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Focus on the Overlooked Feminine Engine of Growth



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The evidence is overwhelming: Accelerating the gender equality in employment has massive upside for economic development. The WEF/IMF reports estimate a rise of 9% in GDP for US and Japan, 13% for Euro zone and a sizeable 27% for India. Countries like India are impacted even worse of gender inequality: Reports indicate yearly loss of \$47 billion for the region because of women's limited access to jobs. At a macro level, this portends global competitiveness.

The competitive disadvantage extends to corporate level when the gender gap is poorly managed, or when talented women are not promoted to leadership positions. In nearly 100 countries, equal number of women and men graduate, and enter entry-level jobs in similar ratio. As each cohort moves up the ladder, the female contingent thins and becomes scarce at the C-suite. This loss of human capital impacts business performance drastically.

Companies with top quartile representation of women in C-suite massively outperform male-only leadership companies. Indeed, research firm MSCI found that companies in their Index with strong female leadership generated a RoE (return on equity) of 10.1% a year, against 7.4% for those without. Investor coalitions and activists are starting to push companies to include more women on boards, refusing to invest in firms that fail to proactively increase their representation.

Myriad studies globally endeavoured to interpret why there are so few women at the top. Some blame women's personal choices, citing their desire to take time out to raise families. Others cite women to be less ambitious. Many are also not given the

opportunities for line management jobs that are critical for a senior role; they get concentrated in HR, IR, legal, investor relations and such jobs. All that may have some substance but cannot explain why half the population fails to progress through the ranks even as their entering numbers are roughly equal.

What advice, then, would we give for the decision-makers of India Inc to nurture women leaders? Thankfully, there are some very specific and concrete actions that can be taken.

Adopt the 'Rooney Rule'. Dan Rooney, ex-owner of Pittsburgh Steelers, mooted the rule adapted by US National Football League. It required at least one member of a minority group be interviewed for most senior job openings. India Inc may ensure that at least one woman be interviewed for all board and executive positions.

Mirror client demographics. As organisations get more diverse, it is a mistake not to have enough women representation in client-facing teams like sales or service.

Companies should try to mirror the same composition as client teams. Likewise, organisations selling products/services (household, healthcare, etc) to women should have women R&D teams whose experiences would be most market impactful. This should be reflected in board KPIs.

Adopt "blind" screening. By removing gender-identifying information from resumes and other screening documentation, it is more likely that candidates will be judged on merit. Symphony orchestras, after introducing "blind" auditions, in which artists played behind a curtain in a carpeted room, found dramatic increase in number of women landing up roles. More recently, women software coders were judged to be of higher quality – but only if evaluators did not know their gender.

Empower men to take part. Instead of doing diversity training, give powerful men a role in identifying and sponsoring high-potential women, measure their progress and reward them for helping to achieve corporate targets.

Implement rules of engagement. Women suffer from "double bind". A recent study of performance reviews found that the word "abrasive" was used in a good quarter of reviews of senior women who were aggressive. Astonishingly, it was never once used for men in same positions. At the other extreme, women who are too friendly get dismissed as lightweights. Two common complaints among women are that they are interrupted before having the opportunity to make a point, or that a man appropriates their idea as his own and gets the credit for it. Organisations should strive to remove such barriers.

Stop asking about previous salaries. As recent upheavals at organisations like the BBC have shown, basing current compensation on previous salaries almost certainly guarantees a gender pay gap. Instead, create a package reflective of the job requirements, not the previous compensation.

Expecting women to behave like men is not the right KPI. Companies have the power to groom women leaders, and now is the time to have the courage to exert it.

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