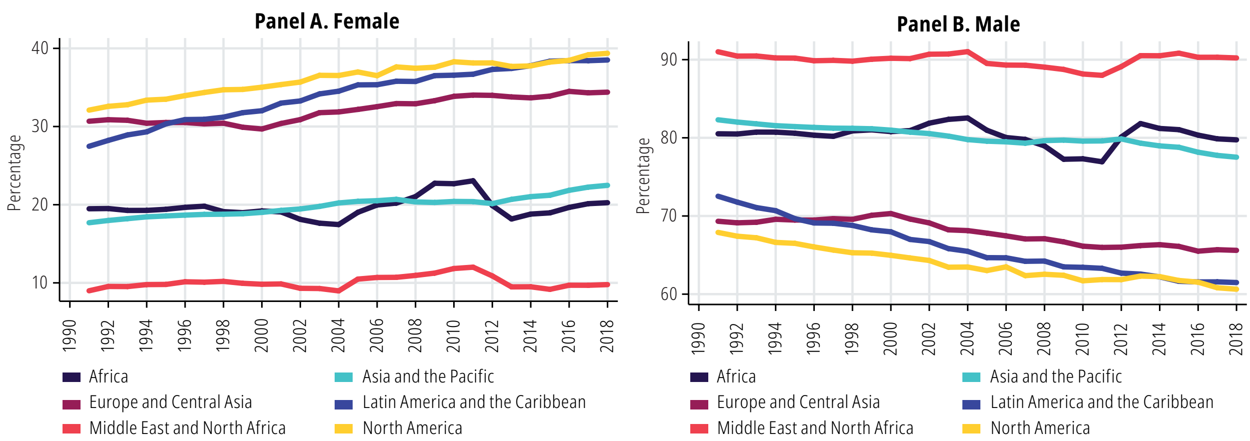
International Labour Organization

Overcoming gender segregation

While women's participation in the labour market still lags behind that of men in most countries, their share of jobs in the global labour market is considerable. The proportion of professional and managerial jobs occupied by women continues to rise in most regions, albeit slowly (see figure 1). The International Labour Organization (ILO) finds that women run approximately a third of the world's enterprises and 22 per cent of all employers globally are women.[1]

Figure 1. Share of employment in managerial positions by region, 1991–2018, (A) female and (B) male



Note: ILO modelled estimates, Nov. 2018.
Source: ILOSTAT.

[1] This brief is based on findings from the ILO report on *Women in Business and Management: The business case for change* (Geneva, 2019).

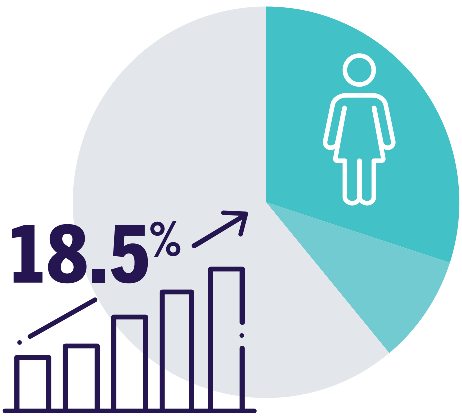
Boosting women's labour market participation and their share of employment and managerial jobs is increasingly viewed by policy-makers and companies as desirable in the light of studies demonstrating positive linkages with gross domestic product (GDP) growth and an improved bottom line for business.

So, why is the pace of change not accelerating? A key explanation includes a mismatch between the skills women have and the needs of employers, conscious and unconscious bias as well as the persistence of often outdated structural barriers within societies and businesses.[2] These remain segmented along gender lines, even when cultural and economic factors have shifted perspectives and ambitions towards gender diversity. These systemic barriers impede women's opportunities and potential in employment generally, and in management and business specifically.

Benefits of enterprise gender balance

In the 2019 report on *Women in Business and Management: The business case for change*, the ILO demonstrates the added business benefit of having a critical mass (at least 30 per cent) of women at every level or having gender balance in their workforces and among their decision-makers, with gender balance defined as 40–60 per cent of either sex. For example:

- Enterprises where 30 to 39 per cent of employees are women are 18.5 per cent more likely to have improved business outcomes;
- Enterprises that have a gender-balanced workforce are likely to have the strongest performance and they are almost 20 per cent more likely to have enhanced business outcomes compared to those enterprises that have a male or female dominated workforce.



