

# Why Diversity in Business Matters

Gender Summit

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Research

November 14, 2013

# About Catalyst



## Our VISION

Changing  
workplaces.  
Changing lives.

## Our MISSION

Expanding  
opportunities for  
women and  
business

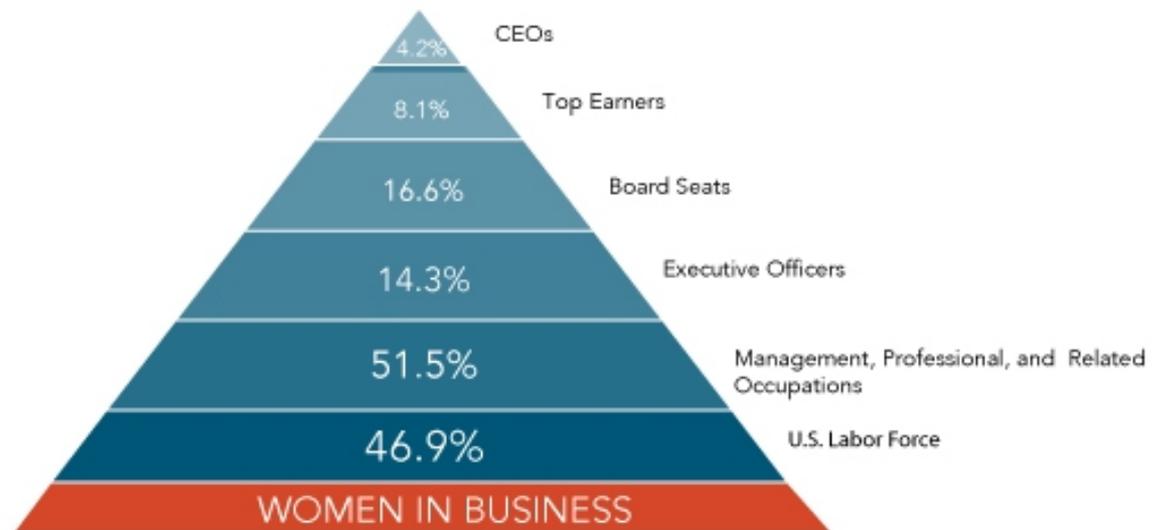
## Our VALUES

Connect  
Engage  
Inspire  
Impact

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Catalyst is the leading nonprofit membership organization working globally with businesses and the professions to build inclusive workplaces and expand opportunities for women and business.

# U.S. Women in Business



## Sources

Catalyst Research (2013).

