

The Power of Gender Equality in the Workplace

Sustainable Growth and
Inclusive Economic
Development in Latin
America and the Caribbean



Authors

Aniela Unguresan, Co-founder, EDGE Certified Foundation
Magali Saúl, Client Adviser, EDGE Strategy
Lauren Murphy, Investment Officer, IDB Invest

Editor

Olga Mayoral, Consultant, IDB Invest

Design

Diana Nogueras Studio

Additional thanks

- Jimena Serrano, Consultant, IDB Invest, for her contributions to the case studies in this publication
- Jaime García Alba, Chief of Advisory Services & Blended Finance, IDB Invest, for initiating this report with EDGE
- Stephanie Oueda, Head of Gender, IDB Invest, for her contributions to the publication
- RobecoSAM and Rashila Kerai, Analyst, Sustainability Investment, for providing the data and analysis pertaining to the companies in the third cluster of the report
- Mercer and Alina Polonskaia, Principal, Diversity & Inclusion, for their permission to reproduce the findings of the study “When women thrive, businesses thrive—challenges and opportunities in Latin America,” November 2017 edition



About IDB Invest

IDB Invest, the private sector institution of the Inter-American Development Bank (IDB) Group, is a multilateral development bank committed to supporting the private sector in Latin America and the Caribbean. It finances sustainable enterprises and projects to achieve financial results that maximize economic, social and environmental development for the region. With a current portfolio of \$11.6 billion under management and 330 clients in 21 countries, IDB Invest works across sectors to provide innovative financial solutions and advisory services that meet the evolving demands of its clients. As of November 2017, IDB Invest is the trade name of the Inter-American Investment Corporation. www.idbinvest.org



About EDGE Certification

EDGE is the leading global assessment methodology and business certification standard for gender equality. It measures where organizations stand in terms of gender balance across their pipeline, pay equity, effectiveness of policies and practices to ensure equitable career flows, as well as inclusiveness of their culture. Launched at the World Economic Forum in 2011, EDGE Certification has been designed to help companies not only create an optimal workplace for women and men, but also benefit from it. EDGE stands for Economic Dividends for Gender Equality and is distinguished by its rigor and focus on business impact.

EDGE assessment methodology was developed by the EDGE Certified Foundation, which continues to act as the guardian of the EDGE methodology and certification standards. Its commercial arm, EDGE Strategy, works with companies to prepare them for the EDGE Certification. More than 180 organizations, in 48 different countries and across 23 different industries, have engaged to date with EDGE Certification.

The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of IDB Invest, its Board of Directors, or the countries they represent.

Table of Contents

- 3. Foreword
- 5. Opening
- 6. Highlights
- 7. A large, highly skilled, untapped female talent pool
- 11. Closing the workplace gender gap in Latin America and the Caribbean
- 12. The first cluster: “Business as usual” companies
- 14. The second cluster: Companies collecting and reporting data on gender-related indicators
- 16. The third cluster: Companies proactively managing workplace gender equality
- 19. The fourth cluster: EDGE Certified companies
- 21. Case studies from Latin America and the Caribbean: Reaping the benefits of the EDGE Certification
- 26. Call to action

Foreword

We are living in a new era for development financing. We look at technology, the environment and gender paradigms in ways much different than in the past. To respond, we are finding new solutions for Latin America and the Caribbean's (LAC) private sector. In 2015, we began a restructuring to optimize how we serve our clients and achieve development impact. In 2017, we communicated our renewed vision by changing our brand. IDB Invest better unites our comparative advantages—the IDB's trust and history combined with the flexibility and agility that businesses seek.

In LAC, we see a gender gap in labor participation, entrepreneurship and leadership. Often our private sector clients want to promote women's advancement and gender equality, but they simply don't know how. To respond, we are offering new financial instruments combined with value-added advisory services across sectors like infrastructure, energy, agribusiness, manufacturing and tourism. We support our clients to create organizational changes that improve internal diversity and inclusion and promote women's performance. Our development effectiveness tools ensure we measure our impact and continue to learn from our projects. We are also joining forces with the World Economic Forum to strengthen women's ecosystems. Gender Parity Task Forces are one example. They aim to close gender gaps in labor markets by improving public policies and engaging the private sector to commit to concrete targets.

Other partnerships allow us to advance. Recently, we designed and offered our clients a diagnostic tool, the

Women's Empowerment Principles Gap Analysis Tool, which we designed with UN Global Compact and UN Women with the support of BSR. We also partnered with certification entities in the region, including the EDGE Certified Foundation, a global leader promoting standards for gender equality. Our 100% Committed to Gender Equality Campaign encourages us to "walk the talk" internally. It is reinforced by our own EDGE certification, which IDB Invest received in late 2017.

At IDB Invest, we aim to be a knowledge broker, convener and provider of financial and non financial solutions. This report takes us one step closer to achieving these goals. The report's findings derive from empirical data about companies that take varying approaches to gender equality in the workplace. Thank you to the many companies that shared their data, insights and best practices in this publication. Our request to you, the readers, is that you act upon the data and case studies presented here. It is our call to action to encourage businesses to support the corporate cultures, policies and practices that accelerate gender equality and invest in the future of our region.

Luis Alberto Moreno, President, IDB Group, and James P. Scriven, Chief Executive Officer, IDB Invest, member of the IDB Group



Foreword

As recent events suggest, much work remains to be done to advance gender equality in the workplace: from equally valuing and respecting the different contributions of women and men, to granting equal pay for equivalent work, ensuring their balanced representations across types of jobs and levels of responsibility, and fostering a work environment where all employees can thrive. Such work requires long-term commitment—a systemic, holistic approach, as well as grit. This is what a number of organizations and companies across the world have publicly pledged to pursue by undertaking the rigorous EDGE Certification process.

Since its launch at the Annual Meeting of the World Economic Forum in 2011, EDGE Certification's mission has been to support these trailblazing institutions to enact the change that we expect to see in the 21st century: fostering transparency and accountability internally, while reaping the economic benefits and performance associated with workplace gender equality.

The global nature of this movement reveals the global urgency of this issue. Ranging from North America to Southeast Asia, more than 180 organizations and companies in 48 different countries and across 22 different industries have walked this talk.

A number of companies from LAC are among the ones that pioneered this movement and are now considerably growing in numbers. By partnering with regional experts at IDB Invest, this paper aims to shed light on the considerable progress achieved by the EDGE Certified organizations in the region and the tremendous potential that scaling this movement can have for the region's development and inclusive growth. We hope that this paper will convince other companies and institutions in LAC and other regions to join us and this community of institutions to make workplace gender inequality a distortion of the past.

Aniela Unguresan, Co-Founder, EDGE Certified Foundation



Opening

Latin America and the Caribbean is a region facing significant opportunities, challenges and contradictions when it comes to gender equality.

The region has had more women elected as heads of state (10 women presidents in the past 40 years) than any other region since the 1970s, and an important share of women legislators (29%),¹ but it is also home to seven of the 10 countries with the highest rate of violence against women.²

In its global ranking of countries' gender gaps, the 2017 edition of the World Economic Forum Global Gender Gap Report³ places LAC in the bottom tier of regions for women's economic participation and opportunity, but in the top tier for women's educational attainment, right behind North America and Western Europe.