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A range of measures taken by enterprises to advance women tend to reinforce one another and create a virtuous circle whereby more women are able reach high-level decision-making positions. This in turn improves the bottom line, further catalyses business efforts on gender diversity and builds the critical mass of women leaders required for the benefits of their participation to flow to all aspects of the enterprise. Through probabilistic modeling, the 2019 report shows that when an enterprise boardroom is gender balanced, it is 3.1 per cent more likely to have women in senior management positions and 6 per cent more likely to have a woman in the top executive positions, showing that gender diversity at the most senior level of decision-making creates incentives at the managerial level.

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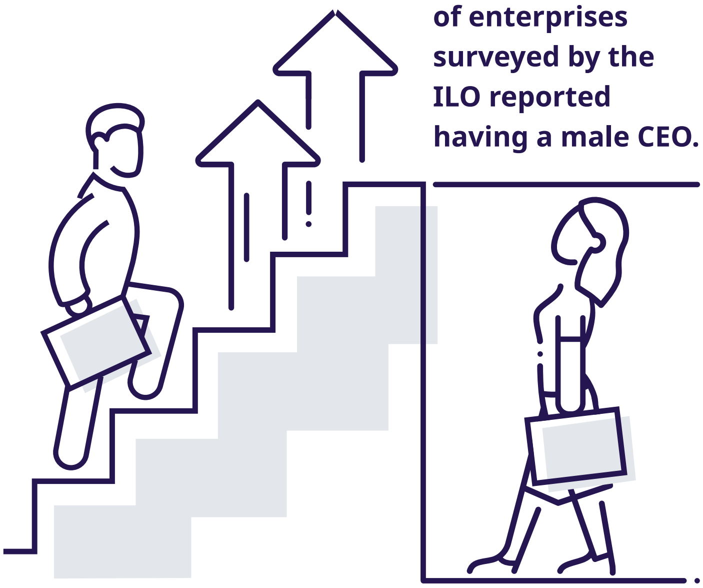
2 Societal barriers include access to opportunities and resources, prejudice and bias, and cultural and gender differences. Business barriers include recruitment practices and outreach of women. Companies that are not actively recruiting and adding more women to their ranks will have a smaller pool from which to draw for promotion into the ranks of upper management.

The glass ceiling persists

Companies have invested in promoting women to positions on their boards over the years. This is a result of efforts by enterprises and governments to foster gender diversity at the highest decision-making echelons, which had been dominated by men in the past. The impetus for gender diversity has arisen from increasing evidence that it is beneficial for the company bottom line. This has also been accompanied by evolving social and legal norms on gender equality.



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While a decade or two ago, there were only a few women on boards, today, numerically speaking, an increasing number of boards are attaining a critical mass of women at 30 per cent, and some are achieving even more. The ILO report on *Women in Business and Management: The business case for change* finds that nearly one third of enterprises surveyed globally (31.7 per cent) have attained a critical mass (at least 30 per cent) of women on their boards. All-male boards are on the decline, and the survey found that just over 13 per cent of enterprises have an all-male board while a further 30 per cent say women make up between 1 and 10 per cent of their board.

Recruitment for board members is usually based on personal recommendations and women often do not have access to the male networks… To counter gender bias the top leadership needs to “buy in” not just the human resources department but the business process as a whole.

Ronnie Goldberg, Senior Counsel to the United States Council for International Business

Source: Speech given at the ILO conference on Women in Business and Management (Lima, May 2017).

Despite the positive changes for the diversity of company boards, when it comes to chief executive officers (CEOs), the so-called “glass ceiling” remains intact, especially in the largest companies. While women are surpassing men as tertiary graduates in most regions and their participation in paid employment and in professional and managerial positions is often on par with men, their ascent to executive and CEO positions continues to lag behind the strong gains women have made in other areas. Globally, over 78 per cent of enterprises surveyed by the ILO reported having a male CEO. Moreover, the share of enterprises with female CEOs shrinks as enterprises grow in size. For example, over 26 per cent of small enterprises have female CEOs, compared with 20 per cent of medium-sized enterprises and 16 per cent of large enterprises.