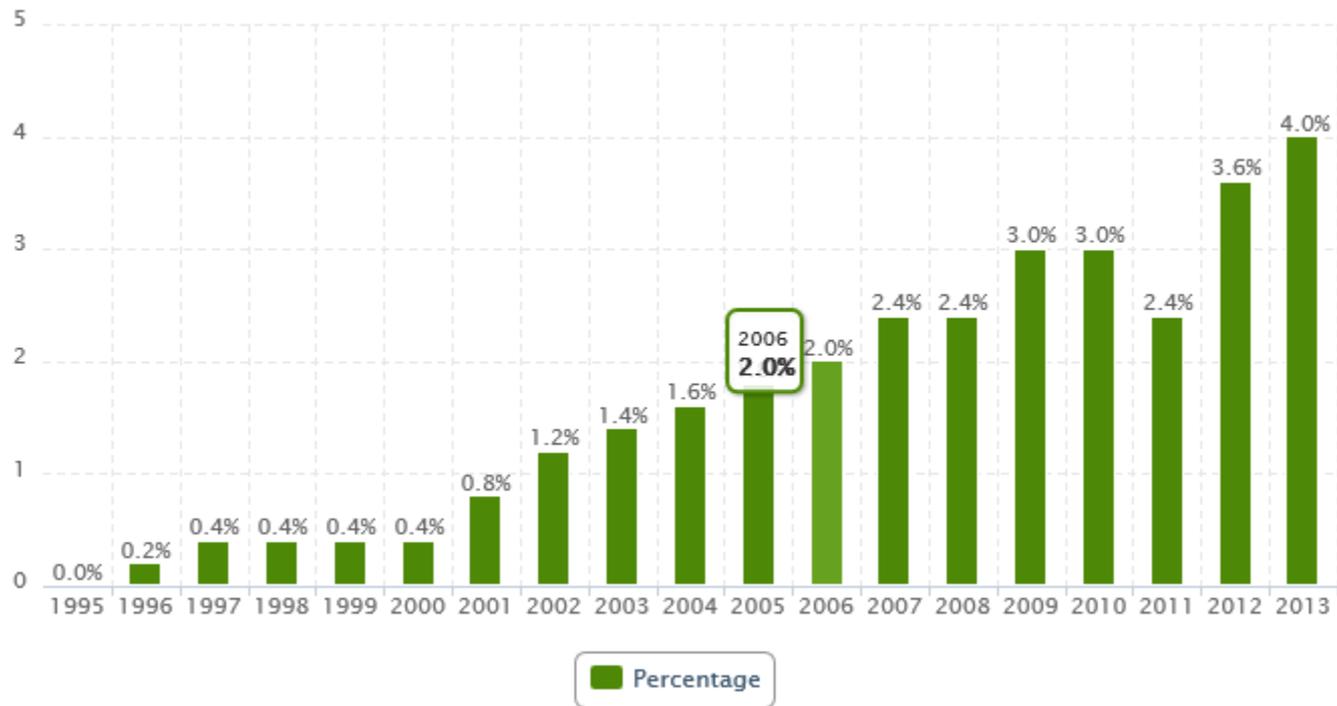
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Catalyst, 2012 Catalyst Census: Fortune 500 Women Executive Officers and Top Earners (2012).

Bureau of Labor Statistics, 2012 Current Population Survey, "Employed Persons by Detailed Occupation, Sex, Race, and Hispanic or Latino Ethnicity" (2013).

Bureau of Labor Statistics, 2012 Current Population Survey, "Employment Status of the Civilian Noninstitutional Population by Age, Sex, and Race" (2013).

# Women CEOs of the Fortune 500



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# Fortune 500 Board Seats Held by Women



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# Women Executive Officers in the Fortune 500



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# Pillars for a Business Case



## **Improving Financial Performance**

- Research shows that companies with more women board directors experienced higher survival and lower insolvency rates.

## **Leveraging Talent**

- A more diverse organizational climate is associated with higher retention and satisfaction.

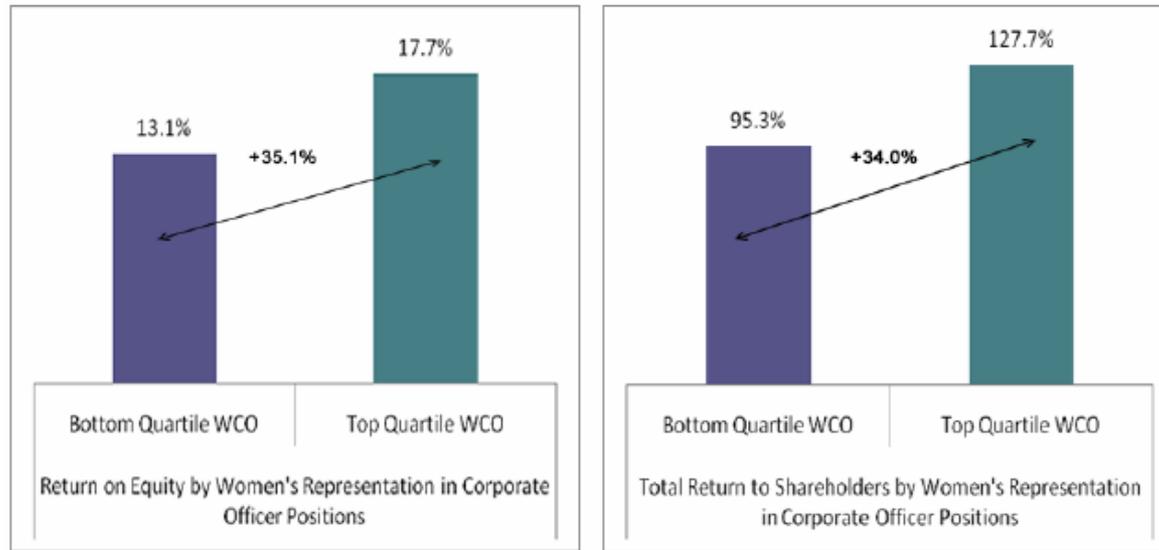
## **Reflecting the Marketplace and Building Reputation**

- Women represent a critical segment of the talent pool and a significant market opportunity.