Furthermore, while female enrollment in tertiary education in the region exceeds that of men in all countries of LAC except Bolivia, the participation of working age women in the labor force is only 52% and continues to lag far behind that of men (77%). Similarly, female unemployment is at 9.9%, substantially higher than the rate for men (6.7%).⁴

A recent study led by the McKinsey Global Institute⁵ calculated that making workplaces inclusive, diverse and gender-balanced could increase the region's gross domestic product by 14% by 2025 if it were to match the fastest-improving country in the region, namely Chile.

In addition, a regional analysis⁶ covering 345 listed companies in LAC found that firms with higher female representation posted 44% higher returns on equity and 47% higher earnings (EBIT) margins, further strengthening the business case for gender equality in the workplace. Morgan Stanley research also shows that more gender diversity in corporate settings can translate to increased productivity, greater innovation, better decision making and higher employee return and satisfaction.⁷

Such numbers provide irrefutable evidence that women in LAC represent a largely underutilized resource for economic

growth and positive and profound societal changes. In a region looking for social and political stability and sustainable, inclusive economic growth, the power of workplace gender equality to boost its prosperity can no longer be ignored.

Despite the strong case for increasing the number of women in the workplace, recent International Labour Organization data show that only 21% of companies have a written gender equality policy.⁸ Moreover, an overwhelming 63% of businesses in LAC report that gender diversity is not among their strategic priorities.⁹

This white paper aims to provide concrete examples about how to unlock the underutilized potential of female talent in the region. It analyzes how different degrees of corporate proactivity in managing workplace gender equality in various areas—such as equal pay for equivalent work, recruitment and promotion, leadership development training and mentoring, flexible working conditions and company culture—are associated with varying results in women's representation across the corporate talent pipeline and, ultimately, their economic participation across the region.

This paper includes data from 11,417 companies, 1,620 of which are in LAC, and the analysis looks at four different clusters of companies grouped by the degree to which they proactively manage workplace gender equality. The first cluster is a large sample of publicly listed companies. The second cluster looks at publicly listed companies in the region that take part in the Dow Jones Sustainability Index. The third cluster includes companies that participated in the “When Women Thrive” study focusing on the LAC region conducted by Mercer, in partnership with EDGE Certified Foundation. The fourth cluster includes companies that pursue an independent, third-party certification in gender equality—EDGE Certification—whose experiences will be highlighted in four case studies at the end of this paper. The data set clusters included here vary in size, methodology and scope of data collected, and the analysis in this paper harmonizes comparability to the extent of data availability.¹⁰

¹ World Development Indicators, 2017.

² (1) El Salvador, (2) Colombia, (3) Guatemala, (5) Brazil, (6) Mexico, (8) Suriname, (10) Puerto Rico. Flasco. “Mapa da Violência 2015: Homicídio de Mulheres no Brasil,” 2015.

³ The World Economic Forum Global Gender Gap Report benchmarks 144 countries on their progress toward gender parity across four dimensions: Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment.

⁴ World Development Indicators, 2016.

⁵ McKinsey Global Institute. “The power of parity: How advancing women's equality can add \$12 trillion to global growth,” 2015.

⁶ McKinsey Global Institute. “Women Matter: A Latin America Perspective,” 2013.

⁷ Morgan Stanley. “A Framework for Gender Diversity in the Workplace,” 2016, and “Putting Gender Diversity to Work: Better Fundamentals, Less Volatility,” 2016.

⁸ International Labour Organization. “La mujer en la gestión empresarial: Cobrando impulso en América Latina y el Caribe,” 2017.

⁹ McKinsey Global Institute. “Women Matter: A Latin America Perspective,” 2013.

¹⁰ Please see Figure 15 for a comparative graph of data availability across clusters.

Highlights

- With an increasingly female talent pool, LAC has yet to see a corresponding increase of women in the workforce and at the top of organizations. This makes women one of the most important underutilized resources for sustainable growth and inclusive economic development in the region.
- This paper compares four distinct company data sets of widely varying sizes and scope, for the first time using research by the IDB, RobecoSAM, Mercer and EDGE. The analysis contributes to the business case for gender equality by showing a correlation between companies that rigorously manage gender equality with a gender certification and a significant representation of women across the talent pipeline, as compared to companies that simply collect and report on their gender data.
- The study also highlights several trailblazing EDGE Certified company case studies and concludes with a call to action to regional companies to replicate and expand the effective actions already adopted by the EDGE Certified companies in the region.

A large, highly skilled, untapped female talent pool









All regions in the world need to do more to close their gender gaps. With an average gender gap of 29.8% in 2017, LAC scores in the middle of the range presented in the World Economic Forum Global Gender Gap Index, behind Eastern Europe and Central Asia. There is, however, some positive news. LAC is home to two of the top 10 fastest-improving countries in the world since 2006: Nicaragua and Bolivia.

While most of the countries in the region have made substantial progress in closing the gender gaps in the areas of health and survival, educational attainment and political empowerment, the World Economic Forum Global Gender Gap Report 2017 and consolidated studies from the International Labour Organization show that the greatest gender gap in LAC lies in economic participation and opportunity, namely in women's participation in the workforce and in the formal economy.

More precisely, the Global Gender Gap Report 2017 ranks LAC sixth of eight regions in economic participation and opportunity, followed only by South Asia and the Middle East and North Africa. However, it should be noted that the gap between LAC and the best region (North America) in this sub-index amounts to only 9 percentage points (**figures 1 and 2**).

Figure 1

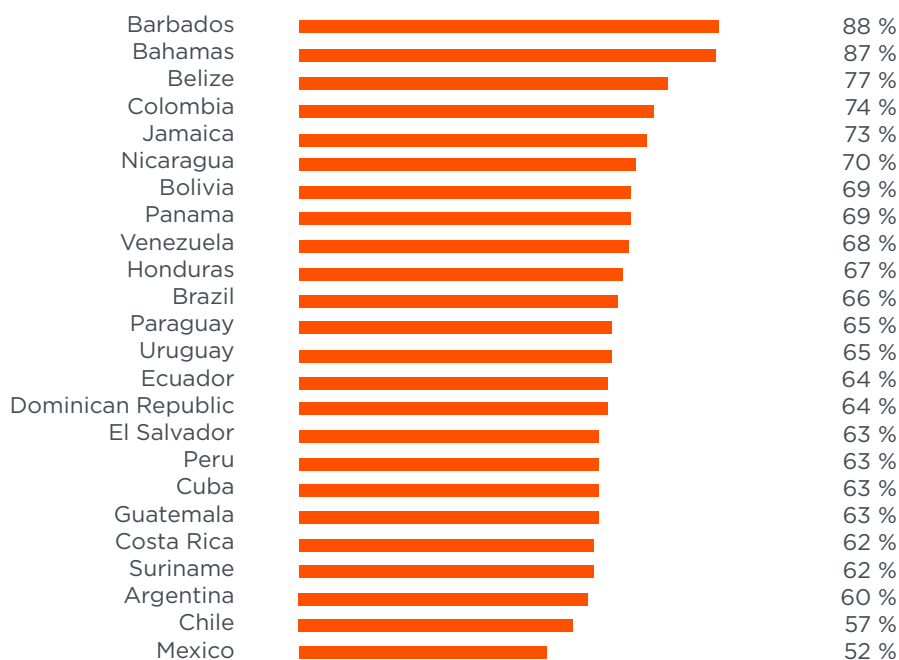
Global Gender Gap Report, Economic Participation and Opportunity Sub-Index by Region (figures are rounded)

North America		76%
Western Europe		71%
Eastern Europe and Central Asia		71%
Sub-Saharan Africa		70%
East Asia and the Pacific		67%
Latin America and the Caribbean		67%
South Asia		50%
Middle East and North Africa		44%

Source: World Economic Forum Global Gender Gap Report 2017 (EDGE Certified Foundation elaboration).

