

Chapter One

WOMENOMICS

“Forget China, India and the internet: economic growth is driven by women”

The Economist

The 20th century saw the rise of women. The 21st century will witness the economic, political and social consequences. Few developments have had such far-reaching effects on the lives of every man, woman and child today than the rapid change in the status and role of women. Over the past 30 years, and for the first time in history, women have been working alongside men in the same jobs and the same companies, with the same levels of education, the same qualifications, and comparable ambitions. Today, they represent most of the talent pool and much of the market. They have unprecedented economic influence. In America, for example, women make 80% of consumer purchasing decisions.

Women's mass arrival into the world of work in the 20th century is emerging as an economic revolution with enormous consequences. In developed countries, women are

becoming central to labour market solutions to the combined challenges of an ageing workforce, falling birth rates and skill shortages. In the developing world, women's economic participation is increasingly seen as the key to lasting, long-term development.

We embarked on the first edition of this book in very different economic circumstances from today. The exuberance and confidence of the bubble years have been smashed by a financial crisis the likes of which the world has not seen for 80 years. A recovery will follow, but the outlook remains deeply uncertain and the economic damage is likely to cause prolonged suffering for many.

From the perspective of this man-made global recession, our updated paperback edition is more relevant than ever. The crisis has led to a re-evaluation of the leadership, rules and regulations governing so many of our institutions, in particular those upon which the world relies for financial stability and security. It has cast a painful light on the male domination of the corporate sector in general, and the banking sector in particular. It has revealed much that was rotten in the system, and demonstrated that "business as usual" has changed forever.

The need for countries and companies to make best use of women's potential in addressing the challenges of the 21st century is even more urgent today. It is only through the

leadership of women *and* men, working as partners, that we can build a saner, safer and more sustainable model of capitalism.

International attention to the economic importance of women has been rising sharply in the past few years. The position of women is now recognised as a measure of health, maturity and economic viability. The World Economic Forum, organiser of the influential Davos conference, publishes an annual Global Gender Gap Report, ranking countries according to women's access to education and healthcare, and their participation in the economy and the political process.

The Organisation for Economic Cooperation and Development (OECD) has declared that “gender equality strengthens long-term economic development”. In 2007, it set up a gender website to focus on “the implications of [gender] inequalities for economic development and what can be done to develop policies for parity”. In a similar vein, the World Bank launched a Gender Action Plan in 2007.

Goldman Sachs, the leading investment bank, is one of those using the term “womenomics” to express the force that women represent as guarantors of growth. It points to the huge implications that closing the gap between male and female employment rates could have for the global economy, giving a powerful boost to GDP in Europe, the US and Japan.

Reducing gender inequality could play a key role in addressing the twin problems of population ageing and pension sustainability. Crucially, Goldman notes, female employment and fertility *both* tend to be higher in countries where it is relatively easy for women to work *and* have children (Daly, 2007).

Not surprisingly, governments are looking anxiously for solutions to the persistent undervaluing of women's skills. Vladimír Špidla, the European Commissioner for Employment, Social Affairs and Equal Opportunities, says the economic crisis has made it even more vital to close the gender pay gap and redress the serious under-representation of women in economic decision-making and European politics. "In today's economic climate, equality between women and men is more important than ever," he says. "Only by reaping the potential of all our talents can we face up to the crisis." (New Europe, 2009)

Women have filled 6 million of the 8 million jobs created in the European Union since 2000, and 59% of university graduates are female. "Women are driving job growth in Europe and helping us reach our economic targets," Špidla says. "But they still face too many barriers to realising their full potential."

Angela Merkel, the German chancellor, has also pointed to women's low representation in top jobs, arguing that this

must be corrected to help Europe become the world's most dynamic economy. In the UK, a government-appointed commission on women and work has reported that the country could gain £23bn – or 2% of gross domestic product (GDP) – by better harnessing women's skills. (Women and Work Commission, 2006).

The economic downturn is changing the composition of the workforce in some countries, perhaps speeding processes that were already underway. The New York Times reported that women were likely to become a majority of the US workforce for the first time in 2009 because about 80% of the layoffs to date had fallen on men, notably in manufacturing and construction. (Rampell, 2009). Similarly, the destruction of blue-collar jobs in Australia meant that, in the first quarter of 2009, there were more women in full- and part-time jobs than men in full-time jobs (Megalogenis, 2009).

