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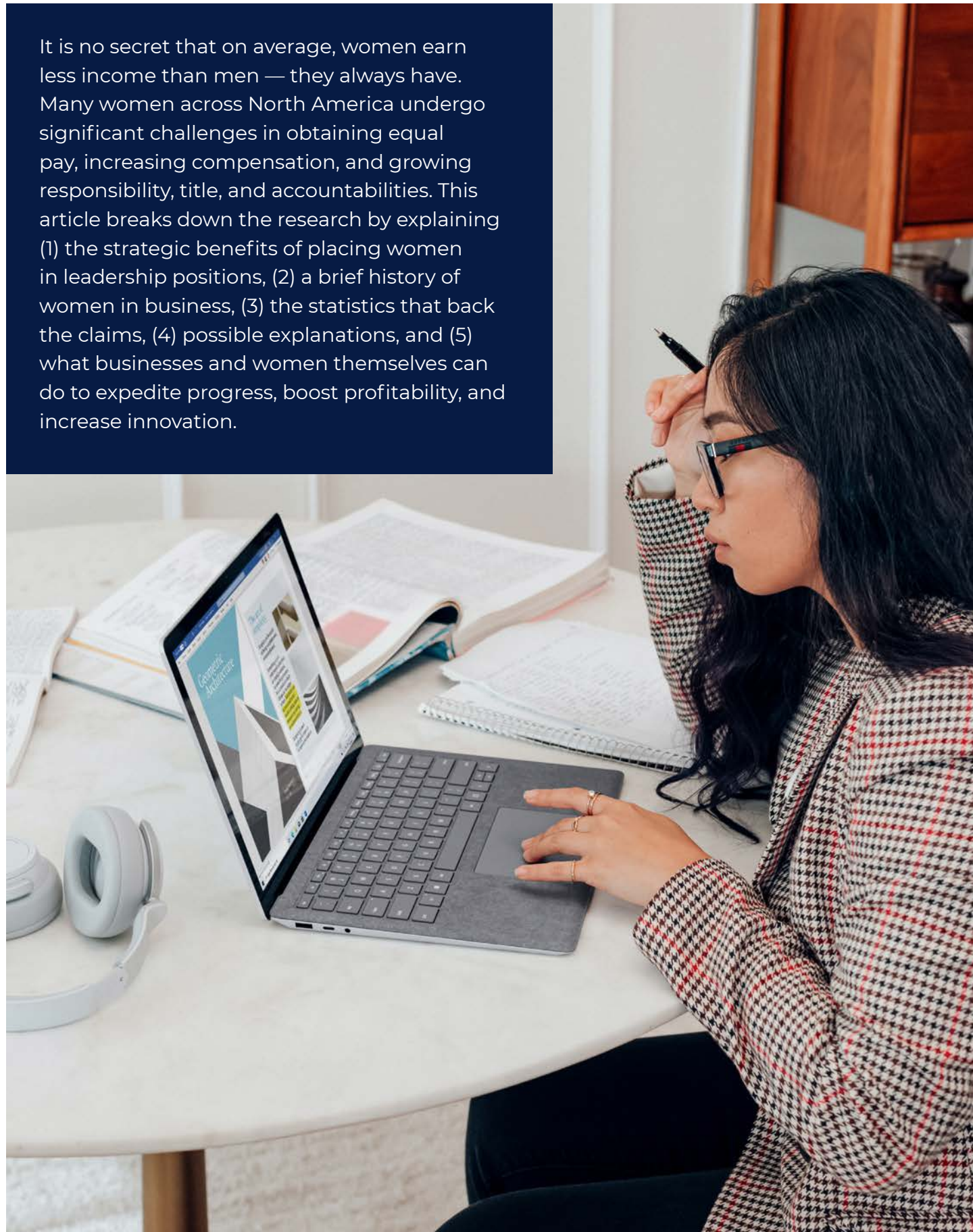
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WHITE PAPER

THE CASE FOR PROMOTING WOMEN

Heather Cameron + Mackenzie Jones

It is no secret that on average, women earn less income than men — they always have. Many women across North America undergo significant challenges in obtaining equal pay, increasing compensation, and growing responsibility, title, and accountabilities. This article breaks down the research by explaining (1) the strategic benefits of placing women in leadership positions, (2) a brief history of women in business, (3) the statistics that back the claims, (4) possible explanations, and (5) what businesses and women themselves can do to expedite progress, boost profitability, and increase innovation.