## **Increasing Innovation and Group Performance**

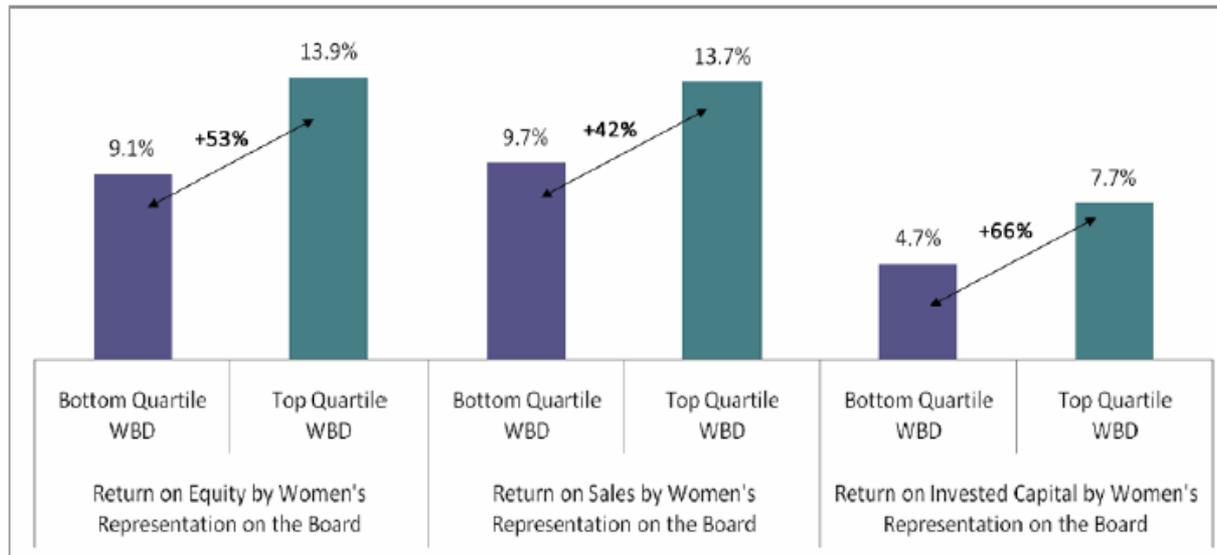
- More diverse workgroups are more innovative and better problem-solvers.

# Improving Financial Performance – Corporate Performance and Women’s Representation in Corporate Officer Positions



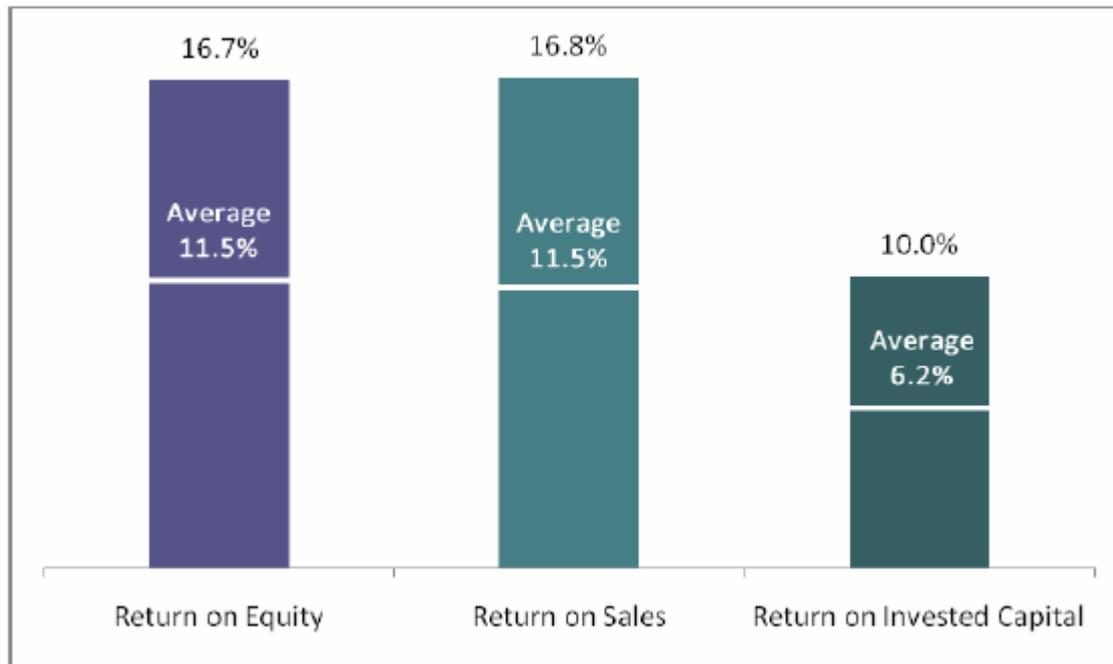
Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* (2004).