Women's employment is more concentrated in areas like education and health care, which are less vulnerable to economic ups and downs. However, these are traditionally lower paid professions, and women generally are far more likely than men to work part-time. Many families are now relying on one income instead of two, and a lower one at that. Over the longer term, this may change as

more men enter these female-dominated professions in search of stable employment, putting upward pressure on wages.

Why Women Mean Business takes these powerful economic arguments to the heart of the corporate world. We analyse the opportunities open to companies which really understand what motivates women in the workplace and the marketplace. We explain the impact of national cultures on women's participation in the labour force. We show how corporate policies that make women welcome will help business respond to the challenge of an ageing workforce and the demands of the next generation of knowledge workers. We examine why many of the current approaches to gender have not worked and why we need a new perspective: one that sees women not as a problem but as a solution – and that treats them not as a mythical minority but as full partners in leadership. With the new perspective, we offer companies and managers a step-by-step guide on how to integrate women successfully into their recovery and growth strategies.

Gender is a business issue, not a “women's issue”. The under-use of women's talent has an impact on the bottom line. Taking action to address this will require sustained courage and conviction from today's corporate leadership. This is an opportunity that must be seized. It is time for CEOs to get serious about sex.

The strategic side of the gender divide

Like countries, companies have forceful demographic and economic motives for making gender a top priority. The **first motive** is their need for skilled and talented people.

Even in recession, business knows that the best talent is scarce and is worried about how to find more of it or to hold onto what it has. Employers are still reporting shortages of key skills, and they know demand for such skills will increase over the longer term. They could start by doing far more to optimise an important part of the talent they already have – the female part.

Girls are now outperforming boys in many subjects and at almost every level of education. Women already account for a majority of university graduates in Europe, the US, and other OECD countries. This majority across the developed world is projected to rise from 57% in 2005 to 63% in 2025, according to the OECD. The OECD average figure hides wide variations, and women are expected to account for more than 70% of graduates by 2020 in seven countries: Sweden, Iceland, New Zealand, Hungary, the UK, Italy and the Netherlands (OECD, Higher Education to 2030). (Vincent-Lancrin, 2008).

Against the background of these profound shifts in the composition of the talent pool, we have seen two very different

reactions from business to the topic of gender during the economic crisis. On the one side are companies that are using this turbulent time to think ahead and innovate in preparation for the post-recovery world in which they expect to have a competitive advantage. Most of these companies have already made enough progress to recognise the benefits of greater gender balance. They have discovered that women can be active agents of change and bring something qualitatively different to the table, along with improved performance to the bottom line. These companies have been using the difficult economic context to promote and position women to lead change. There may be unprecedented opportunities here for women to make their voices heard, amid increased tolerance for new ideas and contrarian views. We offer some examples of such companies later in this chapter.

On the other side are companies that have reacted defensively to the crisis, focusing on cutting costs and reducing “headcount” as much as possible. There is a retreat to approaches that have worked in the past, and a tendency to “hunker down”, protect trusted employees and hope the storms abate. This strategy has a high cost for women, as well as for a lot of men, as they tend not to be part of the establishment team and are treated as “nice to have” but not essential. Tolerance for new ideas, for difference of any kind, and for innovative proposals is not high.

Many companies have a long way to go in recognising women's potential. Some have not even counted how many women they have. Others have made great strides in increasing their recruitment of women, but have not adapted their internal systems and cultures to ensure that these recruits make the most of their abilities over the course of their careers.

The low representation of women in senior leadership is a scandalous missed opportunity. It could weigh heavily on companies as they seek to survive the crisis and to thrive again. A recent report by DDI, the international talent management consultancy, found that women in companies around the world continue to be held back by hidden obstacles on the route to promotion. "Particularly in today's sagging global economy, helping women move up the organization ladder could well be one of the best survival strategies that an organization could undertake," say authors Ann Howard and Richard S. Wellins. "Isn't it time organizations stopped blocking the development and progress of the kind of talent that could fortify the executive suite?" (Development Dimensions International, Inc, 2009)

The **second motive** for business to make gender a top priority is the importance of getting the right leadership team. Companies operating in a multicultural, heterogeneous and unpredictable world are beginning to acknowledge that

changes in the make-up of their top teams may be a good idea. Executive committees and corporate boards composed of white men between the ages of 50 and 65 – often of the same nationality, sometimes with the same educational background – may not be best equipped to deal with so much cultural diversity and complexity. Can they really be promoting the best talent, if 80% or more of those they are promoting to the top are men?