WHY DOES IT MATTER?

From negotiating pay to combating biases and non-inclusive workspaces, women face a variety of challenges in proving their worth in the workplace. Yet, there is an abundant and growing amount of research that substantiates the fact that companies with women in leadership positions are more innovative and make more money. While it is not clear exactly why, evidence suggests that diversity, not just gender diversity, makes companies more profitable, innovative, and respected. A study at the University of Arizona found that companies with women in leadership roles produce more patents, by an average of 20% more than companies comprised of male-dominant executive teams.¹ Pepperdine University followed over 200 Fortune 500 companies for approximately 19 years and uncovered a strong correlation between promoting women to C-suite roles and an increase in profitability of 18-19% over the median Fortune 500 business.²

We like people who are like us, but that same cozy comfort may be a contributing factor to groupthink, which we know is detrimental to innovation and independent thought — two necessary ingredients for a successful business. Among homogenous leaders, the ease of similarity and agreeability may be self-limiting. Innovation is bound to flourish when you introduce different sets of skills, ideas, thoughts, and life experiences to your organization. It is not about minimizing men — their opinions are necessary — but about including and empowering women and diverse groups.

While innovation is and has always been important, its importance is increasingly apparent during this disruptive age of COVID-19, political tension, and consistent, unanticipated change. Innovation is essential. If women are change agents, quick to adapt and even quicker to innovate, then we can deduce that their inclusion is more imperative than ever to help navigate companies through unprecedented times.

20%

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18%

Fortune 500 companies that promote women to C-suite roles had an 18-19% increase in profitability, compared to the median Fortune 500 business

A BRIEF HISTORY OF WOMEN IN BUSINESS

While companies have certainly come a long way, the work is far from over. Many women continue to fight an uphill battle in their quest for equal opportunity.

In 1973, there was only one female CEO of a Fortune 500 company, Katharine Meyer Graham. Katharine's rise to executive leadership was unorthodox. Her father, Eugene Meyer, owned The Washington Post. In 1946, Meyer appointed his son-in-law and Katharine's husband at the time, Phillip Graham, to Associate Publisher. Phillip Graham eventually took over ownership of The Washington Post from his father-in-law.³

When Phillip Graham died in 1963⁴, Katharine assumed de facto ownership of the newspaper.



She led The Washington Post as CEO from 1973 to 1993⁵, during which she steered the publication through two major political episodes in American history: The Pentagon Papers and the Watergate Scandal. Under Katharine's leadership, The Washington Post won a Pulitzer Prize in 1973 for its investigative reporting in the Watergate Scandal. It was not until she assumed the role that Katharine began paying more attention to women's struggles in the workplace and the need for more women at work.⁶

Warren Buffet, a long-time friend of Katharine, said of her, "Kay understood the two most basic rules of business: first, surround yourself with talented people and then nourish them with responsibilities and your gratitude; second, consistently deliver a superior, ever-improving product to your customer."⁷