Figure 2

Global Gender Gap Report, Economic Participation and Opportunity Sub-Index for LAC Countries (figures are rounded)

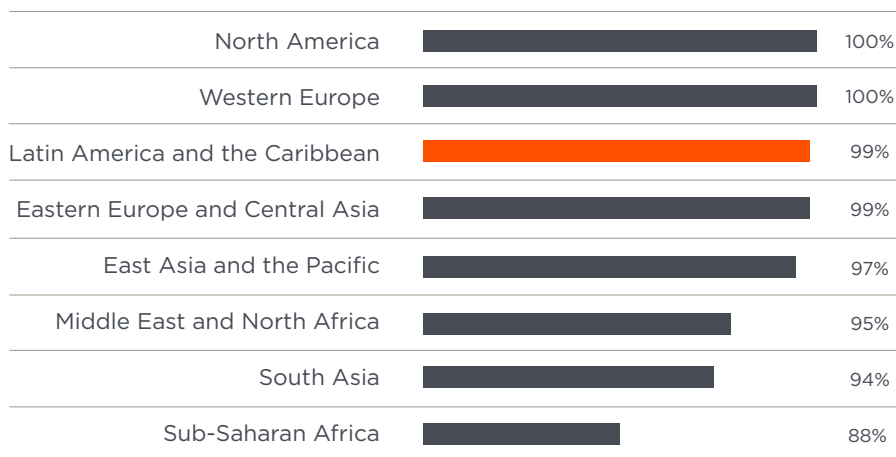


Source: World Economic Forum Global Gender Gap Report 2017 (EDGE Certified Foundation elaboration).

This large gap in women’s economic participation becomes even more intriguing when taking into account the fact that women in the region tend to attain higher levels of education than men. Indeed, according to the World Economic Forum’s educational attainment sub-index, LAC has the third highest score, behind North America and Western Europe (Figure 3), with most LAC countries having fully closed the gender gap in educational attainment and the remaining countries only a few percentage points away from fully closing it (Figure 4).

Figure 3

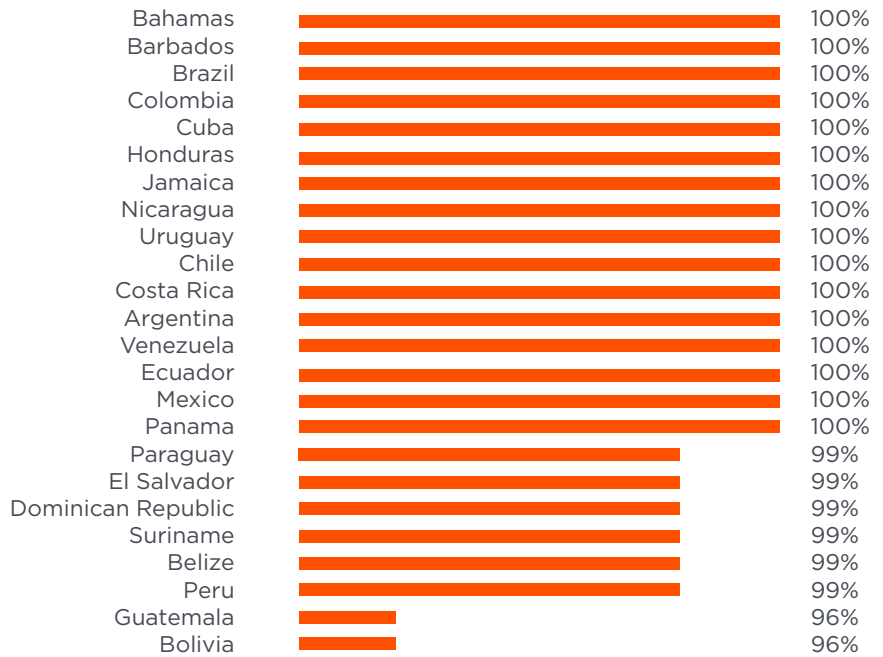
Global Gender Gap Report, Educational Attainment Sub-Index by Region (figures are rounded)



Source: World Economic Forum Global Gender Gap Report 2017 (EDGE Certified Foundation elaboration).

Figure 4

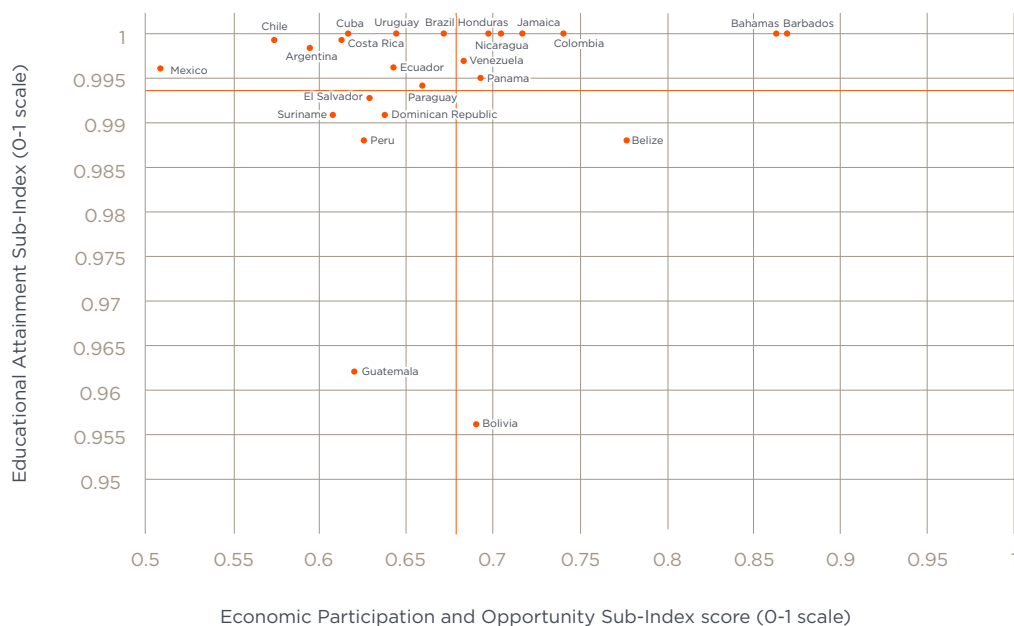
Global Gender Gap Report, Educational Attainment Sub-Index for LAC Countries (figures are rounded)



Source: World Economic Forum Global Gender Gap Report 2017 (EDGE Certified Foundation elaboration).

Low female workforce participation in LAC bears a high economic cost, associated with squandering growth potential and the incredible wealth of the highly skilled female labor force. A closer look at the relationship between the educational attainment sub-index and the economic participation and opportunity sub-index mapped for LAC countries in **Figure 5** provides further insights into the systemic underutilization of an increasingly educated pool of female talent in the region. The majority of LAC countries exhibit above-average scores for educational attainment and below-average scores for economic participation and opportunity.

Figure 5
Economic Participation and Opportunity
by Educational Attainment in LAC



Source: World Economic Forum Global Gender Gap Report 2017 (EDGE Certified Foundation elaboration).

