



A Smart Strategy

Why **GENDER EQUITY** strengthens companies from their earliest stages, and how you can make sure you're getting it right

Whether you are just beginning to think about gender equity within your organizational culture or have already made significant progress, this brief offers concrete, actionable steps to help move your company forward.

Here, we capture current thinking and practices on gender equity concepts for companies, with practical ways for early and growth-stage companies to incorporate efforts. This brief focuses on gender equity as the first step for companies in their overall journey of Diversity, Equity, and Inclusion (DEI), which also includes considerations of ethnicity, sexual identity and orientation, religion, disability, and educational background and experience, among other factors.

This brief was prepared for the Strategic Investment Fund (SIF) Team and the Gender Equality (GE) Team of the Bill & Melinda Gates Foundation by the Global Center for Gender Equality at Stanford University (GCfGE). The authors are Carley Robb-Jackson (GCfGE) and Sarah Pollock (GCfGE).

This brief helps companies and investors prioritize gender equity efforts with a strategic and actionable approach. The brief summarizes publicly available literature and resources, while an in-depth discussion of ideas is provided in the [Gender Equity Resource Guide](#).

The benefits of gender equity for companies

Evidence demonstrates that gender equity across all job types and levels is beneficial for companies.

Moreover, early and growth-stage companies have a unique opportunity to reap substantial benefits by incorporating gender equity measures into their culture at a foundational level.

Research shows that companies that recruit and retain a gender equitable pool of employees are more innovative and creative in how they approach problems and are recognized for being more competitive in a globalized economy. Women employees are essential in providing new and vital insights into consumer preferences and household buying patterns. As a result, several companies are increasingly encouraging women to play stronger roles in business strategy and product development efforts. A gender diverse workforce also signals competent management for investors and that a firm is well-run. There is also strong evidence that a culture of inclusion, coupled with psychological safety where everyone feels respected and comfortable to present their views, leads to a better working environment, which in turn increases employee retention rates and reduces absenteeism.

Gender diversity at the senior management level is consistently correlated with profitability.

*For example, companies in the top-quartile for gender diversity on executive teams are 21% more likely to outperform on profitability and 27% more likely to have superior value creation.*ⁱ

Companies with more women on their boards tend to outperform their competitors on several financial measures. These include return on equity, return on sales, return on capital, share performance, and stock price growth. Research shows that increasing the number and percentage of women on boards is positively correlated to higher financial performance.ⁱⁱ

*Although board room gender dynamics are changing, women remain underrepresented, and while women made up 25% of board members in Fortune 100 companies in 2018, women of color only made up 5.8%.*ⁱⁱⁱ

Global strides in gender equity

Several countries are noting progress toward achieving gender equity in executive roles, the C-Suite, and board rooms. The proportion of global businesses employing at least one woman in senior management has risen by 20 percentage points in the last five years.^{iv} Research suggests that having three women on a corporate board represents a “tipping point” in terms of influence: in 2019, more than one-third (36%) of global boards had at least three women, up from 32% in 2018.^v

Structural shifts and landmark policies across the globe are driving this change. Recent policy shifts in the USA have included legislation in California that established quotas for publicly traded companies to include women on their boards, with other states following suit with similar legislation. In the European Union, quotas have led to 26.7% of board seats in the largest publicly listed companies being held by women in 2018.^{vi} In Africa, there are more women in executive committee, CEO, and board roles in private-sector companies than the average worldwide, though numbers vary by region and industry. In Africa, women comprise 5% of CEOs, 29% of senior managers, and 36% of promotions. Ensuring influence and representation across levels is work in progress.^{vii}

In the #MeToo era, companies have been adopting more robust policies to address harassment and discrimination, resulting in improved sensitivity and range of responses. In China, the country’s highest court has added sexual harassment to the formal list of grounds for civil litigation, making it easier for such cases to be heard. In India, an act that seeks to protect women from sexual harassment at their place of work is complemented with an internal complaints committee in companies. While promoting gender equity does not start and end with a sexual harassment policy, it has been a critical step in the gender equity journey.

