



DRIVER 5 WORKING GROUP PAPER

CHANGING BUSINESS CULTURE
AND PRACTICE



The United Nations (UN) Secretary-General established the High-Level Panel on Women's Economic Empowerment in 2016 to bring together leaders from different constituencies—government, civil society, business and international organizations—to launch a shared global agenda that accelerates women's economic participation and empowerment in support of implementing the 2030 Agenda for Sustainable Development and its promise that no one will be left behind.

The first report of the High-Level Panel (September 2016) examined the case for women's economic empowerment and identified seven drivers for addressing systemic barriers to women's economic empowerment. These seven drivers were further explored by working groups, comprising High-Level Panel members and other stakeholders. Each working group prepared a paper with specific recommendations for transformative change.

The second report of the High Level Panel (March 2017) provided a synthesis of the recommendations of each of the seven working groups within the framework of the essential enabling environment to accelerate and deepen the impact of the seven drivers. In addition to the working group papers, each working group prepared a toolkit, focusing on how to take forward the recommendations of the working group, along with case studies and good practices where relevant.

This working group paper has been prepared by the Working Group for Driver 5—Changing business culture and practice.

Its companion toolkit is published as a separate document.

High-Level Panel reports and working group papers and toolkits are all available online.

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While staff of the Bretton Woods institutions reviewed and provided comments on the working papers and toolkits in their respective areas of expertise, they were not members of the working groups.

In regard to the recommendations aimed at international organizations in these documents, the Bretton Woods institutions may endorse or support them to the extent these are consistent with their roles and in accordance with their mandate.

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OVERVIEW

What can companies do to enhance women’s economic empowerment opportunities through their business practices? And how can they make changes to their culture that will accelerate opportunities for women internally and externally? These are the questions at the heart of the Working Group on Changing Business Culture and Practice, part of the United Nations Secretary-General’s High-Level Panel on Women’s Economic Empowerment (HLP).

The HLP’s first report, *Leave No One Behind: A Call to Action for Gender Equality and Women’s Economic Empowerment*, established a strong case for the importance of the private sector as a driver of women’s economic empowerment, as well as a critical contributor to other drivers through partnerships with the public sector and other key actors. It demonstrated the positive impact of gender equality on “income, economic growth and national competitiveness.”¹ It set out clear benefits to the private sector ranging from attracting and retaining top talent to significantly increasing returns on inclusive procurement spending—and to sustaining value chains and generating positive reputational value that encourages increased consumer spending.

The HLP’s first report also recognized the UN Guiding Principles on Business and Human Rights and the Women’s Empowerment Principles as opportunities for private companies to publicly commit to respecting, promoting and monitoring human rights and gender equality within their practices and structures. Despite the high potential for positive outcomes, private sector progress on gender diversity and inclusion within their supply chains has been slow, even where companies have made considerable efforts.² The recommendations here provide a clear blueprint for companies to incorporate women’s economic empowerment into their business strategy at every level of the value chain.

The goal is to galvanize action and engage new business partners in effective, timely and broadly applicable practical actions to expand women’s opportunities for positive economic engagement across all four dimensions of work in line with the 2030 Agenda for Sustainable Development. The recommendations are targeted to practical changes that can be applied universally to all industries and that have an immediate impact on business practice. Culture change will come from securing leadership commitment and messaging and from embedding these practices and principles across all levels of the business and incorporating them into the overall

A value chain approach to the business case



<p>As designers, suppliers, contractors, marketers, distributors, home workers, small producers and informal workers</p> <p>Sourcing from women-owned enterprises can strengthen and improve access to premium markets.</p>	<p>As leaders in communities and businesses</p> <p>One more woman in senior management or on a corporate board is associated with 8–13 basis points higher return on assets.</p>	<p>As employees</p> <p>Companies in top quartile for gender diversity are 15 percent more likely to have financial returns above national industry means.</p>	<p>As constituents and customers</p> <p>Women make or influence 80 percent of buying decisions and control US\$20 trillion in global spending.</p>	<p>As contributors to positive public image</p> <p>A commitment to women can enhance a company’s reputation.</p>	<p>As individual community members influencing the market and policy conditions</p> <p>More than one in three private sector leaders report increased profits following efforts to empower women in emerging markets.</p>
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business strategy. By embracing the agenda of women's economic empowerment, companies can begin to reap the benefits of this forward-thinking opportunity. The Driver 5 toolkit provides further details on how to implement a self-audit, along with resources and case studies to help companies develop comprehensive strategies for engaging with women's economic empowerment throughout their value chains.

This paper offers a value chain approach to evaluating and addressing the ways that companies engage with women. Value chains include the products and services that add value to supply chains. The value chain approach comprises the many ways women are already involved with businesses as employees, suppliers, customers, leaders, and influencers.³ It includes both internal and external business practices and offers economic opportunities for women along a continuum that starts with women-owned enterprises emerging from the informal economy to become suppliers⁴ (whether independently or through collectives) and proceeds to the hiring and promotion of women as employees and ultimately to engagement with female consumers.