In addition, the existence of a persistent gender pay gap disfavoring women in the region further accentuates women’s reduced capacity to drive economic growth and participation. While the gender pay gap is a stubborn reality globally, a study conducted by the Inter-American Development Bank (IDB) and the World Bank found that LAC displays an important unexplained wage gap—in other words, wage discrimination—with women earning 17% less than men for the same work in the region.¹¹ More alarming is that the gender wage gaps have widened in some LAC countries, such as Colombia and Paraguay, over the last decades.¹²

¹¹ Ñopo H. “New Century, Old Disparities: Gender and Ethnic Earnings Gaps in Latin America and the Caribbean,” Washington, DC: Inter-American Development Bank and World Bank, 2012.

¹² UN Women. *Progress of the World’s Women 2015-2016*.

Closing the workplace gender gap in Latin America and the Caribbean

We have established that workplace gender equality has the potential to generate sustainable and inclusive growth, and also that LAC has substantial potential to benefit from this growth. Now we will investigate where different companies in the region stand in closing the workplace gender gap, and also the concrete steps that companies can take to foster workplace gender equality.

The analysis will look at four different clusters of companies, grouped by the degree to which they proactively manage workplace gender equality:

CLUSTER 1

The first cluster is a large sample of publicly listed companies. This sample is based on publicly available information, and there are no specific indications of any focus on closing the workplace gender gap for this cluster. Therefore, it could be considered representative of the “business as usual” scenario for the region.

CLUSTER 2

The second cluster is a sample of publicly listed companies in the region that take part in the Dow Jones Sustainability Index. The companies in this cluster collect and report data on gender-related indicators at various levels of responsibility across the organization.

CLUSTER 3

The third cluster includes companies that participated in the “When Women Thrive” study focusing on the LAC region that was conducted by Mercer, in partnership with EDGE Certified Foundation. The companies in this cluster not only collect and report data on gender-related indicators, but also proactively manage gender equality by considering how their organizational policies and practices support the goal of gender equality and analyze the career flows in their pipeline through a gender lens.

CLUSTER 4

The fourth cluster includes companies that pursue an independent, third-party certification in gender equality—EDGE Certification. The companies in this cluster collect and report data on gender-related indicators and gender pay equity and measure the effectiveness of their organizational policies and practices in ensuring gender-balanced representation throughout their pipeline, as well as the inclusiveness of their culture. In addition, these EDGE Certified companies are transparent and accountable for where they stand and how they progress in closing the workplace gender gap.

As all data sets included in this analysis were generated with distinct methodologies, the terminologies used to designate the different levels of responsibilities within a company were grouped to optimize comparability as follows:

1. **“operational functions”** is used to designate support-staff functions.
2. **“junior management”** is used to designate the professional level.
3. **“middle management”** is used to designate managers (only for the third cluster).
4. **“upper management”** is used to designate senior managers.
5. **“top management”** is used to designate executives.

CLUSTER

1

“Business as usual” companies

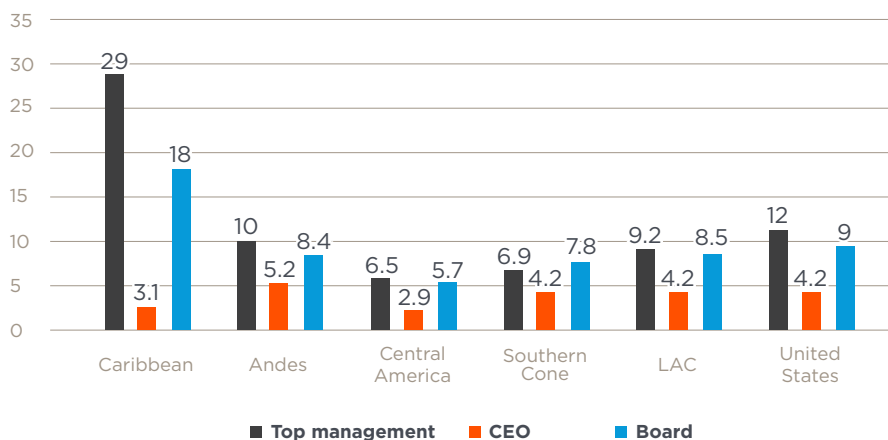
A study by the IDB¹³ investigated the composition of boards and top management teams of more than 1,200 publicly listed companies in LAC and more than 6,000 U.S.-based companies with no particular indication of targeted efforts to close the workplace gender gap, using the data set from Bureau Van Dijk-Osiris. The study reveals that women’s representation in LAC is generally low, but at values equal to or comparable with the ones of the U.S.-based companies (Figure 6).

More precisely, the average percentage of women among board members and top management employees in LAC companies is respectively 8.5% and 9.2%, while such values amount to 9% and 12% in U.S.-based companies.

The average percentage of women chief executive officers (CEOs) is the same in LAC and U.S. companies (4.2%). The outlier in this dataset is the Caribbean subregion, which boasts an average female participation of 18% on company boards and 29% in top management—a finding that corroborates the high economic participation scores measured for the Caribbean states by the World Economic Forum Global Gender Gap Report 2017. Notwithstanding, the average percentage of women CEOs in the Caribbean is slightly lower than the LAC average, remaining at 3.1%.

Figure 6

Women’s representation across selected companies in the Bureau Van Dijk, Osiris database, %



Source: IDB. “Female Corporate Leadership in Latin America and the Caribbean Region: Representation and Firm-Level Outcomes.” IDB Working Paper Series No. IDB-WP-655.

Furthermore, on a sector-by-sector basis, the data show a large degree of variation across LAC, from 0% of female employees in top management positions in the Andes for the information technology (IT) sector, to 50% in the Caribbean for the financial sector (Figure 7). In most cases, such differences match the overall gender composition of the workforce of the specific sector examined, with health care typically the sector with the highest female representation among top management employees.

¹³ IDB. “Female Corporate Leadership in Latin America and the Caribbean Region: Representation and Firm-Level Outcomes,” IDB Working Paper Series No. IDB-WP-655, 2013.

CLUSTER

1

Figure 7

Women's representation across selected companies in LAC in the Bureau Van Dijk, Osiris database, by sector of activity, %



Source: IDB. "Female Corporate Leadership in Latin America and the Caribbean Region: Representation and Firm-Level Outcomes." IDB Working Paper Series No. IDB-WP-655.

Therefore, it appears that most companies that do not actively pursue the goal of gender equality do not evidence a correlation with substantial levels of female representation at the highest levels of the company. The economic potential of the female talent pool previously discussed is therefore left underexplored.