Investors are paying more attention

Notably, VC funds can play a key role in promoting gender equity across their portfolios, especially during the crucial early stages of a startup. They can hold themselves and their portfolio companies accountable by collecting comprehensive gender metrics, which can be tracked through periodic board reporting. VCs can also use their voices to promote selection of diverse, qualified women as board members, senior management, or key technical hires in portfolio companies. They can also provide mentorship and connections to expand women’s VC networks, help formalize company policies on gender equity, or enable portfolio companies with coaches.

An example of data transparency to promote gender equity in VCs is the [Women’s Leadership in Entrepreneurial Ventures \(WLEV\) Index](#), which analyzes and scores VC firms’ portfolios based on their proportion of women as founders, leaders, and managers. Similarly, the Institutional Limited Partners Association’s [Due Diligence Questionnaire and Team Diversity Template](#) includes a guide to measuring gender diversity at VC firms and portfolio companies as well as questions about VC firms’ talent management and harassment policies. Another initiative is [All Raise](#), a nonprofit that aims to accelerate the success of women founders and funders through their [Female Founder Office Hours](#), a mentorship program to connect women entrepreneurs and VCs.

In addition, investors such as State Street Global Advisors and BlackRock have promoted gender equity by voting against the re-election of directors on all-male boards. BlackRock has called for its portfolio companies to increase gender diversity on their board through [proxy guidelines](#) that expect “at least two women directors on every board.” Further, BlackRock asks companies to disclose their approaches to diversity and to establish a timeframe for improvement. (See the BlackRock spotlight in our [Gender Equity Resource Guide](#).) Investment companies such as the Fidelity Women’s Leadership Fund also promote gender equity, as it invests primarily in companies that prioritize and advance women’s leadership.

Going a step further, investors don't just want quotas on boards, but want to increase the overall percentage of qualified women with diverse backgrounds and experience on boards. This represents a significant shift in approach. In the past, investment firms have only privately urged corporations to increase the number of women on their boards. And such a shift is financially intelligent. ***Women-led tech startups, for example, are more capital efficient, achieving 35% higher return on investment, and when venture-backed, generate 12% higher revenue than male-owned tech companies.*** The fastest-growing companies, with 200%+ growth, are 75% more likely to have a woman founder, according to a 2017 Forbes investigation.^{viii}

However, barriers still exist

Significant barriers remain to achieving gender equity, all of which can lead to a pay/wage gap that is a widely recognized indicator of women's economic inequality and exists across industries and professional levels.

Particularly within biotechnology, pharmaceutical, life sciences, and technology industries, women face bias both in technology jobs and as entrepreneurs and are sidelined by male-dominated industry networks that often promote men.

Some career barriers begin even before women enter the workforce, such as lack of representation in academic STEM fields, stereotyping, implicit bias, and discrimination.

How companies have supported women in STEM

RECURSION PHARMACEUTICALS

provides a platform for connecting women in STEM and hosts and supports several conferences. Combined with its robust diversity approach, this has landed the company on the Women Tech Council's 2019 Shatter List.

FIDELITY

offers events, educational seminars, and digital and social engagement to reach prospective female-identifying employees as early as high school.

Once women enter the workforce, they face both explicit and implicit (unconscious) barriers. Explicit barriers can include hostile attitudes, sexual objectification or harassment, or making assumptions on capabilities based on gender especially while hiring. Implicit barriers include "glass cliffs," where women in senior positions face greater challenges than men, including a lack of support and respect for their authority, more performance pressure than their male peers, and shorter tenure than men in similar positions.

Women also experience “double binds,” where if they behave in a “feminine” way, they may be liked but not respected, and if they behave in a “masculine” way they may be disliked or judged as aggressive. Another common barrier is occupational segregation, in which women are typically assigned to lower-paying administrative and caring/nurturing jobs.