Glass walls and gender segregation in management

One explanation for the persistence of the glass ceiling are the so-called "glass walls" within typical pyramidal structures of companies and organizations. These walls epitomise gender segregation within management occupations, as well as in business sectors, mirroring the segregation in the labour market more broadly. Often referred to as "men's jobs" and "women's jobs", certain jobs are perceived by employers, as well as men and women themselves, as more suitable for one sex rather than the other.

More often than not, women are found in occupations which are an extension of their reproductive roles, such as teaching and nursing and administrative support. Whatever sector or occupation women may be working in, management by and large has been traditionally viewed as a job for men, even in sectors, industries and factories where the majority of employees are women. However, today, more and more women have become managers and employers, but they tend to be concentrated in certain types of management and certain types of business activities or sectors that are less strategic and generate less income. The presence of glass walls dividing management functions and business sectors by gender explains why women are under-represented in more strategic and lucrative areas of management and business.

Movement through the glass walls of the pyramid to the central pathways is challenging for women managers because they frequently do not acquire the right mix of managerial skills and experience to perform strategic management functions. They may lack experience as managers of research and product development, profit and loss, marketing and sales or as general managers across a number of functional areas. Therefore, glass walls limit the talent pool that enterprises are able to tap for top executive and CEO positions. The ILO report finds this is the case with the top three functional management areas where women are concentrated as middle and senior managers: human resources (51.8 per cent); finance and administration (49.8 per cent); and marketing and sales (37.8 per cent) (see figure 2).