CLUSTER

2

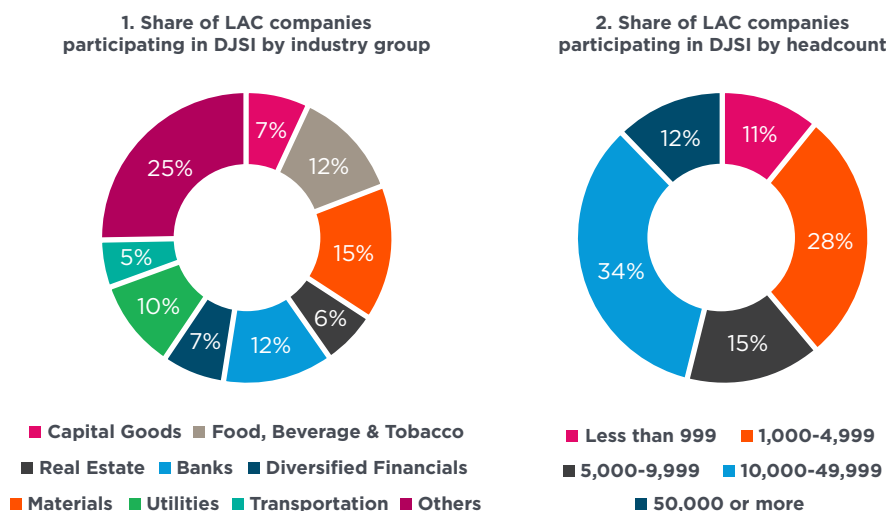
Companies collecting and reporting data on gender-related indicators

This second cluster includes publicly listed companies that participate in the Dow Jones Sustainability Index published by RobecoSAM. RobecoSAM annually assesses almost 4,000 companies globally on their corporate sustainability assessment, and these data are used to construct the Dow Jones Sustainability Index (DJSI).¹⁴ The gender-related indicators include the share of women in the total workforce, all management positions, junior management positions, top management positions and the board.

The analysis of this second cluster is based on sample data from 203 LAC companies incorporated in Brazil, Chile, Colombia, Mexico and Peru, assessed in December 2017. This data set includes companies from numerous industries and sizes with most companies (34%) hiring between 10,000 and 49,000 employees (**Figure 8**).

Figure 8

Industry group¹⁵ and headcount of LAC companies participating in the 2017 Dow Jones Sustainability Index published by RobecoSAM



Source: Data collected by RobecoSAM for the 203 LAC companies taking part in the Dow Jones Sustainability Index, 2017.

The degree of available data varies greatly according to the level of responsibility being considered. Across the regional sample, 82% of companies assessed provide at least one specific data point relating to workplace gender diversity. 55% of participating companies in the region disclose the gender diversity of their total workforce, and even fewer companies provide the breakdown at each managerial level. The greatest disclosure rate is at the board level, with 77% of participating companies disclosing information on their board’s gender diversity.

Among these large public companies, women are, on average, underrepresented across all levels of responsibility for which data are disclosed. Furthermore, the share of female employees decreases as the level of responsibility increases. Women make up 29% of junior management positions, 26% of the total workforce, 22% of all management positions, and just 13% at the top management level. Interestingly, although gender diversity at the board level has the highest disclosure rate, women represent only 6% of board membership, a value that is somewhat smaller but compatible with the 8.5% reported for LAC companies in the first cluster (**Figure 9**).

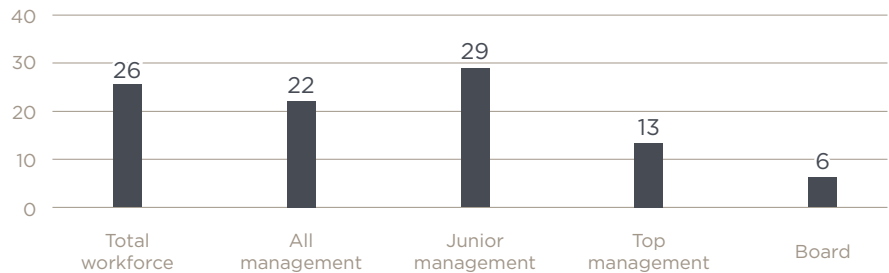
¹⁴ Data processed and provided by RobecoSAM.

¹⁵ Industry group taxonomy refers to the Global Industry Classification Standards (GICS) and an added government category (EDGE Certified Foundation elaboration).

CLUSTER 2

Figure 9

Share of female employees at each level of responsibility in LAC, %

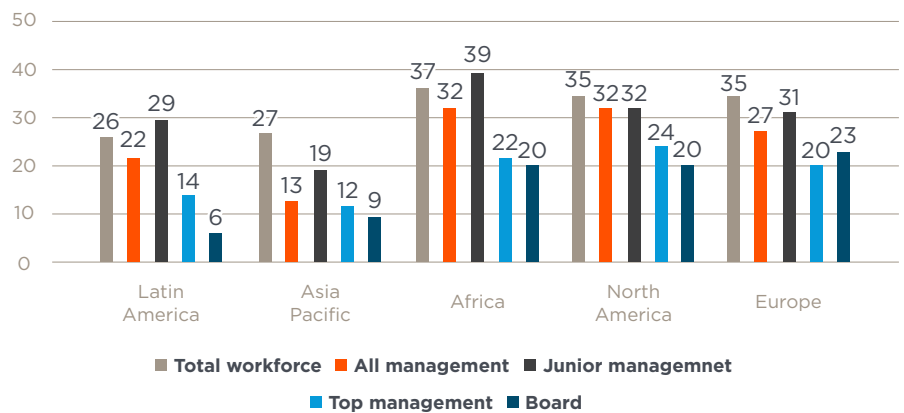


Source: Data collected by RobecoSAM for the 203 LAC companies taking part in the Dow Jones Sustainability Index, 2017.

Unsurprisingly, we note no difference between Latin America and most other regions in the world in the wide gap between the share of women in the total workforce and the share of women in management (**Figure 10**).

Figure 10

Women's share along the talent pipeline, average across RobecoSAM companies, %



Source: Data collected by RobecoSAM for the 203 LAC companies taking part in the Dow Jones Sustainability Index, 2017.

Focusing the analysis specifically on female representation on boards, RobecoSAM found that, on average, less than one board member within surveyed companies in LAC is a woman. Furthermore, only 3% of surveyed LAC companies assessed include gender diversity in their board nomination process, while more than 50% of companies globally claim to do so.

Similar to the first group, in this cluster, it appears that the act of collecting and reporting data on gender-related indicators is not associated with a balanced gender representation across the talent pipeline of a company.

CLUSTER

3

Companies proactively managing workplace gender equality

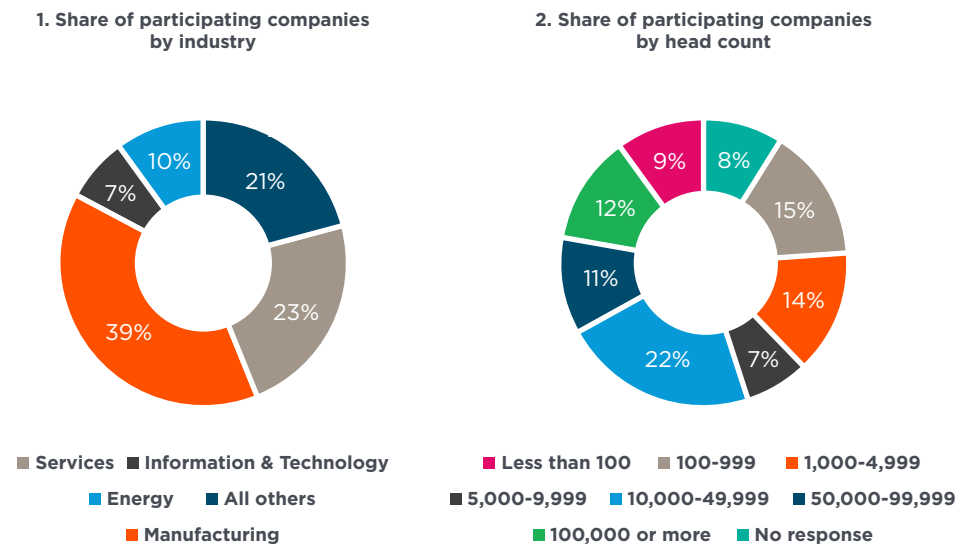
While we have shown that the mere act of collecting and reporting gender data for LAC companies is not associated with significant female representation across their talent pipeline, we show here how another subset of LAC companies did achieve significantly better results when proactively managing gender equality.