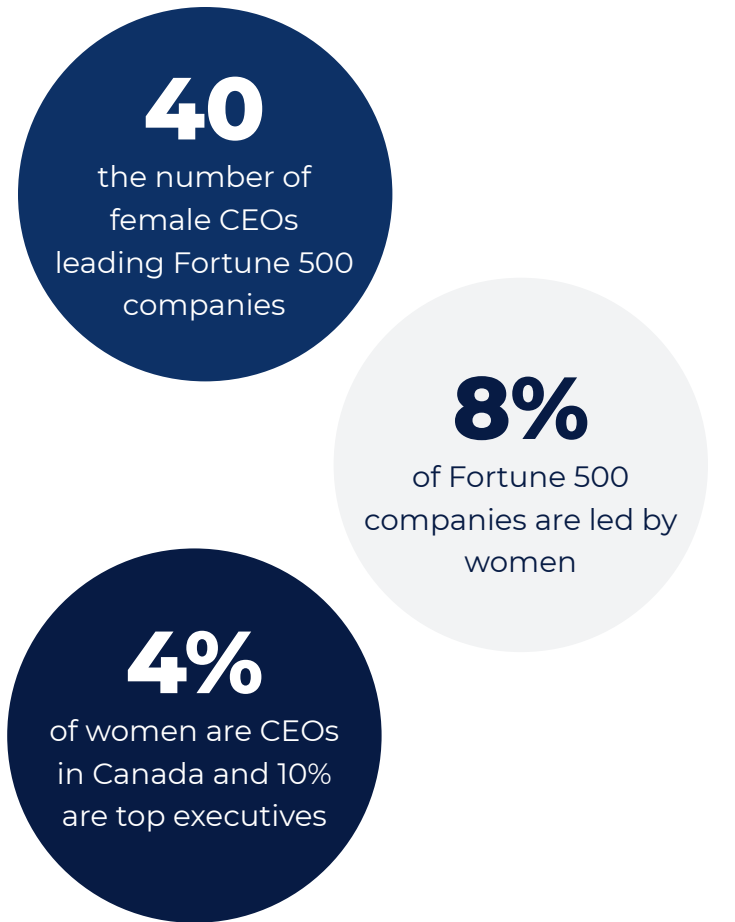
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WARREN BUFFET

After Katharine, the next female CEO of a Fortune 500 company was Marion Sandler, who was appointed in 1974 to co-lead Golden West Financial with her husband. It was not until 1987 – over 10 years later, that another woman, Linda Wachner of Warnaco Group Inc., was introduced to the list.⁸

Change was slow initially, but it has accelerated. In 2020, a record number of 40⁹ Fortune 500 companies were led by a female CEO. Some of these companies include General Motors, UPS, Best Buy, Gap Inc., Rite Aid, Edward Jones, The Hershey Company, Land O'Lakes, and Williams Sonoma. That is 8% of Fortune 500 companies led by women, in a country where women make up 50.8% of the population.¹⁰ In Canada, the statistics are not dissimilar. Approximately 4% of women are CEOs in Canada and 10% of top executives in Canada are women, where pay is highest.¹¹



STATISTICS AT A GLANCE

DOUBLE PANE GLASS CEILING

#1
the challenge of getting women in the room

#2
the challenge of equal pay when compared to male counterparts

The term “Double Pane Glass Ceiling” refers to the challenges women face at the top of Canada's corporate climb. There is (1) the challenge of getting women in the room and (2) equal pay when compared to their male counterparts.¹²

Research by the Canadian Centre for Policy Alternatives (CCPA) into 249 publicly traded companies in Canada calculates that women in executive roles earn 68 cents to every dollar earned by their male counterparts.¹³

While a pay gap exists between men and women in Canada at all levels, with women in Canada between ages 25 to 54 earning an average of \$26.92 per hour and men in Canada in the same age range earning \$31.05 per hour (2018 data)¹⁴, we focus on executives for this research.

Gender-based wage disparity warrants further attention. Women have surpassed men in educational attainment and have increased their representation in high-status jobs, yet they still make less per hour than men.¹⁵ It is notable that between 1998 and 2018, women's wages have grown at a faster rate than men's. In this period, women's average hourly wages (adjusted for inflation) grew by 20.5%, while men's grew by 12.9%.¹⁶ But that progress wanes when the magnifying glass moves upward within the organizational hierarchy.

