



GENDER-SMART BUSINESS SOLUTIONS

EXECUTIVE BRIEFING: THE BUSINESS CASE FOR GENDER-SMART SOLUTIONS IN THE PRIVATE SECTOR



IFC

International
Finance Corporation
WORLD BANK GROUP

EXECUTIVE BRIEFING: THE BUSINESS CASE FOR GENDER-SMART SOLUTIONS IN THE PRIVATE SECTOR

Overview

From developing talent to reaching new markets, a growing body of evidence captures ways companies can benefit from investing in women as leaders, employees, entrepreneurs, customers and community partners.

While different companies and sectors will take different approaches to the business case for gender-smart solutions, potential benefits fit into three overlapping categories: improved human capital, enhanced market demand, and an enabling operating environment. This is the first in a series of briefings demonstrating how companies that work with the International Finance Corporation (IFC) have put the business case into action.

“The business case for gender equality is compelling. Investing in women is indeed smart economics.”

Philippe Le Houérou

IFC Executive Vice President and CEO

Human Capital

Women are often underrepresented in leadership roles and overrepresented in part-time and informal roles. Expanding and strengthening women's workforce participation and leadership, whether as direct employees or as part of an indirect workforce along a supply chain, can enable companies to access improved skills, leadership and innovation outcomes.

■ **Production quality and output:** Promoting women's access to the same types of training or resources as men, investing in women's skills and facilitating access to resources—all can improve

the quality or total output of women's work. For instance, as a result of IFC's partnership with ECOM Agroindustrial Corporation targeting women coffee farmers in Indonesia, farmers' productivity increased by 92 percent, improving ECOM's access to a key commodity.¹

■ **Talent management:** Companies with fair and transparent HR systems in place and those which respond to women's needs are more likely to attract the talent of men and women. Many companies also see improved retention rates and reduced absenteeism and turnover rates. For instance, at Nalt Enterprise, a Vietnamese garment manufacturer, staff turnover fell by one-third after the establishment of a women's clinic and a daycare for employees' children.²

■ **Market access:** Investing in women's human capital can also improve access to markets. For instance, a gender-diverse supplier base supports sales in countries with high standards in ethical and sustainable sourcing, such as those of the European Union.

■ **Innovation capacity:** Diversity leads to innovative thinking. A study of research and development teams at more than 4,000 companies found that gender

¹ International Finance Corporation (2014). “Integrating Women into the Coffee Supply Chains in Indonesia and Vietnam.” Available at: http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/learning+and+adapting/knowledge+products/project+examples/integrating_women_into_coffee_supply_chains_indonesia_vietnam

² International Finance Corporation (2013). *Investing in Women's Employment: Good for Business, Good for Development*. Available at: <http://www.ifc.org/wps/wcm/connect/5f6e5580416bb016bfb1bf9e78015671/InvestinginWomensEmployment.pdf?MOD=AJPERES>

CASE STUDY

The Better Work program, an initiative in the garment sector (which works with an overwhelmingly female employee base), found that improving working conditions is closely linked with employer profitability. With improved conditions come increased output, reduced errors, and decreased turnover rates. In Cambodian factories, improvements in working conditions decreased in-line product rejections by 39 percent and shipment rejections by 44 percent.¹ Moreover, managers routinely underestimated how much improvements in working conditions enhance workers' well-being and productivity, with employees reporting that some improvements promote their well-being at nearly four times the rate managers expect.²

¹ International Labour Organization and International Finance Corporation (2015). “Policy Brief: The Business Case for Quality Jobs: Evidence from Better Work.” Available at: http://betterwork.org/global/wp-content/uploads/Quality-jobs-policy-brief-V2-print_1.pdf

² International Labour Organization & International Finance Corporation (2013). “Improving Business Outcomes by Understanding What Matters to Workers.” Available at: <http://betterwork.org/global/wp-content/uploads/Research-Brief-What-Matters-to-Workers-LR.pdf>

diversity “generates dynamics that lend themselves to radical innovation.”³ Moreover, research suggests that women also score as well or better than men in key innovation capacities, such as “championing change.”⁴

³ C. Díaz-García; A. González-Moreno; and F. Sáez-Martínez (2013). “Gender diversity within R&D teams: Its impact on radicalness of innovation.” *Innovation: Management, Policy & Practice*, 2013; 15 (2):149

⁴ Zenger, J. and Folkman, J. (2012). “Are Women Better Leaders than Men?” *Harvard Business Review*. Available at: <https://hbr.org/2012/03/a-study-in-leadership-women-do>

CASE STUDY

A recent study by IFC, AXA and Accenture found that by 2030, the women's insurance market could double in value to \$1.7 trillion, with sales of non-life policies increasing by rates of up to 1,000 percent. However, the research also showed that achieving this growth will require companies to design to women's preferences, targeting five different sub-segments in the women's market.¹

¹ International Finance Corporation, Axa, and Accenture (2015). *SheforShield: Insure Women to Better Protect All*. Available at: http://www.ifc.org/wps/wcm/connect/a2d8348049d01b0c82a5a3e54d141794/SheforShield_Final-Web2015.pdf?MOD=AJPERES

“Women's consumer needs must be addressed in order to capitalize on the incredible growth potential in emerging markets.”