This cluster looks at companies that participated in the most recent “When Women Thrive”¹⁶ study, focusing on the LAC region, conducted by Mercer in partnership with EDGE Certified Foundation. The companies in this cluster not only collect and report data on gender-related indicators, but also implement concrete actions to proactively foster workplace gender equality. They do so by considering and improving their organizational policies and practices to support gender equality, and by managing their talent pipeline through a gender lens, for example, examining the representation, hiring, promotion and exit rates of employees of both genders at each level of responsibility.

The study includes many companies from different countries, industries and revenue sizes in LAC. The 202 companies that took part in the study are incorporated in Argentina, Brazil, Chile, Colombia, Dominican Republic, Guatemala, Mexico, Panama, Peru, Uruguay and Venezuela. Most companies (39%) come from the products/manufacturing industry and 22% declared a head count of 10,000 to 49,000 employees (Figure 11).

Figure 11

Industry and head count of participating companies in the “When Women Thrive” study from LAC (figures are rounded)



Source: Mercer and EDGE Certified Foundation. “When Women Thrive, Business Thrive: Challenges and Opportunities in Latin America,” 2017.

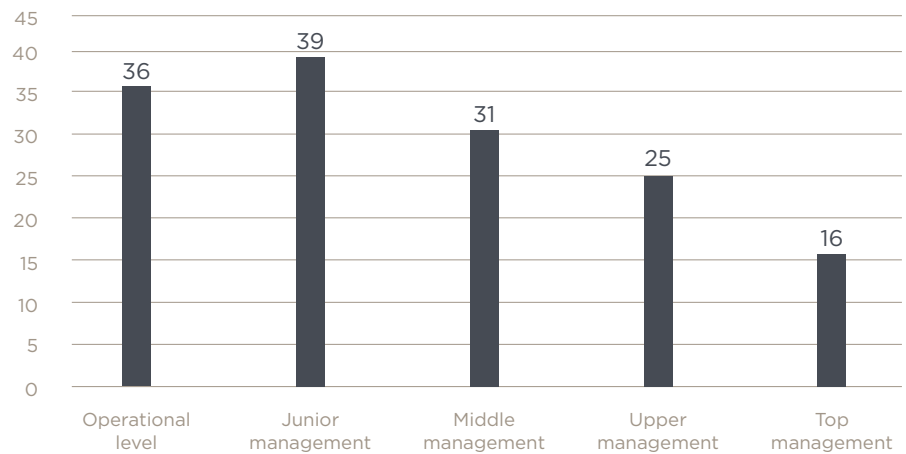
¹⁶ Mercer and EDGE Certified Foundation. “When Women Thrive, Business Thrive: Challenges and Opportunities in Latin America,” 2017.

CLUSTER 3

While the study finds a systematic underrepresentation of women across all levels of responsibility in surveyed companies, we note that the gap is less pronounced than for companies in clusters 1 and 2. Female employees in participating companies in this cluster, on average, account for 36% at the operational level, 39% of junior managers (compared with 29% for Cluster 2), 31% at the middle management level, 25% at the upper management level, and 16% at the top management level (compared with 9% and 13% for clusters 1 and 2, respectively) (Figure 12 and Figure 15).

Figure 12

Share of female employees in LAC from companies sampled by Mercer, per level of responsibility, %



Source: Mercer and EDGE Certified Foundation. “When Women Thrive, Business Thrive: Challenges and Opportunities in Latin America,” 2017.

The study also investigates gender dynamics across the talent pipeline among surveyed companies in LAC and concludes the following:

- Hiring rates are higher for women than for men across the organizations.
- Women are also more likely than men to be promoted from every level of responsibility, except at the middle management and operational level, where an equal share of women and men are promoted to the upper management level and junior management level, respectively.
- Retention rates for women at all levels of the organizations are equal to or higher than those for men, except at the top management level, where 12% of women exit the company as opposed to 9% of men.

CLUSTER

3

Similar observations for the region are made in the “When Women Thrive”¹⁷ global study published in 2015. In addition to analyzing current gender representation and flows, this global study also uses workforce projection scenarios to forecast how female representation would evolve over time if certain gender dynamics displayed by some of the best-performing companies in the region were to continue. It concludes that LAC would be the only region in the world to reach gender parity at the junior management level and above by 2025.

When comparing the companies in this third cluster (those that implement and monitor concrete actions to proactively foster workplace gender equality) with the companies in the first and second clusters, it appears that these companies are closer to closing their workplace gender gap, and unleashing the economic potential that lies in it, as evidenced by higher percentages of women in management positions.

¹⁷ Mercer and EDGE Certified Foundation. “When Women Thrive, Business Thrive,” 2015.

CLUSTER

4

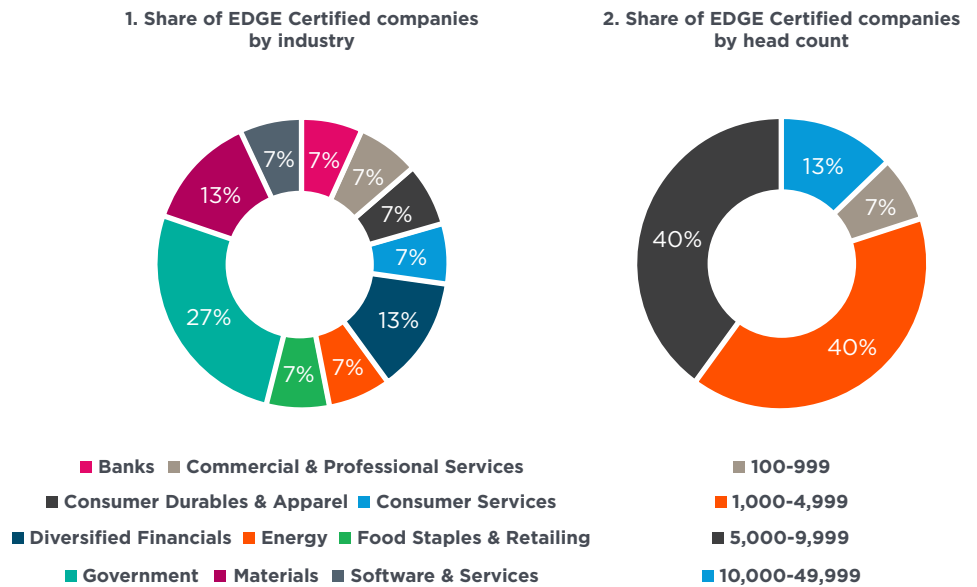
EDGE Certified companies

The fourth cluster includes companies in LAC that pursue an independent, third-party certification in gender equality—EDGE Certification. The companies in this cluster collect and report data on representation throughout the pipeline and gender pay equity, and measure the effectiveness of their organizational policies and practices in ensuring equitable career flows, as well as the inclusiveness of their culture. In addition, the EDGE Certified companies are transparent and accountable for where they stand and how they progress in closing the workplace gender gap.

This sample of 15 EDGE Certified companies from LAC comprises a wide range of countries, sizes and industries, ranging from the banking, construction, supplies and fixtures industries, which are known to attract more male employees, to the hotel and tourism industry, into which women tend to self-select (Figure 13).