# Corporate Performance and Women's Representation on Boards



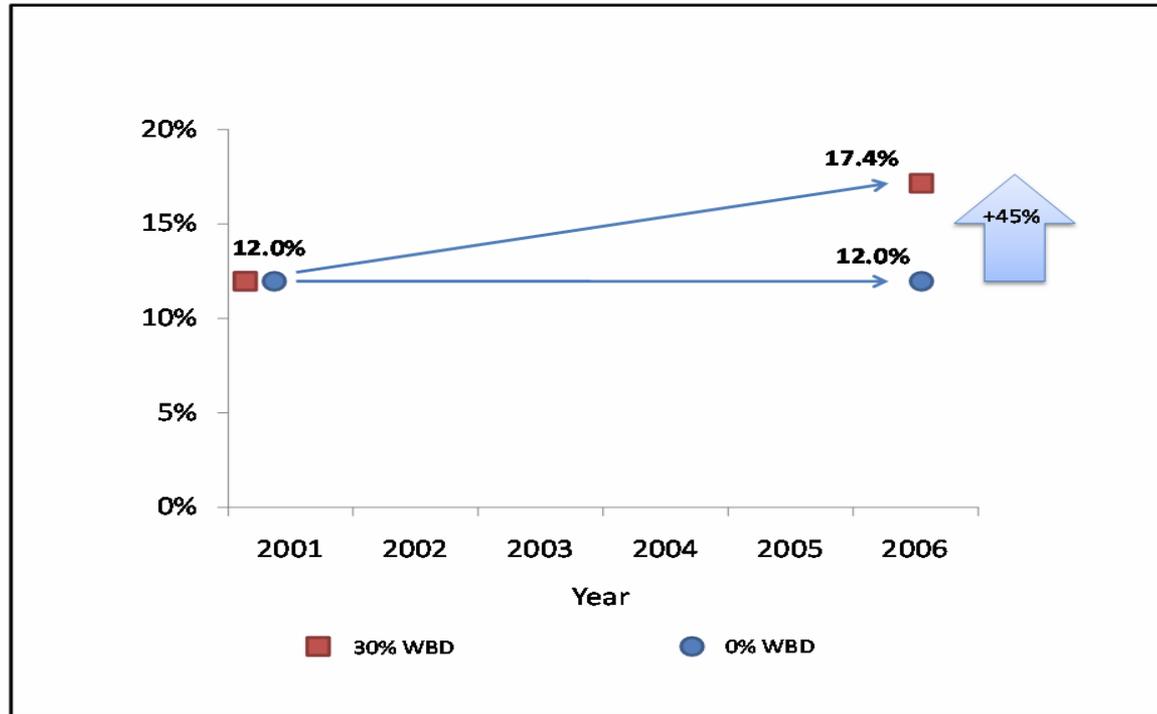
*Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, The Bottom Line: Corporate Performance and Women's Representation on Boards (Catalyst, 2007).*

