WHEN WOMEN THRIVE
BUSINESSES THRIVE
ABOUT MERCER

Mercer is a global consulting leader in talent, health, retirement, and investments. Mercer helps clients around the world advance the health, wealth, and performance of their most vital asset — their people. Mercer’s more than 20,000 employees are based in 42 countries, and the firm operates in over 140 countries. Mercer is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global team of professional services companies offering clients advice and solutions in the areas of risk, strategy, and human capital. With over 53,000 employees worldwide and annual revenue exceeding $11 billion, Marsh & McLennan Companies is also the parent company of Marsh, a global leader in insurance broking and risk management; Guy Carpenter, a global leader in providing risk and reinsurance intermediary services; and Oliver Wyman, a global leader in management consulting. For more information, visit www.mercer.com. Follow Mercer on Twitter @MercerInsights.

PREPARED IN COLLABORATION WITH EDGE CERTIFIED FOUNDATION

EDGE is the only global assessment methodology and business certification standard for gender equality. The EDGE assessment methodology was developed by the EDGE Certified Foundation and 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. The methodology uses a business, rather than theoretical approach that incorporates benchmarking, metrics and accountability into the process. It assesses policies, practices and numbers across five different areas of analysis: equal pay for equivalent work, recruitment and promotion, leadership development training and mentoring, flexible working and company culture.

EDGE Certification has received the endorsement of business, government and academic leaders from around the world.
WHEN WILL WOMEN THRIVE?

This is a question with profound implications for businesses striving to establish competitive advantage, because the link between women’s participation in the workforce and economic growth has never been clearer. It is also a question of urgency for women themselves — and for the families and communities that depend on them. According to the World Economic Forum’s Human Capital Report, women continue to be underrepresented in the workforce in every country and for every age group. They also hold less than a quarter of senior management roles globally.¹

In our work with leading companies from around the world, we have seen firsthand the costs to businesses unable to secure and effectively utilize their female talent pipelines. We’ve also seen the cost to women, who continue to earn less than men for the same roles and who frequently receive fewer promotions and leave the workforce in greater numbers. The female talent pool is growing and becoming increasingly skilled in many parts of the world. It now comprises more than 50% of global university attendees and graduates today and possesses key insights into the needs of more than half the customers of many businesses. Developed and developing economies alike will thrive only when this female talent pool is productively tapped and engaged; this is an opportunity that we can no longer afford to miss.

While the diversity efforts of the past several decades have resulted in some improvements in women’s participation rates and career trajectories, the research in this report shows that we’re still decades away from true gender equality — if we keep doing what we’re doing. It’s time to start thinking differently so we can act differently to support the unique needs of female employees in our workforces and, thereby, realize the benefit of their full participation.

This research follows on the trailblazing efforts of many organizations committed to improving gender diversity in our businesses and in our other societal and economic institutions. We particularly want to thank the EDGE Certified Foundation, which served as an important advisor for Mercer on this research initiative.

We also want to acknowledge the foundational work of Catalyst, the World Economic Forum, and the Women’s Forum for the Economy & Society. Through research such as the World Economic Forum’s Gender Parity Report and Human Capital Report and Catalyst’s research on equity in business leadership and career pathways, events such as the Women’s Forum for the Economy & Society’s recent 10th-edition Global Meeting, and EDGE’s business certification standard for gender equality, these organizations and others are shining a spotlight on this critical problem, documenting the business case for gender diversity, illuminating trends and barriers, and seeking meaningful solutions to create a tangible impact.

Furthermore, we want to thank the great employers we have had the privilege to work with on this issue, many of which participated in the research and are deliberately and meaningfully pushing gender diversity forward in their own organizations in innovative ways. Their experience and track records demonstrate how much more progress can be achieved when proactive, coherent, and evidence-based policy interventions are backed by true leadership commitment to and hands-on engagement with gender equality.

Of course, the reasons for the global persistence of gender inequality in the workplace are numerous: educational disparities, cultural norms, women consistently taking on the lion’s share of caregiver responsibilities, and the absence...
of consistent enabling infrastructures in countries across the globe (including anti-discrimination laws, support for child and elder care, and the availability of transportation and communication technologies), among others. Employers are a crucial constituency with enormous ability to influence the participation and engagement of women in the workforce. But given the wide range of factors at play, it is clear that truly moving the needle on gender diversity will require a multi-stakeholder approach — the best thinking and collaborative engagement from employers, academics, governments, and nongovernmental organizations (NGOs) — that encompasses an understanding of women’s unique career, health, and financial management needs across their professional lifecycle and determines the most effective ways to meet them.

Much work is already under way, including the past few decades of pioneering and foundational gender diversity research by public and academic organizations; new government investments in education and infrastructure; work by NGOs to reduce gender disparities in health; and efforts by universities to attract and graduate more women. Yet there is no denying that employers and societies still struggle to significantly advance gender equality. Progress has been too slow.