Figure 13

Industry group¹⁸ and head count of EDGE Certified companies in LAC



Source: Data collected by EDGE Strategy for companies based in LAC undertaking the EDGE Certification, 2017.

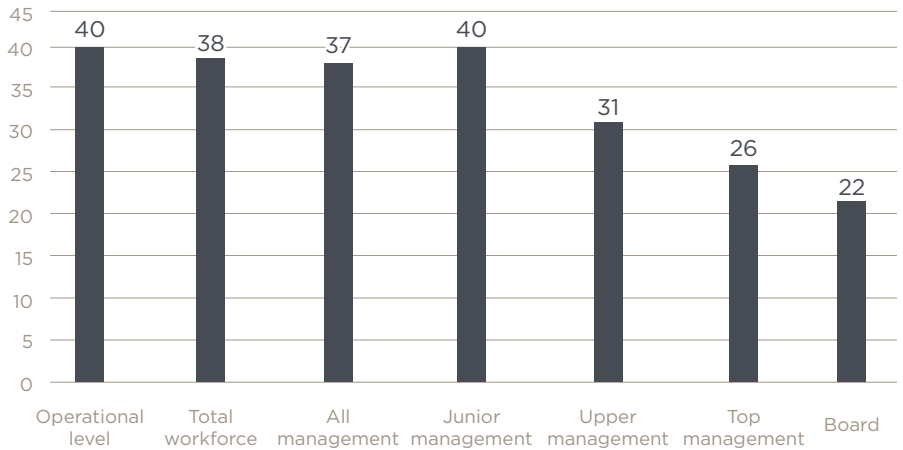
Our analysis reveals that, on average, female employees from EDGE Certified companies represent 40% of all operational positions, 38% of the total workforce, 37% of all management positions, 40% of junior management positions, 31% at the upper management level, 26% at the top management level and 22% of board members (Figure 14).

¹⁸ Industry group taxonomy refers to the Global Industry Classification Standards (GICS) and an added government category (EDGE Certified Foundation elaboration).

CLUSTER 4

Figure 14

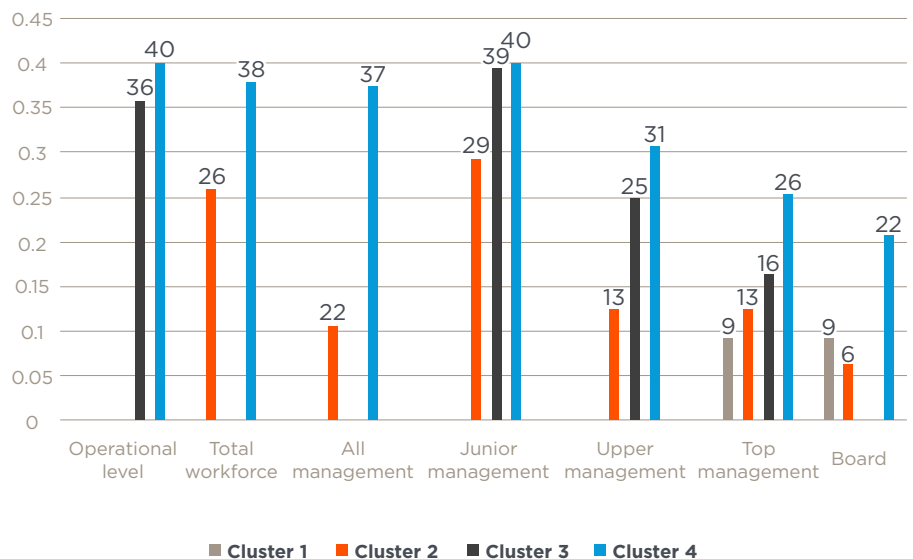
Average share of female employees in EDGE Certified companies, %



By comparing this cluster with previous clusters (Figure 15), our analysis suggests that companies that undertake the rigorous process of EDGE Certification evidence better gender representation across the talent pipeline than companies that simply collect and report on their gender data (Cluster 1 and Cluster 2) and companies that proactively manage gender equality (Cluster 3).

Figure 15

Share of women across levels of responsibility per cluster, %



Source: Data collected by EDGE Strategy for companies based in LAC undertaking the EDGE Certification, 2017. Per the descriptions above, not all data per responsibility level are available per cluster.

Case studies from Latin America and the Caribbean: Reaping the benefits of the EDGE Certification

The following qualitative case studies reveal detailed insights into the concrete actions a selected number of the companies in this cluster took to foster workplace gender equality as part of their EDGE Certification process.



Danper, Peru: taking an honest look internally to improve gender equality results

Danper is a leading agribusiness company based in Trujillo, Peru. In 2014, IDB Invest, the private-sector arm of the IDB Group, approved a corporate loan to Danper to enhance its continued business growth and support its agricultural and industrial investments. Beyond providing long-term financing, IDB Invest supported Danper in obtaining the EDGE Certification; consequently, Danper was the first company in Peru and the first agribusiness company in LAC to obtain the EDGE Certification for workplace gender equality. Two years after its initial EDGE Certification, the company renewed its commitment to workplace gender equality through an EDGE recertification.

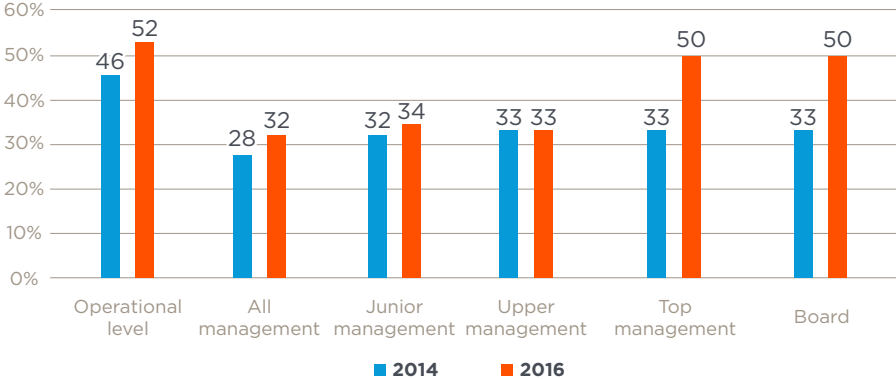
The EDGE Certification process involved evaluating Danper's workforce numbers, policies, practices and employees experience in five different areas: equal pay for equivalent work, recruitment and promotion, leadership development training and mentoring, flexible work and company culture. The result of this assessment led to the formulation of a specific action plan that the company committed to execute to achieve a gender-inclusive workplace in which women and men have equal access to professional development.

According to Roger Carruitero, Danper's head of human resources, the EDGE Certification process particularly helped Danper become more systematic in implementing meaningful gender equality measures, including improved retention and higher recruitment rates of female talent, as well as setting of specific and measurable targets for gender representation at different levels of responsibility. For example, when working with recruiters, Danper now ensures that at least 33% of the preselected candidates for open positions are women. Additionally, Danper refined its approach to gender equality within the organization by creating clearly specified salary bands for each position and strictly adhered to these bands when they filled the positions with new hires (both male and female). The company also implemented internal campaigns to promote awareness among the employees on how to treat women as professional colleagues.

Finally, Danper assessed its employment practices and the usage rate of certain services offered internally to employees. For example, Danper did an internal analysis of employees' training expenditures and observed that it was emphasizing training for female staff. The company also allowed employees to finish high school on company property and found that most of the employees taking advantage of this benefit were women. This allowed the company to assess the impact of closing gaps in education and training for women on their performance in their jobs and in building their skill base for future endeavors.