# Financial Performance at Companies With Three or More Women Directors



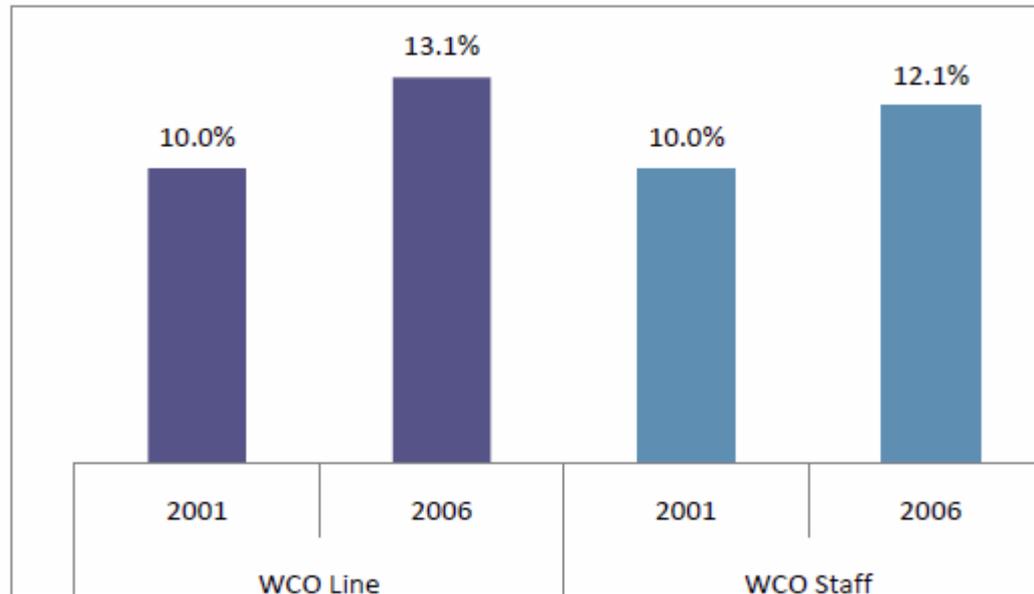
*Lois Joy, Nancy M. Carter, Harvey M. Wagner, and Sriram Narayanan, The Bottom Line: Corporate Performance and Women's Representation on Boards (Catalyst, 2007).*

# Percent of Women Board Directors Predicts Women Corporate Officers



Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

# Women Directors Predict More Women Officers in Line Positions



Lois Joy, *Advancing Women Leaders: The Connection Between Women Board Directors and Women Corporate Officers* (Catalyst, 2008).

# *Leveraging Talent –*

## Women in the Pipeline Lag Men from Day One; Gender Gap Grows Over Time



- High Potential women globally lag men on level and salary from their first job post-MBA.
- Over time, as careers progress, the gap in level and pay gets wider.
- Even among these high potential employees, the gender gap exists and persists.
- The gender gap didn't narrow during the economic downturn.

Nancy M. Carter and Christine Silva, *Pipeline's Broken Promise* (Catalyst, 2010).

Nancy M. Carter and Christine Silva, *Opportunity or Setback? High Potential Women and Men During Economic Crisis* (Catalyst, 2009).

# Myths are commonly used to “explain away” why pipeline women lag their male colleagues



**MYTH:** The gender gap in corporate leadership can be explained by women’s choices.

Our research revealed that even among high potentials who had chosen put their career first, aspired to the top, and had no children—women still lagged men from the start of their careers, and the gender gap only grew as careers progressed.

**MYTH:** Women lag because they have too few mentors.

We found that high-potential women actually had more mentors than men, but men’s mentors were more senior—and the mentor’s level is what predicts advancement. When mentors are highly placed within organizations, they may advocate for their mentee’s advancement— acting as a sponsor when advancement decisions are made.

**MYTH:** Women lag because they are not using the right strategies to get ahead.

High-potential women and men in our study were equally proactive in the use of career strategies to get ahead. However, doing “all the right things” paid off for men more than it did for women when it came to advancement and compensation growth.