Progressive business leaders have begun to speak out about why it is vital to redress the gender imbalance now. In an



unprecedented open letter at the height of the financial and economic crisis, 17 chairmen and chief executives of well-known companies, including Anglo American, BP, Cadbury and Tesco, called for more women to be appointed to senior positions. They said that extraordinary times required innovative solutions and that it was more necessary than ever to deploy the best talent. “Business leaders have spoken out on the need for action on climate change and poverty,” they wrote to *The Daily Telegraph*. “It is time to do the same on gender.” (*The Daily Telegraph*, 2008)

The meltdown in the financial sector triggered much media speculation about whether things would have been better if there had been women in charge. Rarely has women’s invisibility at the top been so apparent. Remember the line-up of male leaders of Wall Street’s toppled giants, and the suited bank chiefs called to account for their actions before Britain’s fearsome House of Commons Treasury Committee? “This mess was made by men,” ran the headline in Britain’s *Observer* newspaper. “Now let the women have their say.” *The Washington Post* headlined its article: “In banking crisis, guys get the blame – more women needed in top jobs, critics say”.

In Iceland, women were indeed brought in to clear up the mess after the economy was devastated by the collapse of an unstable banking edifice built by the country’s go-getting, young, male business elite. Elín Sigfúsdóttir and Birna

Einarsdóttir were appointed chief executives of the newly nationalised Landsbanki and Glitnir banks. Within months, Iceland also had a new government led by a woman, with an equal number of men and women for the first time in the country's history.

Halla Tomasdóttir, an Icelandic fund manager who had predicted the economic disaster, was quoted by the *Daily Mail* as saying there had been an extreme imbalance in the business world. "While male values are about risk-taking, short-term gain and a focus on the individual, female values tend towards risk-awareness, the long term and team goals. What is needed for a successful future is a better balance of the two and a greater focus on long-term sustainability." (MailOnline, 2009)

We would caution against people misinterpreting "risk-aware" as "risk-averse". There is evidence, both quantitative and qualitative, that women in business are willing to take big personal risks: launching new ventures, making major career changes, or taking on difficult and high-profile assignments. At the same time, research suggests that gender balance is not only good for innovation and performance but can also have a protective effect on a company during a downturn.

One recent study, by Leeds University Business School, found that having at least one female director on the board

cut a company's chances of going into liquidation by about 20%. Having two or three female directors further reduced the risk of bankruptcy, but the advantage eased once the board reached gender parity. Nick Wilson, professor of credit management at the business school, based his findings on 17,000 UK companies that became insolvent in 2008. He suggests diversity of opinion is an advantage that women bring to the board. Other possible explanations are that they resist high debt while being better at cash-flow management, and that they are better, on average, at people management. (*The Times*, 2009)

French research links the presence of more women in management with greater share price resistance during falling markets. Professor Michel Ferrary of Ceram Business School looked at companies listed on the French CAC 40 and found that the more women there were in a company's management, the less the share price fell in 2008. The only large French company to record a share price gain during that year was Hermès, whose management is 55% women – the second largest representation among French blue chips. In general, companies with a management of at least 38% women suffered less than the CAC 40 benchmark index.