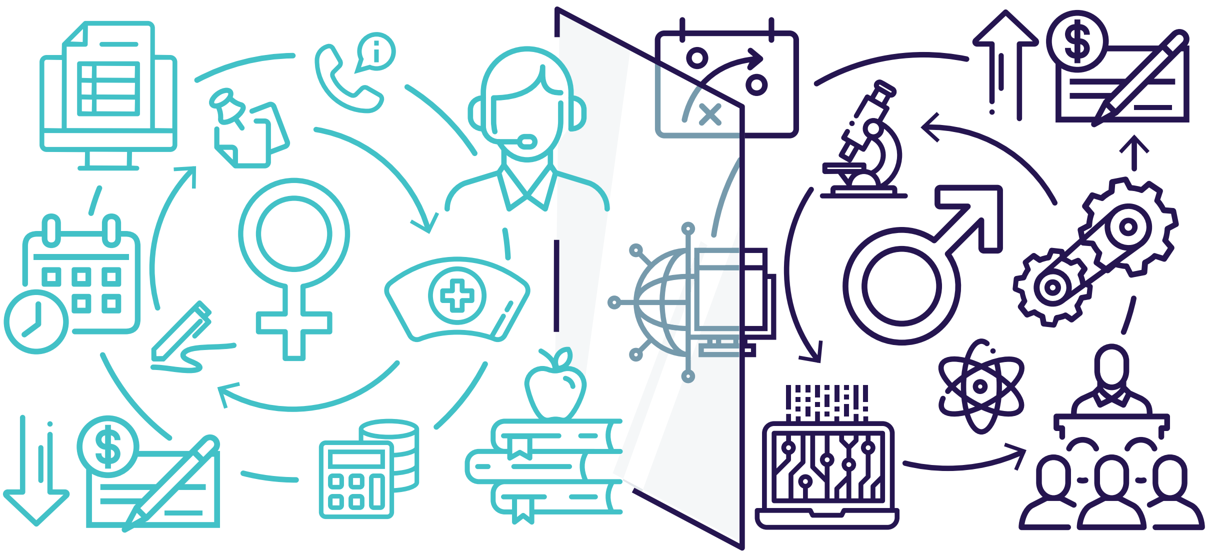
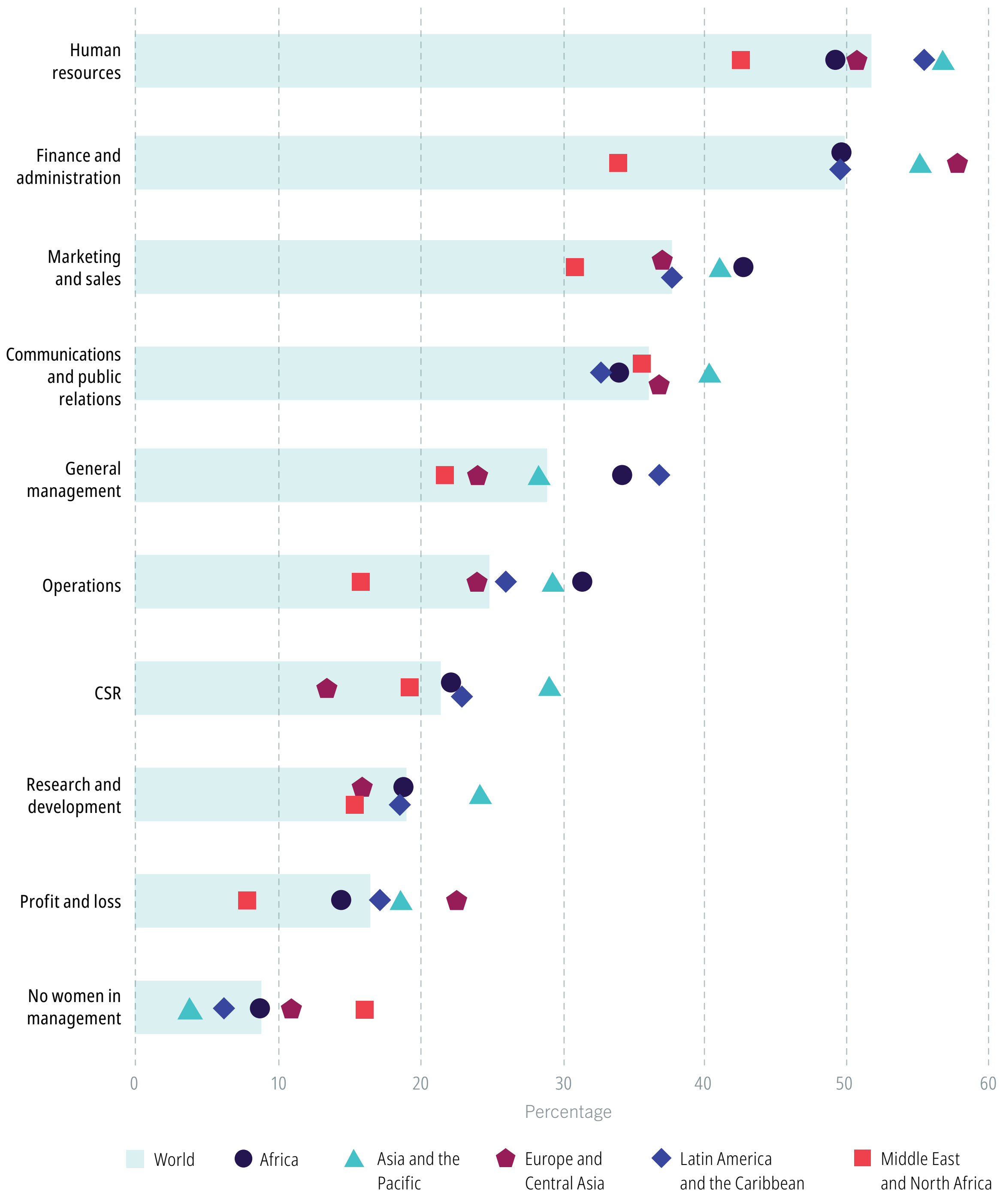


Figure 2. Share of enterprises with women in functional middle and senior management areas by world and region



Source: ILO: *Women in Business and Management: The business case for change* (Geneva, 2019).

When it comes to roles within company boards, the glass walls often remain in place. There are fewer women leading the more influential committees such as audit, compensation and corporate governance committees or serving as chairperson of the board. The ILO report reveals that over 76 per cent of enterprises surveyed have a man as the chairperson of the board.

Similarly, women running their own businesses tend to predominate in the micro and small businesses of the informal economy in many countries. The businesses they own are smaller than those of men and they tend to operate in smaller scale industries, which are less profitable than those of men as they are concentrated in low-profitability or low-growth sectors. For instance, a study from the Organisation for Economic Co-operation and Development (OECD) noted that women-owned businesses tend to operate more in wholesale and retail trade, transport, accommodation and support services while men-owned businesses were more likely to operate in the manufacturing, mining and utilities industries.[3] Data from the World Bank provides further evidence of this glass wall by demonstrating that women rarely run businesses in mining, construction, electronics and software.[4] According to the Global Entrepreneurship Monitor, gender gaps are widest in the information and communications technology sector, where women entrepreneurs compete at less than one-third the level of men on average.[5]

How are glass walls constructed?