The continuum touches each of the four dimensions of work outlined in the first and second HLP reports, including agricultural, home workers and informal workers.⁵ Some businesses may be unaware of the number of informal workers already contributing to their value chain. Using mapping methods that account for home and informal workers is the first step in recognizing these contributions. In every sector—whether large or small, high tech or services—every company has a value chain. The outcome of the recommendations here will be greater opportunities for women to make contributions at each point along the value chain that offer economic benefits to themselves, the company and ultimately the larger global community.

GAP ANALYSIS AND PRIORITIES

Investing in economic opportunities for women is smart business. “A growing body of research from around the world documents and measures the many ways women contribute value to each link of the business value chain—as suppliers, leaders, employees, customers, brand creators... community members”⁶ and home workers and small producers. To capitalize on this unparalleled opportunity for economic growth and success (for both the women and the private sector), every company must make a concerted effort to create an inclusive business culture with policies and practices that are concrete, measurable and sustainable. This process is a journey that must be shaped by the businesses themselves and will take time to complete, so perseverance is essential. However, the HLP has also offered suggestions for “quick wins” to help kick things off with strength and momentum.

The first step is for a company to conduct a brief internal self-audit, asking six questions (see box).⁷ This will establish a baseline for their current engagement with women and illuminate the most urgently needed opportunities for transformation. This will not only benefit each company, but will help

Business self-audit

1. **Pay:** Is pay equal for women and men for work of equal value at all levels?
2. **Employment:** What is the workforce balance of women to men at all levels, including home workers?
3. **Leadership:** What is the board/executive balance of women to men?
4. **Procurement:** How much do you spend with companies majority-owned by women?
5. **Corporate social responsibility:** Do you have or fund programmes for women, and have you applied a gender lens to all your initiatives?
6. **Suppliers:** Are you asking your suppliers these questions?

create a global baseline for tracking and recognizing progress worldwide (see Toolkit Case study 1: Unilever).

Following this self-audit, which should become a regular company exercise, companies should consider the following practical initiatives as the most immediately effective for transforming business culture and practice in a way that benefits both the company and the women in their value chains. In other words, if your company does nothing else to support women's economic empowerment, it should do these things.

FORMAL SECTOR EMPLOYEES

Provide incentives to frontline management. The gender pay gap, lack of mid-career progression for women and dearth of women in leadership roles (among many other challenges) can often be traced to one critical pinch point—frontline managers. Setting clear goals and incentives, including financial incentives, will lead to positive outcomes for a variety of gender and inclusion initiatives. Diversity officers and human resources professionals are critical boosters of the agenda, but the message must come from above and be visibly and consistently supported from senior management across a company's activities (see Toolkit Case study 2: BLC Bank).

A number of successful efforts to engage high-profile CEOs and executives as champions of women's empowerment have brought visibility to corporate commitments to gender equality; however, despite these efforts, “women remain underrepresented in every level of the corporate pipeline.”⁸ New studies are finding that a lack of buy-in to those commitments from frontline management is one of the most critical barriers to career advancement for women.⁹ Reasons vary and can include managers feeling generally unmotivated by the company's message, implicit bias by the manager, gender norms that result in push back when women seek

advancement, or even active resistance to the very idea of gender diversity and inclusion. Mentoring and sponsorship programs have seen some benefit, but progress is slow and has been focused almost exclusively on the women, whereas the data tell us that the managers (who can sometimes be women) are the greatest impediment. To change this, companies must create clear, measurable targets for gender diversity in advancement that managers are held accountable to in their performance reviews and compensation.¹⁰ Companies must recognize and reward those who meet the targets, and hold accountable those who do not. Addressing other corporate practices, “optics,” communications policies and public activities can also contribute to positive culture change (see Toolkit box on behavioural nudges).

Governments. Governments should convene private sector actors to create a “race to the top” through shared goals and public recognition of progress.

Civil society. Civil society organizations should advocate for effective diversity and inclusion policies and hold companies accountable to their commitments through indexes and awards.

WOMEN-OWNED ENTERPRISES

Consider setting procurement targets for sourcing from women-owned enterprises. Procurement targets for sourcing from women-owned enterprises have been extremely successful in boosting economic returns to corporate buyers, as well as getting money into the hands of women entrepreneurs, thus strengthening their opportunities to grow and expand. The first report noted that “most large corporations spend less than 2 percent of their procurement budget with women-owned enterprises.”¹¹ But promising data show that increasing supplier diversity and inclusion has an immediate and significant benefit for companies, which “generated a 133 percent higher return on their buying operations,”¹² spending 20 percent less than their peers.