Comparative data from Danper’s initial EDGE Certification in 2014 and recertification in 2016 illustrate that such efforts were associated with an overall increase in the share of female employees across the talent pipeline (Figure 16).

Figure 16
Share of female employees across levels of responsibility for Danper in 2014 and 2016, %



Source: Data collected by EDGE Strategy for companies undertaking the EDGE Certification, 2017.



Adelca, Ecuador: reaping the benefits of equality in a male-dominated industry

Adelca, a company producing steel from scrap metal in Ecuador and a main player in the local industry, has become recognized as a corporate leader in sustainability. This is not an easy task for a company that operates in a male-dominated sector with significant environmental impact, yet Adelca has put sustainability at the center of its operations and received the EDGE Certification in 2016. It is the first and only company in Ecuador to be awarded this recognition, and it was supported by IDB Invest through financing and technical assistance.

Through the EDGE Certification process, Adelca shed light on some reasons for the gender imbalances within its workforce. The certification process showed that Adelca's workforce was balanced at the junior management level, but women's representation decreased at higher levels of management.

Adelca focused its action plan on creating a talent pipeline that systematically promotes women through its corporate ladder. For this purpose, Adelca conducted a thorough review of its talent management policies—including recruitment, training and compensation policies—to make them more gender inclusive. Adelca also commissioned a gender pay gap analysis to identify if there were any gaps between men and women that were not explained by objective factors.

In the future, Adelca intends to set targets for equitable gender representation at each level of responsibility, and currently it has decided to focus on making the company's environment friendlier to women.

Adelca recognizes that this strategy has its limitations at the operational level of the company, where 99% of the employees are men. However, Adelca's ambitious action plan shows its commitment to promoting equitable career opportunities for women and men, even in those type of jobs that women do not necessarily self-select.



Marriott, Costa Rica: earning staff commitment through paternity leave

Marriott International, a company that owns nearly 6,000 hotels in 120 countries and operates in an industry where customer service is a key driver of revenues, knows that talent management and retention is key for its core business. This commitment is reflected in its first EDGE Certification that it received in 2016, with support from IDB Invest. Marriott was the first company in the hospitality industry to obtain this certification, and is leading the way in closing the gender employment opportunity gaps in the hotel industry in LAC while increasing profitability.

Best practices and new findings arose from the assessment conducted as part of the EDGE Certification of Marriott's five hotels in Costa Rica. For example, women represented a substantial share of employees across all levels of responsibility, spanning from 33% in top management to 48% at the operational level—higher than the average in the region. However, the assessment of the company culture revealed room for improvement internally to promote equality as a strategic priority. For example, the results also showed that flexible working schedules could be improved. The hospitality sector requires significant direct client interaction and requires workers to be physically present during work hours.

As a result, Marriott decided to implement a paid paternity leave policy. This was a bold action, as public policy in Costa Rica only provides for paid paternity leave for civil servants. Before this policy was adopted by the company, fathers could request unpaid leave. According to Xenia Parra, market director of human resources, Marriott Management Hotels Costa Rica, "the problem with that was the employee didn't get paid right when he most needed the money." The paid paternity leave policy was extremely well received, and from March 2016 to July 2017, the male employees of five local Marriott Costa Rica properties took a total of 145 paternity days.

As a result, Marriott is "earning the loyalty and commitment of its staff," said Luis Bolaños, Marriott Costa Rica's procurement director and the first employee to use the paid paternity leave after the birth of his twins. It is a clear step in the direction of closing the gap of parental leave.

Marriott also intensively focused on training its management and staff in "Gender as Key to Inclusive Leadership," "Transformative Leadership" and "Redefining Power and the Role of Women in Today's World." The company also created the Marriott Women Leadership Club and began to track women's career progress through its Emerging Leader Program.

Finally, to follow the global EDGE Certification standard, Marriott decided to combine its efforts with participation in local initiatives, such as a gender equality and women's economic empowerment program organized by the Costa Rican National Institute of Women (INAMU).



GENERA®

Genera, Mexico: paving the way for gender equality efforts among financial institutions

For more than 27 years, Genera has been working to fulfill its mission of financial inclusion for more than 3.7 million clients, through a wide range of financial solutions, including credit, savings, insurance and financial education. Genera currently employs more than 21,000 people, nearly half of whom are women. Its philosophy is to recognize the dignity of its staff and clients, regardless of gender, and promote inclusive policies and practices that foster respect among employees and equal opportunities. With these aims in mind, Genera decided to participate in EDGE Certification in 2013 to better understand its strengths and areas of improvement needed to reach global standards in gender equality. Genera reported that EDGE Certification was a great tool to obtain a clear and objective understanding about where the company stood and how to make further progress. More than a certification, it offered a road map to create an inclusive and respectful environment.

The action plan that resulted from EDGE Certification addressed three major themes that would help give Genera a competitive edge in attracting, retaining, developing and motivating the best gender-diverse pool of talents: flexible work and telework, equal pay for equivalent work and talent retention. To this effect, Genera crafted specific strategies and priorities for work-life integration and gender equality issues.

Genera undertook significant efforts to create a talent pool of skilled women candidates, by integrating inclusive language in job announcements and ensuring applicant pools always include both men and women. It also invested in improving its flexible work, by offering to help employees who needed flexibility at different stages of their careers. As a Mexican company, it is a pioneer in paid maternity leave practices that surpass Mexican law and are on par with international standards. Today, Genera offers maternity and paternity benefits and a corporate nursery. From 2015 to 2016, the company saw an 11% increase in the retention of women employees.

Genera decided to further its gender equality efforts by obtaining the local Mexican certification (“Norma Mexicana para la Igualdad Laboral y no Discriminación”) and participating in public-sector forums to advocate for better maternity/paternity practices. Genera also decided to recertify with EDGE in 2017 to maintain its EDGE Certification and reconfirm its commitment to gender equality. As a leading financial institution in LAC, Genera serves as an exemplar of how financial intermediaries in the region can promote gender equality within their organizations and in their communities.

Call to action

No business can achieve its potential without the full and equal participation of women—a fact that is reflected in the Sustainable Development Goals.

We hope that the evidence provided in this white paper on proactively managing gender equality in the workplace in LAC will encourage companies in the region to perceive gender equality as a critical business success factor.

This invitation also extends to institutional investors that value companies that invest in certification systems as proxies for good governance and effective talent management, while simultaneously fostering employment generation and socioeconomic advancement across LAC.

We see in this paper that companies in the region that proactively manage equal pay, recruitment and promotion practices, training and mentoring, flexible working arrangements and company culture tend to achieve a more balanced gender representation across their corporate talent pipeline.

Companies in the region undertaking such efforts are able to better attract and retain highly qualified staff, helping boost employee engagement and satisfaction, and therefore improving productivity and the company's overall bottom line while contributing to the economic development of the region.

By assessing and benchmarking where companies stand in their commit-

ment to gender equality, while measuring progress through the years and providing recommendations, the EDGE Certification process can serve as an instrument for any company seeking to initiate its journey toward equality and close the gender gap once and for all.



Let's continue the conversation.



 idbinvest.org/blog

 idbinvest.org/linkedin

 idbinvest.org/twitter

 idbinvest.org/facebook



edge-cert 

@EdgeCert 

@EDGE_CERT 