Thomas D. Meyer

Accenture Insurance Industry Lead, Europe, Africa and Latin America

for instance, in South Asia, women are 38 percent less likely than men to own a mobile phone.⁷ Globally, there is a \$285 billion credit gap for women-owned small and medium enterprises (SMEs).⁸ Specifically targeting women, particularly by opening up markets previously closed to them, can be a key driver of growth.

Operating Environment

Many gender challenges that impact the private sector originate outside the workplace. These include women's access to education and healthcare, access to and use of finance and technology, gender-based violence (GBV), and legal structures that restrict women's economic participation. Working in multi-stakeholder groups can help companies address gender challenges jointly, benefiting the sector or region as a whole.

Investment climate: Over 173 economies have at least one law impeding women's economic participation and thus, private sector growth. For example, women are less likely to borrow from a financial institution where processes for getting national identification differ by gender.⁹

⁷ GSMA (2015). *Bridging the Gender Gap: Mobile Access and Usage in Low and Middle-Income Countries*. Available at: http://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/02/GSM0001_03232015_GSMARreport_NEWGRAYS-Web.pdf

⁸ International Finance Corporation (2014). *Women-Owned SMEs: A Business Opportunity for Financial Institutions*. Available at: <http://www.ifc.org/wps/wcm/connect/b229bb004322efde9814fc384c61d9f7/WomenOwnedSMEs+Report-Final.pdf?MOD=AJPERES>

⁹ World Bank Group (2016). *Women, Business and the Law 2016*. Available at: <http://wbl.worldbank.org/~media/WBG/WBL/Documents/Reports/2016/WBL2016-Key-Findings.pdf>

CASE STUDY

In Papua New Guinea, employees lose an average of 11.1 work days per year as a result of gender violence, adding 2–9 percent to company payroll costs.¹ In response, the IFC-sponsored Business Coalition for Women (BCFW) worked with its corporate members to develop targeted policies and support structures. In the words of the Managing Director of National Catering Services, these resources mean, “We now have a systematic and therefore much more efficient and effective approach to responding to [family and sexual violence]. This has considerable benefit for all of our staff and our business.”

¹ Darko, E.; Smith, W.; Walker, D. (2015). *Gender Violence in Papua New Guinea, The Overseas Development Institute*. Available at: <http://www.odi.org/publications/9887-gender-violence-papua-new-guinea>

Market Demand

Women control the majority of global consumer spending, a figure currently estimated at \$29 trillion and expected to rise to \$40 trillion by 2018.⁵ Yet their specific needs and preferences often go unmet.

Product and service innovation: Breaking down customer segments not only by income and age but also by gender often reveals differences in consumer needs or preferences, even in a product that may initially seem gender-neutral. Designing and marketing in response to these can produce new ideas, or take old ideas in new directions. After working with IFC to design new products for women, such as collateral-free loans and non-financial services, BLC Bank of Lebanon saw a 33 percent rate of return on its women's market portfolio.⁶

Customer base: Consumer products do not always reach the women's market without a dedicated effort;

⁵ Catalyst (2013). “Buying Power: Global Women.” Available at: <http://www.catalyst.org/knowledge/buying-power-global-women>

⁶ Global Banking Alliance for Women (2015). “BLC Bank: Strategic Differentiation in Women's Market Yields Significant Profits.” Available at: <http://we-initiative.com/wp-content/uploads/2015/09/BLC-Bank-Strategic-Differentiation-in-Womens-Market-Yields-Significant-Profits.pdf>

Social norms: Even within positive legal frameworks, social norms, such as the expectation that women play a disproportionate role in family-care activities, can reduce women's equal participation in the workforce. McKinsey research shows that if women participated in the economy on the same level as men, it would add \$12 trillion, or 11 percent, to the 2025 annual global GDP.¹⁰

¹⁰ McKinsey (2015). *The Power of Parity: How Advancing Women's Equality Can Add \$12 trillion to Global Growth*. Available at: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

PUTTING THE BUSINESS CASE INTO ACTION WITH IFC

Recognizing that equality of economic opportunity between women and men drives productivity, profitability, and performance, IFC's Gender Secretariat helps clients achieve gender-smart solutions to their business challenges. We work with clients to better manage talent in their workforce and supply chains and to design products that tap the earning potential of the women's market. Our motivating force is the knowledge that when companies and people—no matter their gender—can reach their full potential, families, communities, and economies can achieve sustainable growth and prosperity.

Contact Information

IFC

2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA

📞 +1 (202) 458-2262

✉️ BMurti@IFC.org

🌐 www.IFC.org/gender

🐦 @WBG_Gender



**GENDER-SMART
BUSINESS SOLUTIONS**