So this research is different. Mercer undertook to understand how organizations can do better — so that we don’t have to wait several more lifetimes for women to achieve full participation in the workforce. We reached out to a large set of employers globally and relied on an objective, statistical analysis of the links between their survey responses and actual patterns of female representation and talent flows to uncover the real story of what drives gender diversity in organizations. Our goal is to create the basis for an open and ongoing dialogue leading to real change. Some of our findings challenge conventional wisdom on what works and what doesn’t. They suggest that certain standard practices are at best necessary, but not sufficient, conditions to achieve breakthrough results. We think it is important to understand these distinctions. Neither employers nor women have any more time to lose on well-intentioned but insufficient solutions.

To be clear, we are not arguing for 50/50 math. We don’t define success as having numerically exact gender equality in every organization and in every job level and role. Rather, the goal is to establish a pervasive culture across organizations, and geographies, where diversity is embraced as the norm, where women feel they can thrive and actually do so, and where businesses see the winning results.

Now is the right time for women to thrive. Despite the challenges that remain, we’ve never been more optimistic about the prospects for progress. After all, our businesses and societies urgently need to make progress on diversity today in order to create powerful and productive engines of economic progress tomorrow.

Patricia A. Milligan
President, Mercer North America
EXECUTIVE SUMMARY

ORGANIZATIONS GLOBALLY ARE FAR FROM ACHIEVING GENDER EQUALITY

Based on 178 submissions from 164 companies in 28 countries covering 1.7 million employees — including more than 680,000 women — we find that:

- Women continue to lag men in overall workforce participation and in representation at the professional through executive levels.
- Current female hiring, promotion, and retention rates are insufficient to create gender equality over the next decade.
- Current talent flows will move more women into top roles over the next decade — but not in Northern America.

THE FIVE KEY DRIVERS OF GENDER DIVERSITY

Standalone programs and siloed initiatives are not advancing gender diversity. Statistical analysis of the data provided by respondents reveals the following key drivers:

1. **A broad, enterprise-wide focus is linked to sustainable change.** Organizations that focus on broad and holistic approaches to support female talent have more comparable talent flows for women and men than those that do not.

2. **Accountability is not enough — leadership needs to be engaged in promoting and managing diversity.** Formal accountability turns out to be insignificant in increasing gender diversity when divorced from true leadership engagement. But organizations where leaders are actively involved in diversity programs have more women at the top and throughout the organization as well as more equitable talent flows between women and men.

3. **The active management of talent drives more favorable outcomes than traditional programs.** Simply implementing programs to support women’s needs is not enough — and may actually slow the trajectory for women in the absence of proactive management of their careers. Specifically, we found that:
   - Actively managing pay equity, as opposed to making a passive commitment, drives gender equality.
   - Ensuring that women and men have equal access to profit and loss responsibilities leads to better gender diversity outcomes.
   - Simply implementing traditional “check-the-box” leave and flexibility programs is not sufficient to improve gender equality — and may even hurt diversity efforts when not complemented by proactive coaching.

4. **Nontraditional solutions impact firms’ long-term ability to engage and retain female talent.** Innovative programs that target women’s unique health and financial needs are helping organizations better attract, develop, and retain female talent, and include:
   - **Customized retirement solutions** geared toward women’s unique financial behaviors, attitudes, and needs — such as differences between women and men in lifetime earnings; in longevity, which impacts the length of time savings need to last; and in investing behavior.
   - **Health-related programs**, when prioritized and focused on the needs of women.
5. **Men and women offer employers different but equally important skills.** While companies view female and male managers as having somewhat different strengths, they rank those strengths as equally important to success. Our conclusion is that organizations need a mix of different skills for business success — and must look to a diverse workforce in order to access those skills. And indeed, we find that companies that embrace the different strengths that men and women bring to their roles are more successful at achieving gender diversity.

**AN APPROACH FOR ENHANCING GENDER DIVERSITY IN YOUR ORGANIZATION**

While the solutions will be different for different organizations, we suggest a common process consisting of the following steps:

1. **Admit you have a problem ... and an opportunity.** Put the tough questions on the table, be transparent, and gather the data necessary to analyze where you are today and what stands in the way of real change.

2. **Base your gender diversity strategy and priorities on robust workforce analytics.** Use an evidence-based approach to identify and drill down into your own unique drivers of and barriers to gender equality.

3. **Align your diversity strategy with your talent strategy.** Ensure that your strategy for improving gender diversity doesn’t run counter to your underlying approach to managing talent, including whether you tend to “build” or “buy” your talent, the emphasis you place on talent mobility, and the relative importance you give to supervisory roles, among other things.

4. **Implement new programs and benefits ONLY in the context of an enabling environment.** Foster an organizational culture that is comfortable with different employees contributing to the overall enterprise in different ways and that actively manages women so they effectively utilize available programs and benefits in the context of their overall career development.

5. **Broaden your understanding of what it takes to support women.** Look beyond typical programs when considering how best to support and enable all talent. For example, we find that gender-specific programs focused on either health or financial wellness, neither of which is a common practice today, are associated with improved diversity.