Inclusive procurement targets are a straightforward and smart way for companies to increase their supplier options while also creating new economic opportunities for women-owned enterprises that might have been overlooked in traditional sourcing processes. To be clear, this is not about accepting an inferior product or service from a woman-owned enterprise. It is about providing a pathway for women to access procurement opportunities and incentivizing procurement officers to consider new suppliers that must still compete with other bidders on total value (see Toolkit Case study 3: IBM).

Governments. Governments can lead by example by considering inclusive sourcing policies and practices while also making it easier for women to start and grow businesses, access markets, access capital and hire new employees.

Civil society. Civil society organizations can provide skill training, create networking opportunities where women-owned

enterprises can learn from each other, create market linkages and promote procurement opportunities. Three good examples include the WEConnect International platform for buyers and sellers, the SAARC Business Association of Home-Based Workers (SABAH) created by HomeNet South Asia, and the Self Employed Women’s Association (SEWA).

AGRICULTURE WORKERS

Map value chains to ensure responsible and ethical sourcing. Rigorous ethical requirements must be developed and enforced both for direct suppliers and those deeper in the value chain. Each company in this effort will reap benefits that include greater insight into the production of materials essential to their business and a reputational boost as a leader in ethical practices, which consumers highly value. The economic and social benefits of ethical sourcing are significant for both the companies and the female workers who have earned the opportunity to contribute to and benefit from agricultural value chains.

Large companies have increasingly wielded their influence over suppliers to enforce rigorous ethical standards with positive results. While value chains can be deep and complex, this approach—encouraged by various factors including the reputational risk companies face if a supplier is caught mistreating its workforce, and the need to build more sustainable supply chains—is so promising that the UK Department for International Development recently announced an initiative (Work and Opportunities for Women, or WOW) to help companies expand these efforts.

Responsible sourcing in agriculture should have a positive impact on society, including the lives of small producers and cooperative members. In addition to evaluating wages, working conditions, protection from violence and work hours, companies can advocate for greater inclusion of women in producer organizations. This brings more women into the labor force, many of whom may have been subsistence producers in the informal economy.

INFORMAL AND HOME WORKERS

Map value chains to ensure recognition and rights. Companies and their suppliers must treat all workers and producers in their value chain decently, humanely and with dignity. Companies can create a global wellspring of opportunity by working with governments and civil society (including organizations representing women workers) to recognize and protect the rights of informal workers. Workers at the base of the pyramid are primarily women, but they are invisible to traditional mapping methods. It is essential for companies to recognize the role of home and informal work in the value chain, where the workers would not be direct employees but may be out-workers or small producers. Also essential is ensuring that they are properly accounted for and remunerated and that their human rights are respected. Enforcing these rights could bring 1 billion people (the majority of them women) into positive economic engagement as empowered workers, suppliers and consumers.¹³ This has the potential to lift

a significant part of the world's population out of poverty and create an entirely new marketplace for economic growth.

Mapping value chains is also a powerful tool for employee engagement and retention. SEWA has helped many companies with their maps and found that employees enjoy engaging with the community in their value chain, which has led to higher job satisfaction, particularly among millennials, who are eager to combine work with good global citizenship. Armed with the value chain map, companies can then update their ethical sourcing guidelines and advocate for the rights of this labour force with their suppliers and the public sector (see Toolkit Case study 4: IKEA and infographic on five questions for businesses).

Governments. Governments should consider enacting and enforcing legislation that recognizes the rights of workers in agriculture, home and informal work.

Civil society. Civil society organizations can help map corporate value chains using methods that include agriculture, home, and informal workers. They can also hold companies publicly accountable for their ethical commitments through such initiatives as Oxfam's Behind the Brands index.

BUSINESS LEADER ROUND TABLE

HLP members Tina Fordham, Justine Greening, Simona Scarpaleggia and Elizabeth Vazquez convened a meeting of business leaders in London to get their input on working with businesses to implement the most effective ways to transform business culture and practice. The self-audit questions noted above are a product of that consultation. The group further emphasized the need for frequent, ongoing self-assessment, which will give each company the intelligence needed to establish baselines, set internal goals and design the changes that are right for their business. The key takeaway from this discussion is that policies that are good for women

are good for everyone. Once a business embraces gender equality, extraordinary opportunities emerge for greater economic success for the company, the women and the world (see Toolkit box Additional observations from the business leader round table).

NEXT STEPS

TOOLKIT OF RESOURCES

To further support the efforts of the private sector to transform culture and practice in support of women's economic empowerment, a toolkit of resources will be published by the HLP in spring 2017. Stakeholders will be asked to contribute to the toolkit by sharing data and resources that companies can use to help build their women's economic empowerment strategy and goals. The toolkit will offer case studies, reports and additional guidance on concrete, practical steps companies of all sizes can take regardless of industry sector or current level of women's economic engagement—those just starting out, those making progress and those with long-standing programs looking to take their efforts to the next level.