These recent studies complement and reinforce a wealth of evidence that gender balance is good for economic growth and wellbeing, as well as for the business bottom line:

- A US study of the *Fortune* 500 in 2004 found that companies with the highest proportion of women in their senior teams significantly outperformed those with the lowest proportion on both return on equity and total shareholder return (Catalyst, 2004). This correlation between greater gender mix and better performance was strongly backed up in a subsequent study of *Fortune* 500 boards of directors in 2007 (Catalyst, 2007) and by McKinsey research (McKinsey & Company, 2007) into companies in Europe, America and Asia in the same year.
- The “correlation between high-level female executives and business success has been consistent and revealing,” according to researchers at Pepperdine University in California, who studied Fortune 500 companies and the Fortune 100 Most Desirable MBA Employers, which is based on votes by women. The companies that employed a higher percentage of women executives – and also the companies which appealed to women – performed better than other companies. One possible explanation the researchers put forward is that the higher performing companies attracted the brightest executives, drawn from the best of both sexes, who are then “available to continue making smart, and profitable, decisions.” (Adler and Conlin, 2009)
- A large US study, Girl Power, found a strong link between female participation in senior management and better financial performance in companies that are good at innovation, for which collaboration and creativity may

be particularly important. The researchers, who looked at data on the largest 1,500 public US companies from 1992 to 2006, found “evidence for a female management style that enhances performance by facilitating teamwork and innovation”. Since not all companies have women in senior positions, the ability “to identify, attract, and develop female managerial talent may be a source of competitive advantage,” they say. (Dezsö and Ross, 2008).

The **third motive** for companies is that women represent more than half the marketplace. After decades in the workforce, women now pack a punch in their pocketbooks: purchasing power. As noted above, research in the US shows that women are making 80% of consumer purchasing decisions, covering everything from cars and computers to IT and insurance.

A spate of recent books on female consumers attests that selling to these “new” women is not the same as selling to men. The status and roles of women have changed dramatically in a few short decades. Keeping up with this multifaceted and heterogeneous population is no small feat. Their expectations and motivations require innovation in customer relationships.

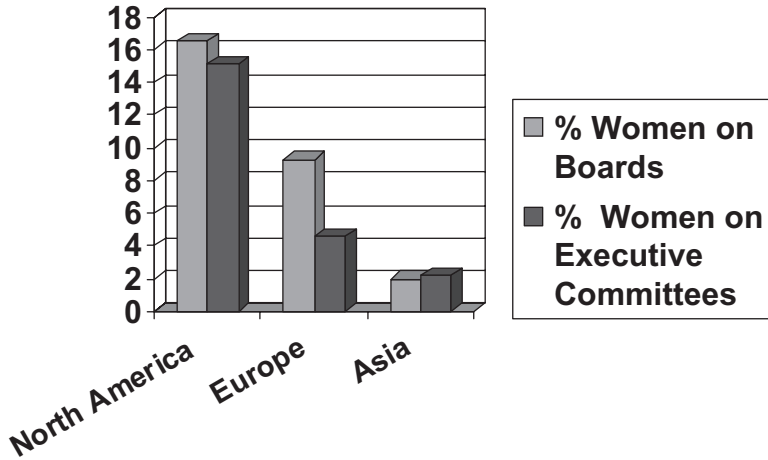
Responsive companies are adapting their consumer research and product development to take this reality into account.

An all-female team at Volvo designed a concept car based on in-depth research into women's motoring needs and desires. Dove, the Unilever personal care brand, broke new ground in depicting women of different shapes, colours and sizes in its advertising, recognising that there is no longer such a thing (if there ever was) as a single "woman's segment" of the market. The first-mover advantages of understanding women can be great. As Volvo put it: "Meeting women's expectations makes us exceed the expectations of men" (Widell Christiansen, 2004).

American Express now employs a 70% female sales force in Japan, according to Yoshimi Nakajima, Vice President, Consumer Card Marketing. "The traditional housewife controls everything here, and all the money," she says. "Men get an allowance and must ask their wife for larger items. We used to target our cards only to men, and the ads spoke to successful men. We have a new concept that targets women, that has proved very successful" (Speaking at author book presentation in Tokyo, March 2009).

The investment opportunities have been highlighted by Goldman Sachs, which created a "Women 30" basket of shares of companies benefiting from growing female consumer clout. These stocks performed better than global equities over the 10 years to 2007.

Womenomics



Women in Leadership Worldwide¹

Valuing difference: becoming “gender-bilingual”

“Women bring something different to business, and you need to leverage both genders. It’s a substantive business issue. It is not about being kind to women. It is about ensuring the success of our business in the future.”