Despite this positive trend, women remain at a disadvantage in the workplace because of the opportunity gap.

PAY GAP VS. OPPORTUNITY GAP

If employers are serious about closing the pay gap, they need to think just as much about closing the opportunity gap. The opportunity gap can be explained as the situation where women remain in entry-level positions and do not advance to leadership roles within an organization, while their male counterparts move up the ladder at a faster rate.

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CAUSES OF THE OPPORTUNITY GAP¹⁷

Less qualified female candidates to choose from

Biases within organizations

Conflicting familial obligations

Cultural expectations of women



THE GAP IS FACT — BUT WHY?

We could provide a laundry list of proposed reasons why these gaps exist, including the fact that men in executive positions have more experience than women. Perhaps men carry themselves with a little more “executive presence.” Perhaps women are less assertive or worried about social repercussions of asking for more, so they refrain altogether. Or perhaps a bias exists, even if unconscious or subliminal. It could be all or none of these things.

One prevailing explanation of why women make less money is that they are less likely to negotiate their salaries or ask for a raise than men are. This is the driving thought behind many popular business books aimed at empowering female professionals. One study published in Harvard Business Review found that women do ask for raises as much as men, but men are more likely to be successful. The research states that men are successful 20% of the time and women are successful 15% of the time.¹⁸ Over the years, these percentages add up.

Another explanation is that employers often base their starting salaries for executives on the individual's previous salaries. If women have a history of making less money than men in the same role, and their new employer determines compensation primarily on merit, women will not be disadvantaged when they switch companies.

Another explanation is the “Motherhood Penalty” and the “Fatherhood Bonus¹⁹,” suggesting that women take off more time to tend to children, often because childcare is too expensive, and thus are penalized because of part-time or insensitive work arrangements, while men get a bonus — tied to the idea that men are breadwinners and need more money to feed the family once they have children.

Or maybe women are less assertive, less confident, or even less respected by their colleagues due to inherent biases against them. But the answer is likely much more nuanced than any single explanation.

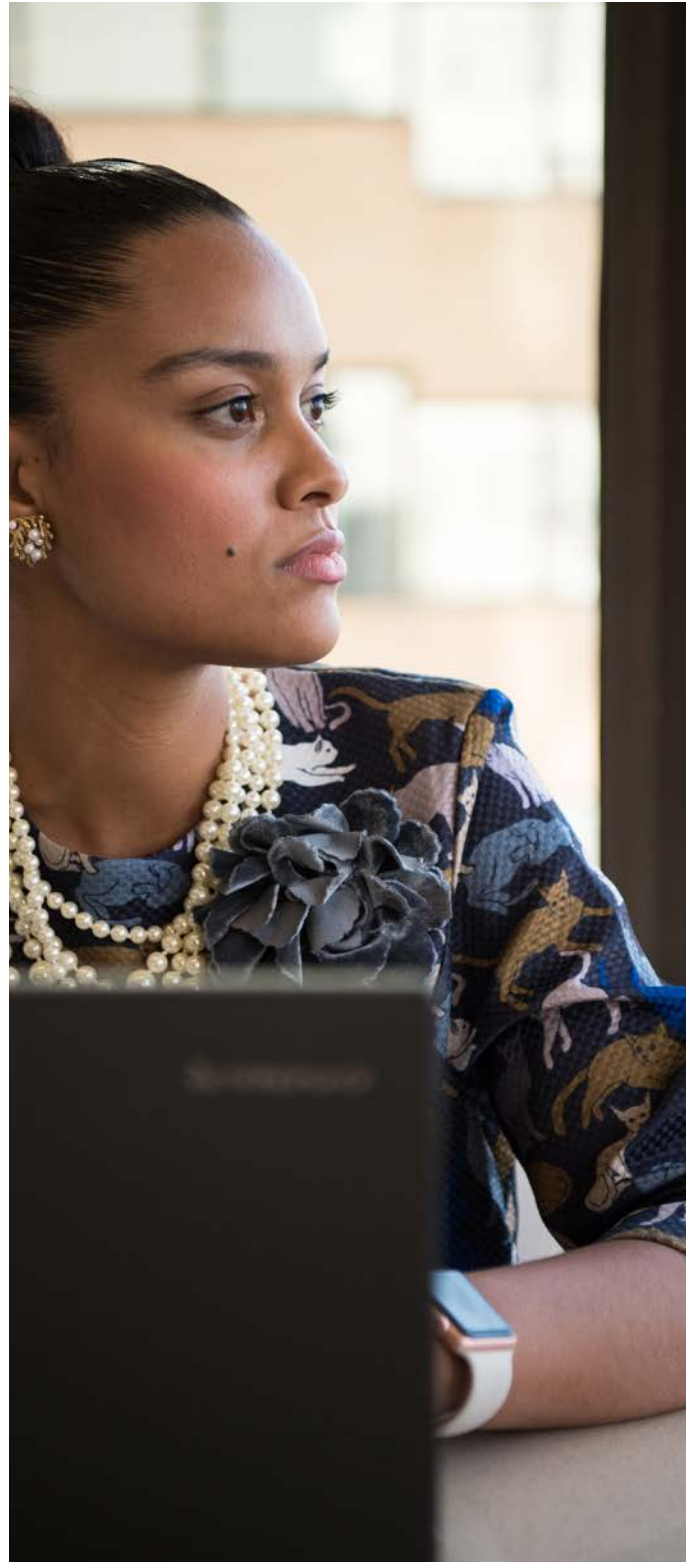
WHAT CAN YOUR BUSINESS DO?