**Myth:** Women don’t help other women get ahead in their careers.

The “Queen Bee syndrome” suggests that women do not help other women get ahead in their careers, and that they may even actively keep other women down. We found that women are actually more likely than men to be developing others, and they’re most likely to be helping other women climb the corporate ladder.

# Myths are commonly used to “explain away” why women lag their male colleagues



**Myth: Women and men are being developed in the same way, receiving the same leadership development opportunities.**

We found that large and visible projects, mission-critical roles, and global experiences are the crucial “hot jobs”— on-the-job leadership development opportunities —that advance high potentials further and faster, but women get fewer of these critical experiences necessary to advance. While more women than men had experience with project-based work, men reported working on larger and more visible projects that they perceived to carry more risk to their companies.

**Myth: Women get fewer international assignments because they are reluctant to relocate and decline offers made to them.**

Although we found that overall, more men than women are willing to relocate, a large proportion of women are willing to relocate (39% of women, 56% of men). And when we considered only those high potentials who are willing to relocate, we found that men are still more likely than women to get an international assignment. Furthermore, women were no more likely than men to turn down an opportunity for an international assignment when it was offered.

**Myth: The earlier in one’s career that high potentials participate in formal leadership development programs, the better.**

We found that women entered leadership development programs earlier in their careers and remained in them longer than men, but men were more likely to get a number of “hot jobs” following participation in programs including receiving a promotion within a year of completing the program.

# Reflecting the Marketplace & Building Reputation



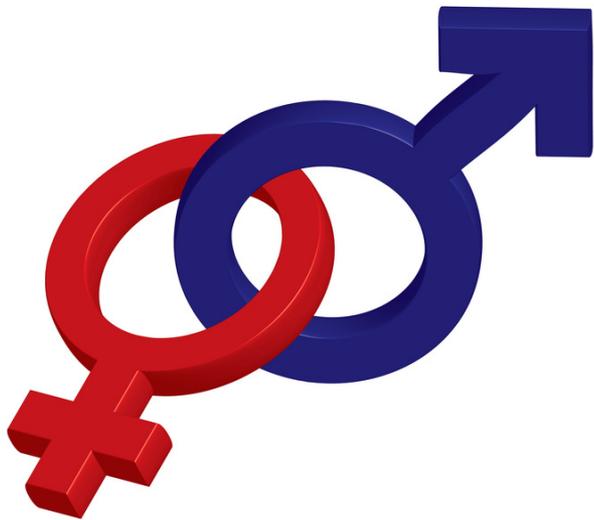
- Gender diverse boards - higher levels of boardroom involvement and corporate oversight.
- More women – better attendance at board meetings.
- Women - tougher monitors than men directors and more likely assigned to monitoring related committees.
- At least one woman on board – lower likelihood of financial restatement.

Rene B. Adams and Daniel Ferreira, *Women in the Boardroom and Their Impact on Governance and Performance*, *Journal of Financial Economics*, vol. 94 (2009): p. 291-309; Douglas J. Cumming, Tak Yan Leung, and Oliver M. Rui, *Gender Diversity and Securities Fraud*, Social Sciences Research Network, Working Paper Series (August 1, 2012).

# Gender and Corporate Social Responsibility



## Gender Diverse Executive Leadership



Is Correlated With



Higher  
Philanthropic  
Contributions

Rachel Soares, Christopher Marquis and Matthew Lee, *Gender and Corporate Social Responsibility: It's a Matter of Sustainability* (Catalyst (2011)).