Companies can further understand types of barriers and the range of initiatives to address them in the [Gender Equity Resource Guide](#).

How to develop a gender equity culture

Companies that embrace gender equity typically travel through a number of transitional stages, moving from least effective practices to the most highly effective.^{ix} Efforts are best built gradually, through a strategic and thoughtful approach. Such a conscientious approach is more sustainable than an attempt to shift the culture and policies too quickly. **Early and growth-stage companies have an advantage, as they can embed equity standards before an alternative company culture is entrenched.**

Awareness of a company’s gender inequities is the first step. Once aware, the next step is to assess and address the issue. At this stage, companies tend to launch actions and initiatives in an ad hoc manner – more reactive and tactical than planned. However, when company leaders identify and promote a business case for addressing gender inequality, the company can implement more comprehensive action plans.

Ultimately, for sustainable change, leaders must actively address structural and cultural barriers to women’s career progression. They must integrate gender equity best practices into their policies and processes, and they should make themselves publicly accountable for gender equity outcomes.

Four actionable steps: How can companies do this?

The good news is that there are specific, actionable steps to help leaders understand the scope of the challenge within a company and to help them implement a strategic plan for transforming the company’s culture. The better news is that there is a wealth of resources in the public domain to help companies jumpstart this journey easily. These recommended steps are most effective when senior leadership emphasizes to its employees and investors that there is a strong business case for gender equity.



Diagnosing the problem: Baseline and metrics

Successful journeys start with a company's effort to understand where it currently stands on gender diversity and identify some key metrics to measure this baseline. Gender metrics are essential in order to capture the current status, establish a benchmark, and manage and track effectiveness of initiatives.

ESSENTIAL ACTIONS

- » Disaggregate internal staffing data to identify where gender disparities exist, across all job areas and levels.
- » Assess all human resource policies and practices (including all stages of hiring and talent management).
- » Develop gender-disaggregated metrics for core areas of recruitment, retention, advancement, representation, and remuneration.
- » Analyze pay gaps, recruitment processes, performance evaluation processes, and attrition by level and gender to reveal existing biases.
- » Monitor and track incidents of harassment and bullying, including sexual harassment and discrimination.

GOING FURTHER

- » Conduct surveys on employee satisfaction and sense of belonging, along with questions that assess employees' perception of company culture. Surveys should collect a mix of qualitative and quantitative data.
- » Establish hiring and promotion targets that are time-bound and measurable. Use executive talent firms focusing on women to enable the company to reach these targets.
- » Collect gender-disaggregated data across the supply-chain and customers or end-users. Analyze trends and identify ways to improve product design and operations to engage more women in the supply-chain or to reach more women customers.

Companies can refer existing tools to develop metrics, such as [Culture Amp](#), which can usually aggregate results across organizations, or the [Gender in the Workplace survey template](#) that is a partnership between LeanIn.Org and Survey Monkey, or the broader [WGEA Gender Equality Diagnostic Tool](#).^x Early stage and growth stage companies can leverage existing metrics definitions, tools and surveys that are provided in the [Gender Equity Resource Guide](#).

How companies have applied metrics

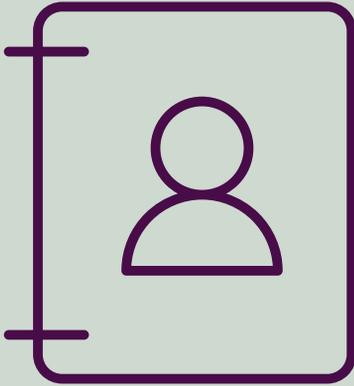
WECHAT is reshaping the gender balance of China's entrepreneurship landscape through social commerce. Over 60% of WeChat's entrepreneurs are female, and the company focuses on improvising WeChat's user interface and platform functions to make the platform an accessible gateway for aspiring women entrepreneurs with limited capital.