If you are in charge of hiring talent for your company — put women in your pipeline for executive roles, and seriously consider them. If you have internal up-and-comers, consider all candidates, male and female alike. If you are predisposed to discredit women or assume they are “not the right fit,” ask yourself, “why do I feel this way?” Get comfortable with getting uncomfortable. It will be the first challenge to engineering change, but it will pay off later.

Offer women the same experiences that you offer men. Encourage them to take a seat at the table and share their ideas. Listen to their ideas. Encourage the female and male leaders at your company to mentor up-and-coming talent.

In this section, we list five concrete steps you might consider implementing to expedite progress and uplift female talent at your organization.

- 1. Recognize your bias and boot it out of the way.** Biases likely exist whether you are male or female and regardless of your opinion on the pay gap and opportunity gap. The first step to changing your perception is recognizing your preconceived notions.
- 2. Promote women to management.** The notion that women are less qualified or educated is no longer valid. Statistics revealed that in Canada, women outnumber male graduates at every level of education except the doctoral, where women accounted for 45.6% of the graduates (2017/18 data)²⁰. In the U.S., there are more



college-educated women than men in the workforce²¹, albeit women still lag when it comes to reaching the highest level of leadership in both countries. If the argument is that women lack the years of experience in management necessary for a promotion, then there is only one way to solve that challenge – give women opportunities to grow and provide a career path to leadership.

- 3. Train them. Groom them. Empower them. Value them.** Avoid creating a boys’ club. Offer women the same experiences you would offer a man in the same position.
- 4. Reference women.**²² Consider who you quote for your business articles and presentations. Beyond Bill Gates or Henry Ford, include quotes from inspiring women; doing so normalizes their credibility and helps pave way for progress.
- 5. Let women talk — and then listen.** Studies show women talk less than men in public forums. Unfortunately, this means their ideas, insights, and perspectives may go unheard.²³ An important step for companies to take is to give women the mic and let them share ideas, uninterrupted.