6. **Collaborate with other stakeholders in the macro environment to impact the female talent pipeline.** Position yourself for success by taking a macro-system approach to collaborate with other key stakeholders that can influence the supply of female talent, including schools, governments, public health organizations, industry groups, and NGOs.

By taking this approach to design unique solutions aligned to your own unique circumstances, you will be poised to achieve gender equality years — and possibly even decades — before your competitors.
Organizations that agreed to be named include:

- 3M
- Acando
- Accor
- Alstom
- Amadeus
- Amgen
- Apotex
- Arriva
- Arrow Electronics
- AT&T
- Avery Dennison
- Avon
- Banco Hipotecario
- Belatrix Software
- Belgacom
- Bell
- Blue Shield of California
- Boeing
- Brownells
- BT
- Bunge
- CA Technologies
- CA Institute of Technology
- Capital Group
- Carvaljal Educación
- Caterpillar
- Cementos Progreso
- CGG
- CH2M Hill
- Charles Schwab
- City of Olathe, Kansas
- Clayton Utz
- Club Assist
- ConAgra Foods
- Continental
- Crawford & Company
- CSL Behring
- CUNA Mutual Group
- Daimler
- Dannon
- Decathlon
- Deloitte
- Edebe Group
- Educational Testing Service
- Embraer
- Enbridge
- Ericsson
- Erste Group
- Falabella
- First American Financial
- Fujitsu
- Gleason
- Grace
- Graphic Packaging International
- Hershey
- HSBC
- Humana
- ICL
- IFA Celtics
- IHS
- Indra
- ING Direct
- International Flavors & Fragrances
- Intesa Sanpaolo
- Jacobs
- John Lewis Partnership
- Johnson Controls
- Kinross Gold
- LandCorp
- Laurentian Bank
- Leighton Holdings
- Lexmark
- Lindorff Group
- Lowe’s
- Marsh & McLennan Companies
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- Pan American Silver
- Pernod Ricard
- Perrigo
- PG&E
- Portugal Telecom
- Principal Financial Group
- Proeza
- Raytheon
- Reliance Home Comfort
- Schneider Electric
- Schneider National
- Perrigo
- Simplot
- SKF
- Solar Turbines
- Solvay
- SPX
- SunTrust Banks
- TechMahindra
- Tenzing
- Tetra Pak
- The Canadian Real Estate Association
- The Phoenix Group
- Tieto
- TUH
- Unilever
- UnitedHealth Group
- URS
- Waters
- West Corporation
- Wheaton Franciscan Healthcare
- Xylem
- Zinfra Group
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Pat Milligan is the President of Mercer’s North America Region, appointed in October 2012. Since joining Mercer in 2005, she has held a number senior leadership positions including Global Leader of Talent and Chief Markets Officer. She is a strong advocate for mentoring and enabling women in leadership. She leads the Women@Mercer Steering Committee in alignment with Mercer’s Diversity governance structure. Pat is also a member of Mercer’s Executive Committee. Prior to joining Mercer in 2005, Pat led the worldwide markets business at Mellon Human Resources Services; at Towers Perrin, Pat was a member of the Executive Committee and Board of Directors.  
Pat currently serves as the Co-Vice Chair on the World Economic Forum Global Agenda Council on Education and Skills. For most of her 25-year career, she has collaborated with and been involved in innovative and pioneering work in the area of human capital strategy, HR function strategy, talent management and rewards strategy. Pat was selected as one of the Women Worth Watching in 2010 by Diversity Journal for her strong advocacy, development, and mentorship of women. In May 2012, she was selected by Consulting Magazine as one of the nation’s top 25 consultants, recognized for her excellence in leadership.  
Pat is a graduate of Georgetown University’s School of Foreign Service and the Kellogg Graduate School of Management at Northwestern University.

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Brian Levine leads innovation for Mercer’s Workforce Strategy & Analytics practice and is a fellow of Mercer’s Workforce Sciences Institute. He has more than 15 years of consulting experience in human capital measurement — working with company data to identify the drivers of rewards and turnover as well as significant links between human capital practices and business performance. Brian also has extensive experience leading analytic assessments of diversity and pay equity and led the team that developed Mercer’s proprietary pay equity software.  
Brian received a BS in industrial and labor relations and MS and PhD degrees in economics, all from Cornell University.

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Linda Chen is a member of the Workforce Strategy & Analytics practice at Mercer. She has worked with organizations across various sectors and geographies on a wide array of client engagements, assessing internal labor dynamics, identifying drivers of key workforce outcomes, and examining linkages between human capital management and business results. Linda’s consulting has focused on analytics to support workplace diversity and evaluation of talent risks in M&A due diligence and integration.  
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Katie Edkins is the global Project Manager for the Women@Mercer program. She is involved with driving the continued impact of programs aimed at maximizing Mercer’s commitment to its own female talent, as well as building and executing a gender diversity commercial program for Mercer globally. In 2014, she played a primary role in developing and directing Mercer’s inaugural gender-diversity conference in Washington, DC.  
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www.mercer.com

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