EAST AFRICAN BREWERIES, KENYA intentionally focuses on women across its supply-chain and distribution network. Aside from working with more women-owned retail outlets and women distributors, the company seeks to procure raw material from more women farmers. Internally, these supply-chain gender metrics are tracked periodically to ensure continued progress.

TWILIO, the communications tech company, conducts annual employee surveys to track how different demographic groups feel working at the company and uses the results to construct a Belonging and Diversity Index.

AURECON, the engineering company, used metrics to set targets to increase female workforce representation to 35% by 2020 (from 29% in 2017). The company achieved its target two years early and adjusted the 2021 target up to 40%. Inclusive leadership training, flexible working, leadership program for high-potential women are some efforts that contributed to this success.

23ANDME, the personal genomics and biotechnology company, applies in-depth metrics and shares its diversity breakdown by gender, ethnicity, and age (cut by job role and leadership level) on its website.



Developing gender equity policies and action plans

Building from results of the metrics and surveys, a robust gender equity policy along with an action plan is the next step.

ESSENTIAL ACTIONS

- » Develop a formal gender policy that covers human resource policies and practices, including strong and clear policies on discrimination and sexual harassment. Include the core legal requirements for sexual harassment policies. Essential ingredients of a well-structured gender equity policy also include policies and improved processes around recruitment and selection, flexible work arrangements, performance management, addressing gender pay gaps, professional development, KPIs for managers, Company targets on gender diversity, and priority steps to meet those targets.
- » Prepare to respond to any external inquiries about workplace sexual harassment or discrimination.
- » Develop enabling policies for work-life balance, such as return-to-work, flexible work arrangements, and parental leave (maternal, paternal and family leaves).
- » Train staff on these policies and periodically update policies for changes in organizational context or business growth.

GOING FURTHER

- » Establish recognition and rewards for individuals and teams that actively promote gender equity.
- » Create learning and development opportunities for employees to reflect on gender and wider inclusion issues.
- » Monitor implementation of the gender policy on a regular basis.

How companies have developed policies



GOOGLE'S gender policies include a multi-prong approach toward hiring and promotion, with a range of initiatives that focus on developing, progressing and retaining women at all stages of their careers. The initiatives include sponsorships, mentorships, campus outreach, and community building programs.

DELOITTE also has multiple aims in its Women in Leadership Action Plan: to recruit more women; to increase the pipeline of women for leadership positions; and to build a supportive culture. As part of the plan, the company created a paid program that transitions women who have been out of the workplace for three to five years back into jobs.

BUMBLE, the social networking app, provides robust parental leave policies which include 16 weeks parental leave, as well as pregnancy, postpartum, pediatric and return to work support.

GENENTECH, the biotechnology corporation, has implemented a transparent Gender Diversity Strategy that emphasizes visible senior leadership support. The strategy includes not only recruiting diverse talent, but also understanding and removing internal barriers to women's advancement.

EAST AFRICAN BREWERIES has a Diversity Strategy which includes flexible working arrangements, maternity and paternity leave, and a sexual harassment policy.



Engaging senior leadership and employees

A critical component of a successful gender equity culture includes the buy-in of senior leaders who are well positioned to signal a cultural change and should be driving the conversation and speaking openly about the company's efforts around gender diversity.

This is particularly important for early and growth-stage companies. Leaders in these companies may view gender equity as an add-on, not a core part of their growth strategy. Or they may fall into the trap of thinking that they are small enough not to warrant a gender policy. Despite the exponential growth of tech start-ups and the increasing shortage of talent, research has shown the women-employee ratio continues to be very low, due to gender bias against women in technology, against women entrepreneurs, and against those in business.

Strong leadership will help all employees recognize and eliminate unconscious bias, which in turn will enable a more inclusive, creative, and successful work environment.