Several companies already excel at this. One inspiring effort to empower women is demonstrated by Fidelity Investments, a multinational financial services corporation headquartered in Boston, MA. Fidelity’s youth program, Boundless, is designed for high

school and undergraduate females, exposing them to the world of finance and helping them to identify their strengths and discover their passions.²⁴

IBM, who appointed its first female CEO in 2012²⁵, has been a champion in recognizing female talent in tech and promoting women to executive positions in recent years. The tech company cites its commitment to celebrating female talent as a key driver of its success²⁶. It has also supported the growth of the nonprofit, Girls Who Code. IBM’s call to action includes (1) evolving organizational culture by overcoming unconscious bias and creating a supportive environment, (2) establishing career support systems like mentoring rising talent and encouraging women to help women, and (3) advancing its individual female employees by identifying talent early to encourage self-promotion. These are only a few examples of IBM’s efforts to empower women in tech.²⁷

In Canada, your company can undertake the work and effort to become recognized as one of Canada’s Best Workplaces for Women, a certification offered by Great Place to Work. Cactus Club Restaurants, Binnie, ATB Financial, Deloitte, DHL, Grant Thornton LLP, Traction on Demand, and Visa Canada are just a few companies on this list.²⁸ To be certified, companies must have a minimum of 15 female employees, and at least 90% of employees must agree that all workers are treated fairly, regardless of gender.



WHAT CAN YOU DO AS A WOMAN?

The onus for leveling the professional playing field does not fall on companies alone. It is also incumbent on the employees who work for them. In this section, we offer 10 tips and tricks for women to take control of their careers and create a path to success that includes growth in role and income, but also recognition for their work.

#1 Make yourself valuable: Making yourself valuable is important not only for keeping your job, but also for building the case for your promotion.

#3 Be positive: If you have a positive attitude, people will enjoy working with you, and it will be easier to get ahead.

#4 Seek a diverse mentor base: The importance of quality mentors cannot be stressed enough. It is important to seek diversity in your mentors. For example, working with male mentors enables women to gain experience in developing an effective relationship with a male leader and help both parties to broaden their perspective.

#2 Learn how to network and stick to it: Networking is a key element to any successful career. Networking is not just about trading information, it is also about building lasting relationships and gaining access to resources. When you get better at networking, you will see your professional status grow, along with self-confidence.³⁰ You never know when or how you will find your next opportunity; it could very well happen through networking.

#5 Ask for honest feedback: Some research suggests that women receive less favourable feedback than men.²⁹ Women should ask for honest, constructive feedback and avoid taking it personally. Use feedback to improve and set yourself up for your next growth opportunity.

#6 Know your potential and talk about it: Women are less likely to self-promote and, on average, rate their performance lower than men do. However, there is no gap when men and women evaluate others' performance.³¹ This phenomenon may contribute to disparities in promotions and pay.

#8 Keep tabs: Be able to tangibly demonstrate how your work helps benefit the company. Put your metrics on paper. While you know everything that you do for your organization, not everyone else does.

#9 Change the conversation: Instead of making it about what you want, make it about what you do. Doing this can keep things professional and add legitimacy to your case.

#7 Raise your hand, strategically: It has been suggested that women may take on more non-promotable tasks when compared to their male counterparts. These tasks are required for organizations to run but are time-consuming and less highly rewarded during performance evaluations. If promotions are your objective, be strategic about the tasks you take on, and consider volunteering for tasks that you know are valued and rewarded.³³

#10 Just ask: Many women feel that their work should speak for itself. Truth is, you do not know what your work says about you. And, even if it is saying a lot of great things, you do not know that anyone is listening. Christa Quarles, CEO of OpenTable, said at her first job, she quickly climbed the ladder, but her salary stayed behind. Christa realized that she was underpaid, so she brought this to her supervisor's attention and asked for more. Her manager reviewed her salary and gave her a raise.³²

The case for promoting women to executive positions is strong. It will take organizations at large and the individuals who make them up, male and female, to initiate and maintain direction. We have come a long way, but the race is far from over.

ABOUT THE AUTHORS



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