Piyush Gupta, CEO, South East Asia Pacific, Citibank

Women have moved from a role centred on home and hearth to being joint, and sometimes principal, breadwinners in a

¹Source: The presence of women in executive committees and on boards of directors in the world’s top 300 companies, Ricol, Lasteyrie & Associés, 2006

remarkably short time. Companies and their managers – and the business schools that train them – have struggled to keep pace with these changes and are now trying to catch up.

As progressive leaders are recognising, the corporate systems and cultures developed over more than two centuries of industrialisation and post-industrialisation are no longer suited to today's workforce or tomorrow's challenges. Companies were largely designed by men with spouses who took care of life. As a result, they perpetuate the attitudes, career cycles and motivations that characterised half the population, half a century ago.

Many employers have long believed that the best way to integrate women is to treat everyone in the same way. This approach was reinforced over decades by equal opportunities legislation, and by women themselves demanding equal treatment. The only problem was that in pursuing fairness and equality, companies resolutely ignored differences between women and the male employees on whom they had previously relied. They dealt with the arrival of women en masse by requiring them to fit in – and to adapt to male career models and leadership styles.

Corporate cultures were not deliberately designed to exclude women from power. They were simply left largely untouched as crowds of women swept through the door. Now, women

have moved from marginal to mainstream. Companies are learning that they need to change how they market to women. They also need to change how they manage them.

Employers who want to capitalise on their investment in women will seek to create cultures that value and appreciate gender differences. This will give women permission to achieve power on their own terms, using their own language, with their own style.

Businesses have invested vast sums in learning the languages and cultures of emerging powerhouses such as Brazil, Russia, India and China. Now it is time to invest in learning the language and culture of a large section of their own employees – women. Companies and managers, both men and women, will reap the benefits of “womenomics” by learning to become “gender-bilingual”. Understanding gender differences will enable them to manage mixed teams more effectively and to respond more relevantly to a growing share of their customer base.

Corporate initiatives on gender usually start by focusing on women as employees, rather than women as customers. These “diversity” initiatives can actually reinforce stereotypes by over-emphasising parenting and work-life balance issues and framing them primarily as a “women’s problem” that has to be managed.

Aimed at creating more gender-balanced management and leadership teams, these approaches are based on the presumption that women are the ones who need helping, in order to be more competent at (male) corporate norms of behaviour. They launch women's events and networks, and provide women with training, coaching and a variety of other support mechanisms.

These measures can be a helpful *start* in empowering women. Many still struggle with issues common to the out-of-power: lack of confidence, stereotyping, exclusion from informal networks. The companies that provide the services and products they buy are mostly run by men. Women don't yet know what it is like to have their needs fully understood and catered to. There is an immense "blue ocean" (Chan Kim and Mauborgne, 2005) of opportunity in tapping into what are still only latent, unexpressed and probably unrecognised desires.

Yet companies that limit their gender initiatives to networking or development programmes for women miss the bigger picture. This kind of "fix-the-women" approach focuses its efforts on the wrong segment of the population. Women don't need "fixing". Most of the attention and money given to this would be better spent on fixing the systemic issue of outmoded corporate attitudes and processes.

When women hear this, the effect is hugely liberating. Paula Holt is one of hundreds of women who have responded

enthusiastically to this book. “As someone who spent years being told to work on ‘impact’, it was fantastic to read that the way forward is not to ‘fix’ the women with assertiveness-training, but to fix the company by making sure it values both female and male attributes,” she says. “It was amazingly reassuring to hear that generally women are motivated by ‘making a difference’ ... and that other people find it ‘just so tiring trying to be yourself.’”

“Recently a male peer asked me: ‘Why do you persist in being different when you know it will hinder your career progression in the firm?’ I ‘persist in being different’ because I am different, because that difference is precisely where I add value, because I get more satisfaction from making a difference than I do from being rewarded for the difference I make. Obviously I would like to be rewarded too, but I couldn’t ever be happy conforming to the mould and adding no value just to be rewarded.”

One of the challenges is that gender is routinely positioned within diversity programmes. Diversity is too often about making minorities comfortable with a dominant norm. As long as women are considered one minority among many to be managed, the issue will not be resolved. Women’s growing economic importance requires turning the analysis upside down and pointing out to those currently in power what their dominance is costing business.