ESSENTIAL ACTIONS

- » Define gender equity target metrics for the organization (including workforce representation/ board diversity/ talent management/ benefits/ customers and end-users). Formalize the target metrics and vision and track towards them.
- » Define related gender diversity Key Performance Indicators (KPIs) as part of managers' goals to hold them accountable.
- » Implement learning and development opportunities for management to ensure organizational buy-in and commitment, both within the start-up environment and more broadly.
- » Develop educational opportunities that go beyond training and involve long-term practice and complement other diversity measures.
- » Support senior leaders and board members who have the necessary capability, confidence, and commitment to build a gender-inclusive culture and to share their vision with their employees.

GOING FURTHER

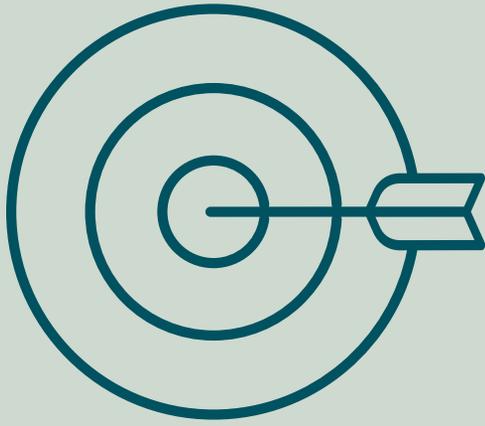
- » Encourage senior leaders and board members to celebrate successes and create other mechanisms to support the work of women leaders within their companies.
- » Establish and support networking groups that play an important role in creating and maintaining an environment for gender equity. For example, women-only groups focused on sexism in the workplace, or employee networking groups that support high-performing women through their professional growth goals.

How companies have engaged employees and leadership

JPMORGAN CHASE increased its representation of women in the C-Suite at more than double the industry average after launching a campaign to foster employee support of female colleagues. The company's "30-5-1" program encourages employees to set aside 30 minutes a week to have coffee with a woman colleague, five minutes a week to recognize a woman colleague's success, and one minute a week to share that success with others at the firm.

METLIFE engaged employees in part by launching a 14-month career development program to fuel its own pipeline. The program trains high-potential women in key leadership skills and also aims to increase the sense of urgency to promote women. Within six months of completing the program, many participants had taken on expanded roles and responsibilities.

Another model for engaging employees is illustrated by **BLACKROCK**, when it expanded a Women's Initiative Network to attract and retain women employees. Today, more than 80% of the network participants have moved into new or expanded roles.



Tracking progress and communicating results

Increasingly, it has been argued that gender bias should be recognized as a form of incompetence in the workplace, which impacts the company's reputation. Being open about equity efforts and publicly celebrating the accomplishments of women in your company is a smart public relations strategy.



ESSENTIAL ACTIONS

- » **Ensure a transparent tracking process to monitor implementation of the gender equity policy, along with incentives and measures to address where progress is not being achieved.**

- » **Learn from the tracking process to identify gaps and challenges.**

- » **Establish key performance indicators on gender equity within annual and performance plans.**

- » **Report on efforts and metrics periodically at board meetings and employee sessions.**



GOING FURTHER

- » **Support business leaders to hold themselves and their teams accountable for gender equity.**

- » **Create clear public communications about the company's progress in these areas along with plans to address any gaps to help inspire others, while also building a company's profile as being committed to gender equity.**

- » **Establish transparent reporting of the company's gender-disaggregated data (workforce and customers), gender diversity target metrics, and progress to date on the Company's website, annual reports, and other external communications.**

- » **Companies can share their experiences with peer groups and through social media, along with profiles and stories of women leaders within their companies.**

How companies have communicated their progress



GOOGLE has been making its diversity data transparent since 2014 through [annual diversity reports](#) that dissect Google's performance on hiring, workforce and leadership representation, attrition, demographics, and inclusion.

MASTERCARD has decided to share its U.S. employee representation data and provides additional information in a Corporate Sustainability Report.