# F500 Officers Snapshot: 2007



**0% Women  
Corporate Officers**

**25% or More Women  
Corporate Officers**



# F500 Officers Over Time

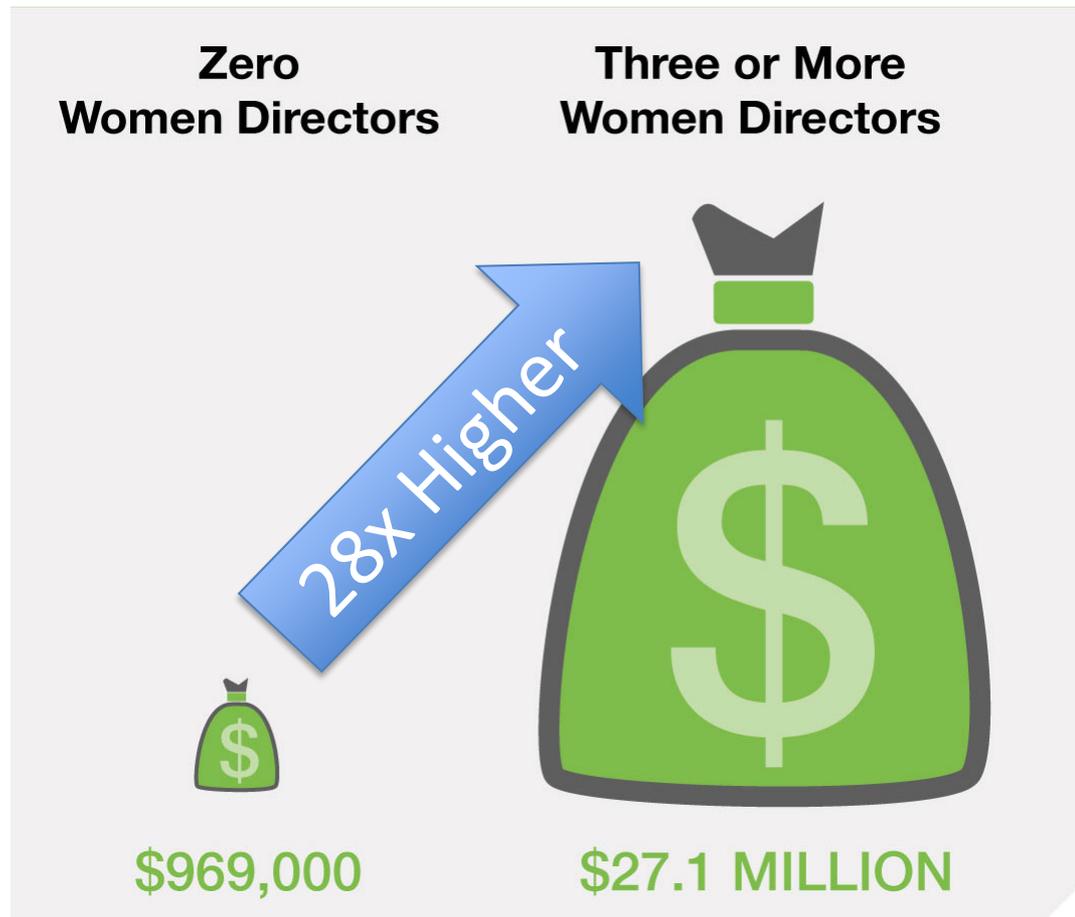


**Companies with more women Corporate Officers donated significantly more funds.**

For every additional percent increase in the presence of women Corporate Officers, annual philanthropic giving **increased by**

**\$5.7 million.**

# F500 Directors Snapshot: 2007



# Directors Over Time



**Companies with more women directors donated significantly more funds.**

With each additional woman director, annual philanthropic giving

**increased by**

**\$2.3 million.**



# Increasing Innovation & Group Performance



- Highly diverse teams perform better on highly complex tasks.
- Women in top management improve performance of firms heavily focused on innovation.
- Women decrease level of conflict on board, increasing quality of board development activities.

Malcolm Higgs, Ulrich Plewnia, and Jorg Ploch, Influence of Team Composition and Task Complexity on Team performance, Team Performance Management, vol. 11, no. 7?8 (2005); Toya Miller and Maria del Carmen Triana, Demographic Diversity in the Boardroom: Mediators of the Bord Diversity-Firm Performance Relationship, Journal of Management Studies, vol. 46, no. 5 (July 2009); p. 755-786; Sabina Nielsen and Morten Huse, The Contribution of Women on Boards of Directors: Going Beyond the Surface, Corporate Governance: An International Review, vol. 18, no. 2 (March 2010).



## Why Diversity Matters -

<http://www.catalyst.org/knowledge/why-diversity-matters>

Provides readers, including D&I practitioners, diversity initiative sponsors, and ERG leaders with recent data to use in their efforts to build an organizational business case for diversity and inclusion.

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