As a business issue, it must be addressed at the level of the board and the executive committee, not in a diversity ghetto. Senior management must make, and sell, the business case before setting targets. Like any strategic initiative, gender needs a budget, not just teams of female volunteers. It involves making changes *before* claiming the high ground, and allowing dissent to be aired openly and addressed. The challenge is to create workplaces more welcoming to both sexes – and thereby to reap the full benefits of their complementary perspectives.

Innovative approaches

A number of companies or business leaders have taken innovative measures in recent years to drive the “gender agenda”. What is common to the cases below is that they focus on gender as a business issue, and have targeted male leaders as the critical players in the push for greater gender balance. This small but seismic shift in focus is, as we wrote in the first edition of this book, the key to successful implementation of gender initiatives.

Alcoa: 80-20 recruitment rule

Rudi Huber, European President of Alcoa, the aluminium company, operates a 50-50 rule by which managers have to make sure half of their new graduate hires are women or from minority groups. When he previously ran the

company's Global Business Services division, he introduced an 80-20 rule in favour of women and minorities. Over the last five years, that division maintained an average ratio of 60% females and minorities and 40% white males at the interview stage. By the time they received a job offer or were hired, the ratio had shifted to 70% women and minorities and 30% white males. Alcoa finds it harder to attract recruits to other parts of the business such as rolling aluminium and manufacturing, where the locations are often remote and the work can be hot and dirty. However, managers still have to adhere to a 50-50 rule. From mid-management upwards, their incentive pay is partly linked to achieving these goals, in order to ensure there is no slackening-off in the efforts.

ICICI: going “gender neutral”

Kundapur Vaman Kamath, long-serving former chief executive of ICICI Bank in India, built an organisation based on equal opportunities and “gender neutrality”. Women account for just under 30% of the 35,000 employees in the group and 25% of its senior managers, healthy ratios for Asia. In May 2009, Chanda D. Kochhar, joint managing director and chief financial officer, took over as CEO, becoming the third woman to run an Indian domestic bank.

“When we recruit, we do that with true merit in mind and ... if there are any challenges, we take steps to overcome them,” says Kamath. “Around 1996–97, I remember that

Chanda Kochhar told us that she needed to take time off to look after her baby. And when she came back, she did so hitting the road running and has kept running thereafter.

“Meritocracy to me is a tool to achieve gender neutrality and equal opportunity ... otherwise you would have ended up evaluating only half the population in the company and not getting the benefit of the other half. Instead, you now have a 100% strong organisation. You then truly have a much better organisation because you have had a much wider selection process” (Interview on 20-first.com website, 2009).

Nestlé: involving men

Nestlé has taken a proactive approach to gender balance since the first edition of this book. Paul Bulcke, the new CEO, has made it a key priority for the Swiss-based global nutrition and health company. “Our future success is not secure without it,” he says (See full interview in Chapter 5).

The company has taken very different measures from many US-based multinationals. Rather than launching a “diversity” initiative, it has specifically focused on gender balance, driven from the top. Gender awareness workshops have been run for the entire top leadership team, and then for each executive board member with the people directly reporting to them.

Their input and reactions have defined the company's approach and the roll-out of the programme. The emphasis has been on involving men, who represent the majority of the company's leadership, in the process, and ensuring that they lead the change. That has avoided the backlash that is common in companies that launch "women's" initiatives. The approach has proved popular with male as well as female leaders, who have discovered a shared agreement on the strategic and business reasons for the company to prioritise the issue and have become enthusiastic champions of change.

The leadership team at headquarters in Vevey and the management committee for some key markets have participated in all-day sessions to define a global action plan. A first woman, Patraea Heynike, a 30-year company veteran, has been appointed to the executive board, joining one of the world's most culturally diverse management teams. A host of measures for leaders have been put into place at the suggestion of the senior managers directly targeted. Their involvement and commitment have created a strong and positive momentum for the change initiative.

Nissan: driving change in Japan

Nissan Motor Company is pioneering gender diversity in its sales and management teams in a country with exceptionally low numbers of women in management. Two-thirds of car purchasing decisions in Japan are made or influenced by

women, and Carlos Ghosn, CEO of Nissan and Renault, realised it made business sense to increase the low numbers of women employees.