A CALL TO SMALL AND MEDIUM-SIZE ENTERPRISES

Large companies are important partners in this effort, and many already have highly visible, long-term commitments to women's economic empowerment (some of which are featured in this report), but we also call on small and medium-size enterprises (SMEs) to join in these efforts. SMEs employ a significant proportion of the world's population and touch every nation. Some will grow to become the large companies of future generations. Embedding the principles of women's empowerment and gender inclusion in SMEs will therefore have significant immediate and long-term benefits for women (see Toolkit Case study 5: Papillon Enterprise).

ANNEX: EXTERNAL CONSULTATIONS BY THE WORKING GROUP

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Rebecca Marmot, Global Vice President, Advocacy and Partnerships, Unilever

Neha Misra, Co-Founder and Chief Collaboration Officer, Solar Sister

Charlotte Oades, VP, Global Director Women's Economic Empowerment, Coca Cola UK

Malini Patel, Vice President, Economic Empowerment and Entrepreneurship, Vital Voices

Matthew Percival, Head of Employment Law & Employee Relations, CBI

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Mary Ann Villanueva, Director, Global Branding & Sponsorships, Citi

Melissa Whiting, Vice President, Diversity and Inclusion, Philip Morris International

Jon Woods, General Manager, Coca Cola Great Britain and Ireland

Veronique Goy Veenhoys, Founder and Chief Executive Officer, Equal Pay Foundation

NOTES

1. United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment (with Tyson, L., and J. Klugman). 2016. *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*. New York: United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment, p. 15.
2. United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment (with Tyson, L., and J. Klugman). 2016. *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*. New York: United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment.
3. The references cited in the infographic are noted in the first report as follows:
 13. Chan, M. 2010. *Improving Opportunities for Women in Smallholder-based Supply Chains*. Seattle, WA: Bill & Melinda Gates Foundation.
 14. Christiansen, L., L. Huidan, J. Pereira, P. Topalova, and R. Turk. 2016. "Gender Diversity in Senior Positions and Firm Performance: Evidence from Europe." Working Paper WP/16/50. Washington DC: International Monetary Fund.
 15. Hunt, V., D. Layton, and S. Prince. 2015. *Why Diversity Matters*. New York: McKinsey & Co.
 16. Dalberg Global Development Advisers and ICRW (International Center for Research on Women). 2014. *The Business Case for Women's Economic Empowerment: An Integrated Approach*. Chapel Hill, NC: Oak Foundation.
 17. McKinsey & Co. 2010. *The Business of Empowering Women*. New York: McKinsey & Co.
4. The continuum model includes women who choose to or are able to develop sufficient infrastructure to join the formal economy. There is a large community of women working in the informal economy who are actively engaged in the value chain as homeworkers or day laborers, for example, who should also be recognized as contributors.
5. Homeworkers are subcontracted by a firm, typically through intermediaries, to produce or add value to goods from their homes. The majority of homeworkers are women, particularly women from poor households. Although homeworkers play a critical role in the production of goods through domestic and global supply chains, they are largely invisible, unprotected and vulnerable. Women farmers and agricultural workers are often similarly vulnerable, as their products move through complex chains of suppliers and contractors
6. United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment (with Tyson, L., and J. Klugman). 2016. *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*. New York: United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment, p. 19.
7. The emphasis in this paper is on opportunities for accelerating women's economic empowerment through mainstream corporate activities across the value chain. Corporate social responsibility efforts can further bolster these initiatives through programs that support female entrepreneurs, promote digital and financial inclusion, and provide skills training to women that will better equip them to engage in the value chain.
8. McKinsey & Co., 2016. *Women in the Workplace 2016*, New York, NY: McKinsey & Co. <http://www.mckinsey.com/business-functions/organization/our-insights/women-in-the-workplace-2016>
9. McKinsey & Co., 2016. *Women in the Workplace 2016*, New York, NY: McKinsey & Co.
10. United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment (with Tyson, L., and J. Klugman). 2016. *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*. New York: United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment, p. 75.
11. United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment (with Tyson, L., and J. Klugman). 2016. *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*. New York: United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment, p. 78. The first report asserted that the 2 percent figure is anecdotal as "comprehensive data are lacking"; however, we can confirm here that these data are clear, based on self-reporting and verification by WEConnect International and not theoretical.
12. United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment (with Tyson, L., and J. Klugman). 2016. *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*. New York: United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment, pp. 78–79.
13. United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment (with Tyson, L., and J. Klugman). 2016. *Leave No One Behind: A Call to Action for Gender Equality and Women's Economic Empowerment*. New York: United Nations Secretary-General's High-Level Panel on Women's Economic Empowerment, p. 30.