In summary: Making gender equity integral to business

The bottom line for leaders of early and growth-stage companies is that embracing gender equity from the earliest stages is a smart business move that will help the company's profitability, creativity, and public image in significant, measurable ways. **Championing gender equity is not a one-time diagnose-and-treat exercise. It is a continuous process of evaluation, improvement, and re-evaluation to establish gender equity as a key pillar in an organization.** Organizational journeys typically evolve from "Avoiding" (not recognizing gender issues) to "Compliant" (fixing specific aspects) to "Strategic" (long-term strategy) to "Integrated" (addressing structural barriers) to "Sustainable" (where there is accountability and gender equity is embedded in business culture).

Ultimately, a successful gender equity journey will result in concrete and visible policies, systems, and metrics, such as:

- » A clear policy on gender equity and strong organizational messages on its importance.
- » A system in place to track and monitor gender dynamics.
- » Gender balance in hiring, representation, and development.
- » Human resources policies that enable gender equity.
- » Gender diversity targets for the immediate and long term.
- » Gender diversity at all levels, including senior management and board.
- » Periodic review of progress on gender equity that is shared with the board.
- » An iterative learning process for staff, senior management and board on gender issues.
- » Public sharing of progress, gaps and planned actions on gender equity.

This brief can help companies think more strategically about incorporating gender equity long-term and get a head start with immediate actionable steps. The in-depth [Gender Equity Resource Guide](#) provides more insights and illustrative action plans with short-term, medium-term, and long-term efforts that CEOs can undertake.

More resources you will find in the Gender Equity Resource Guide

Gender and Diversity, Equity and Inclusion (DEI)

concepts – Description of core issues, including the pay gap, career segmentation, gender discrimination, and sexual harassment are included in Annex 2.

Training providers and tools – Examples of new, creative approaches to DEI training including the use of virtual reality, online questionnaires, self-reflection, and small groups are captured in Annex 4.

Gender measurement metrics and indices –

Frameworks to measure gender equity in companies including from Bloomberg's Index, WGEA GE Diagnostic Tool, and Harvard University, specific metrics and how to measure, and report them are in Annex 5.

Gender Certification Programs and Awards –

A method for companies to learn more and signal a commitment to sustainable change, as well as available certification programs, their standards, tools, and criteria to assess a company's internal operations and culture are in Annex 6.

Identifying and Promoting Women Talent –

Well-known executive search firms and board search firms across geographies that identify and place highly-qualified women candidates for leadership and board positions are in Annex 7.

Gender Equity Policies, Guides, and Toolkits –

Key ingredients of well-structured policies along with samples of such policies and toolkits are captured in Annex 8.

Communication Messages –

Tailored messages for board, CEOs/executives, human resource managers, and employees are outlined in Annex 9.

Gender Equity Tools, Databases, Thought

Leaders – Relevant online resources, including thematic reports and resources focused on VC funding and gender equity are highlighted in Annex 10.

ⁱ McKinsey & Company, *Delivering through Diversity* (2018).

ⁱⁱ Carmen, M; Martínez, V; Rambaud, S. *Women on Corporate Boards and Firms' Financial Performance*. Women's Studies International Forum, Volume 76 (2019).

ⁱⁱⁱ Catalyst, *Missing Pieces: The 2018 Board Diversity Census of Women and Minorities* (2019).

^{iv} Grant Thornton, *Women in Business: Building a Blueprint for Action* (2019).

^v Emelianova, O and Milhomem, C, *Women on Boards: 2019 Progress Report* MSCI ACWI Index (2019).

^{vi} Catalyst, *Women on Corporate Boards, Quick Take* (2020).

^{vii} McKinsey & Company, *Women Matter Africa* (2016).

^{viii} TINYPulse, *Startup Culture Report* (2017).

^{ix} WGEA, Government of Australia *Gender Strategy Toolkit* (2018).

^x Ibid.