Between 2004 and 2008, the percentage of women in the sales force rose from 4% to 6% and the percentage of women in management increased from 1.6% to 5.0%. This may seem low by American and European standards, says Miyuki Takahashi, general manager of the Diversity Development Office (DDO), but in Japan, the average proportion of women managers in manufacturing is 1.9%, and in the auto industry just 0.6%.

Toshiyuki Shiga, chief operating officer, chairs the diversity steering committee, demonstrating top-level commitment. Other members are executive vice presidents from all the functions. Diversity training is mandatory for managers and is particularly aimed at making male managers more effective in hiring and developing women.

PricewaterhouseCoopers: global agenda

Sam DiPiazza, as chief executive of PricewaterhouseCoopers, set up a global Gender Advisory Council in 2006 to address recruitment and retention of women in the firm and the shortage of women in its leadership ranks. Although women make up half its recruits, only 15% of its partners are female, and he was determined more should be done.

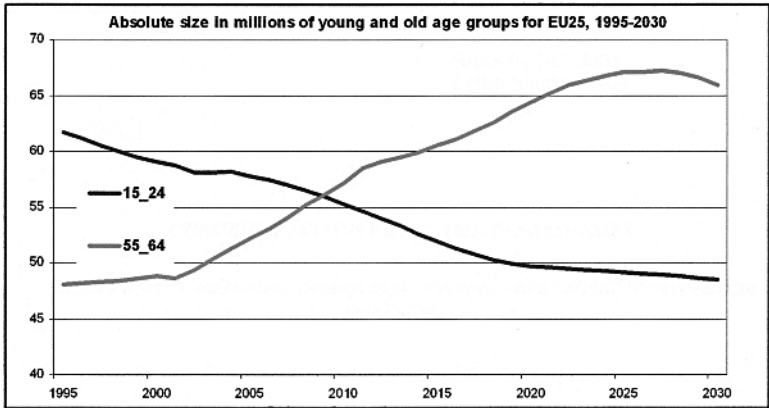
The Council, which won the first Opportunity Now global award in the UK in 2009 for its innovative work, brings together the CEO and 14 senior male and female leaders from strategically significant countries, including Australia, China, France, India, South Africa and the US. This has helped successful initiatives in one country to be shared and replicated in others (Opportunity Now Awards, 2009).

The Council's work, under programme office leader Cleo Thompson, began by gathering data on the status of women in PwC in 24 countries. It produced country-specific recommendations about the use of targets, and how to manage culture change and sustain progress. DiPiazza frequently talked about the issue of gender, both in internal and external communications. Things are changing. The firm now has two women on its global leadership team, and the share of women in the 2008 promotions to partnership was 29%.

Declining demographics is not destiny

If countries and companies are to achieve a breakthrough in gender-balanced leadership, private sector initiatives must be supported by public policy, as we explain in Chapter 6. The increased attention being paid to the role women play in boosting economic growth comes against a background of falling birth rates and ageing populations in much of the developed world.

Why Women Mean Business



Size of youngest and oldest working age groups²

The OECD has warned that “the decline in birth rates that has characterised the past few decades is unlikely to be reversed in the near future.” Adding to the concern, an article in the *International Herald Tribune* said: “There is significant risk that if Europe cannot figure out how to get its citizens to reproduce, the EU will be unable to evolve into a unified economic community, and will instead end up fighting for people.” (Rosenthal, 2006). The media have been mesmerised by the birth rate figures, predicting that if the trend continues, entire countries may see their populations halve by 2050.

Yet declining birth rates do not have to be our demographic destiny. As the *Financial Times*'s US managing editor,

²Source: Eurostat; 2004 onwards: 2004 Demographic Projections

Chrystia Freeland, pointed out, some of the developed countries with the highest birth rates, such as the US and Sweden, have far higher levels of women in paid employment than those such as Japan and Italy, where birth rates are lower, too (Freeland, 2006). The OECD, *The Economist*, and Goldman Sachs have also pointed out the correlation between women working and bearing children.

Countries, like companies, can address the demographic and talent crises by adapting to the changing realities of women's and men's lives. Governments can update logistical systems based on the 20th-century notion of full-time mothers at home. The few countries which created societies based on the concept that both parents work – notably the former communist states of eastern Europe – actually went backwards on gender balance on their journey to “freedom”. For women in these countries, discovering what really happens on the other side of the Wall has been a bittersweet journey characterised by a dramatic drop in birth rates.