The lack of sufficient diversity in the managerial skills and experience of women in business and management results from gender segregation in management functions and in economic sectors. There are a number of elements that contribute to these glass walls including:

- **Gendered recruitment**. Employers may target the hiring of men and women for jobs identified as suitable for a man or a woman. As a result their career paths will be different, with a stronger likelihood of men reaching higher management levels.
- **Diverging career paths.** Men and women with the same qualifications are initially assigned similar jobs. However, over time women may fall behind if they are assigned less visible, responsible and diverse assignments than their male counterparts. For example, traditional gender expectations may cause an employer not to ask a woman to be mobile or to relocate, even though in reality she may be willing.
- **Women self-assigning.** Women may orient themselves towards support management functions. This can be due to cues from the employer and perceptions of co-workers as to the suitability of such jobs for women, such as finance or human resource managers. It could also be due to criteria for promotion that are in conflict with family responsibilities, such as a work culture that includes long hours, the lack of flexible working arrangements and required mobility and relocation. Today, the latter increasingly affects men who play more of a role in family care. Similarly, for business owners, women may find it easier to identify with service areas that they are already familiar with due to their education or training and family influences.
- **Gender bias:** The way men and women perceive the qualities and attributes both of themselves and the opposite sex affects recruitment and promotion decisions as well as the aspirations of employees. A major outcome of bias is the tendency to work with people who are similar to oneself – same sex, background, way of thinking, language. In addition, gender and cultural stereotypes engrained through education and upbringing affect the way men and women are viewed as a group, even though in reality they are not homogenous groups.

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3 OECD: *Share, Size and Industry of Women-Owned Enterprises, Entrepreneurship at A Glance 2012* (Paris, 2012).

4 L. Cornish: "Are women entrepreneurs the key to global economic development?", in *Devex*, (12 Sep. 2017).

5 Global Entrepreneurship Monitor: *Women's Entrepreneurship 2016/2017 Report* (Boston, Massachusetts, Babson College, 2017), p. 40.

Steps to overcome gender segregation in business and management

Finding ways to overcome gender segregation is critical for companies to unleash the talent and potential that women represent today and to make a positive difference to their business outcomes. Gender segregation also limits the range of options open to men, and they may be well suited to roles that are not traditionally available to them. The trend of increasing numbers of qualified women entering the labour market is only set to grow. Many of these women already possess skills that are in demand for the future of work. Recruiting and ensuring career paths for women on an equal footing with men can help establish that virtuous circle leading to gender balance at all levels of an enterprise.

What are some of the steps an enterprise can take?

- Implement recruitment and promotion procedures to counter gender bias so that men's and women's career paths do not diverge. These include gender-balanced selection panels, blind evaluation of candidates' application forms and exams (by withholding names), job vacancy announcements that are attractive to both men and women in language and content, targets for gender-balance and monitoring of recruitment and promotion.
- Raise awareness and train employees, particularly managers, on gender bias and on the dividends for the company of gender diversity.
- Mentor and coach both male and female potential managers, and tailor coaching to their individual needs.
- Make managers accountable for supporting gender diversity.
- Introduce work–life balance measures for both men and women, such as flexible working arrangements.
- Make a top-level commitment to gender diversity visible to employees, managers and beyond.
- Prepare and appoint qualified women to senior, executive and CEO positions.
- Appoint sufficient numbers of women to the board to attain critical mass.
- Monitor gender balance and appoint more women as chairs of key board committees and as executive directors on the board.

In an age where finding and retaining top talent is among the strongest predictors of a company's success and where skilled individuals place a high value on flexibility, workplace flexibility becomes a necessary tool by which companies can advance and retain skilled female talent in top management, thereby achieving a better utilisation of skilled female talent.

Source: International Organisation of Employers: Female talent: Unleashing its full potential for the future 2016.

For further reading, please see

Women in Business and Management: The business case for change

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ILO Bureau for Employers' Activities (ACT/EMP)

Route des Morillons 4

CH-1211 Geneva 22, Switzerland

Web page: www.ilo.org/employers