to be promoted into a variety of roles and/or (3) provide broad visibility into other business functions. It is imperative for companies to identify which roles often lead to advancement, understand their criteria for promotion and clearly define the career pathways and developmental experiences that will prepare women for these positions.

### FOSTER THE SPONSORSHIP OF WOMEN

Another area where organizations can focus their efforts is sponsorship for women, a powerful career

development tool that goes beyond mere mentorship.

While mentoring usually entails lending advice or acting as a sounding board, a sponsor is someone adequately positioned at the decision-making table to advocate for and promote an individual’s career ascension. Sponsorship implies that someone will endorse another person, with significant risk if that person does not succeed. Organizations can actively encourage sponsorship for high-performing female employees to help them gain visibility, get consideration for opportunities they might not otherwise be exposed to and ultimately overcome barriers as they move up the career ladder.<sup>76</sup>

<sup>75</sup> Nalbantian H, Richard Guzzo. “Making Mobility Matter,” *Harvard Business Review*, March 2009.

<sup>76</sup> Catalyst. *Sponsoring Women to Success*, 2011.

# TAKE ACTION

## PROVIDE HOLISTIC HEALTH AND FINANCIAL WELLNESS STRATEGIES THAT ADDRESS WOMEN'S NEEDS

Differentiated health and financial wellness offerings along gender lines are critical to ensuring that women have tailored support when it comes to making important decisions, such as saving for retirement or improving their physical and emotional health.

### TAILOR FINANCIAL EDUCATION AND PROGRAMS TO WOMEN'S NEEDS

Since women in Latin America live on average six-and-a-half years longer than men and spend significantly more years out of the workforce, their savings patterns should be different than men's.<sup>77</sup> Yet only 7% of organizations in Latin America offer retirement or savings training programs customized to different gender behaviors. Organizations looking to improve the financial wellness of their female employees can start by understanding the unique financial issues facing women in their workforce, as well as analyzing participation,

savings rates and investments in their employee savings plans by gender and other workforce segments. By doing so, employers can examine how financial needs, behaviors and engagement differ not only by gender but by other factors, such as family structure, geographic location and generation.

### SUPPORT WOMEN'S UNIQUE HEALTH NEEDS

Our research found that female representation increases when organizations understand and support women's health needs. Women have a unique relationship with healthcare (as patients, caretakers and

decision-makers), and 52% of Latin American firms agree that supporting this unique relationship is vital to attracting and retaining female talent. Despite such acknowledgement, most organizations (67%) do not conduct analyses to identify gender-specific health needs. By examining rates of utilization, perceptions and understandings around health benefits, as well as the prevalence of specific health conditions by gender, organizations can recommend targeted areas for health education and better invest resources to improve the well-being of their workforces.

<sup>77</sup> CEPAL. Data available at [http://estadisticas.cepal.org/cepalstat/WEB\\_CEPALSTAT/Portada.asp](http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/Portada.asp), accessed July 15, 2017.

## STEP 5



### MEASURE AND REFINE

Fostering improvements in gender diversity is not a one-time effort. Organizations should revisit the steps outlined above to ensure that the advocates, culture, accountability and infrastructure are in place to persevere and strengthen an inclusive workforce. This requires intermittent review of processes, practices and programs to make sure that they stay relevant and continue to effectively mitigate gender bias. Conducting regular diagnostics of the state of women in the organization is critical to determining whether changes made are effective. Strategies must always be rooted in evidence-based evaluation and interventions tailored to an ever-evolving workforce. Continuous communication and stakeholder engagement are critical to success.



## SECTION 7

# CONCLUSION: IS YOUR ORGANIZATION READY TO HELP WOMEN THRIVE?

Latin American organizations have much to gain by accelerating progress toward gender diversity. A diverse workforce is critical in today's rapidly changing, globalized economy, enabling organizations to create products and services that reflect their customers' needs, fill talent gaps, ensure sustainable growth and increase profit margins through improved collaboration and innovation. Those looking to gain this competitive edge must work to strengthen the entire pipeline of female talent — removing biases from hiring and promotion practices and taking a holistic approach to improve female representation at all levels.



# MERCER CAN HELP

Contact us at [wwt@mercer.com](mailto:wwt@mercer.com) to discuss your specific needs and learn about how we can help you support the health, wealth and careers of your diverse workforce.

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