Policies and programmes need to respond better to women and their modern motivations. Recognising that today most children have two working parents, rather than just the mother implicit in much policy-making, is an important first step. The assumption that families are not having babies because they cannot afford to stay home to take care of them is a misinterpretation of the falling fertility statistics. In the 21st century, if forced to choose between working and

having a family, women are opting for work (given record high divorce rates, it can be financial folly not to). Birth rates will rise when governments and the private sector understand and support the reality of dual-income working parents. Instead of forcing people into outdated choices, they should facilitate a modern-day conciliation between work and family.

The progress on modernising gender approaches is clearest in countries and companies which recognise that “women’s” issues are crucial political and economic subjects, ones requiring public sector solutions as well as private sector ones. To date, around the globe, the two have rarely acted in tandem. The US has favoured private sector *pushes*, with individual companies developing and promoting their employees internally. The UK has looked to a combination of the two. Europe and Asia have relied more on public sector *pulls*.

As “womenomics” becomes more powerful, these approaches are becoming more integrated. The next decade is likely to see the birth of combined public and private sector efforts to have the best of both worlds – allowing women both to make babies and become bosses, like the title of the series of OECD reports on the subject (OECD).

21st-century forces: weather, women, web

For most of the last century, the issue of women was promoted mostly by women. More generally, women’s debate

on gender has largely been a conversation among women. A review of the literature reveals a litany of books by women for women about women. From the lightning rod of Betty Friedan's *The Feminine Mystique* or Simone de Beauvoir's *The Second Sex* to the more recent "women are better" books like Sally Helgesen's *The Female Advantage* and Helen Fisher's *The First Sex*, it has been an important and empowering discussion.

Very little, however, has been written about the economic and political influence of women for an audience which includes the men currently in power. Women's growing purchasing power has recently been described through the angle of "women as consumers" in a flurry of books that incite companies to target this market better. But there is more to women than their bank accounts.

This book offers the bigger picture on gender. It does not take the view that women are better than men. A host of recent publications has announced the obsolescence of men and/or the superiority of women. This "them versus us" approach is as much cannon fodder for continuing gender wars as it is for religious and political ones.

The time has come for fresh thinking, less attached to "glass ceilings" and "opposite-sex-as-opponent" starting points. Women, and the professional issues they raise, are related to many other impending changes in the way

we work. “Figuring out” females will help organisations understand and respond to these developments – from the evolving expectations and roles of men, to the flexibility and adaptations needed by an ageing workforce and demanded by the generation now entering the workforce. Countries and companies that are women-friendly will be better placed to benefit from these demographic and social trends.

Our goal is an approach to gender that includes both halves of the human race. Our aim is a new kind of “bilingual” leadership, one that maximises the abilities and potential of both men and women by recognising the competitive advantages of our complementary skills and natures.

We propose a reframing of the gender debate, taking it out of the various boxes into which it has been awkwardly pushed for the past decades – whether as a “women’s issue”, a dimension of diversity, or an equal opportunity argument. All of these categorisations underestimate both the impact of women on the world, and the opportunity in better harnessing their potential.

Economic concerns and religious and political conflicts understandably dominate most of the current airwaves and column-inches and command the attention of governments and business leaders. But we also need collectively to look ahead and understand the emerging forces shaping the 21st

century. Women are one of these, along with global warming and the internet. We call them the three Ws:

- *Weather* – the mass acceptance of the need for environmental sustainability that is changing the way we think about the Earth and our relation to it.
- *Women* – the massive contribution women can make to future economic growth and leadership.
- *Web* – the extraordinary transformation of the way we live, work and communicate through new technology.

These are three huge and irreversible movements that came into view in the 20th century, but will reach their full impact in coming decades. The first presents a terrible challenge, but also an opportunity to build a more sustainable future for our planet. The other two offer enormous opportunities, first and foremost, but also present risks if we misuse them or underestimate their significance. Will we recognise them all for what they are?

While this book focuses on gender, progressive forces are often inter-linked. These are some of our century's greatest developments. Let us weigh them well, and address them together.

