



DISCUSSION GUIDE

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# The Business Case for Diversity



HAVING WOMEN LEADERSHIP AND MANAGERS IS NOT ONLY THE RIGHT THING TO DO, IT'S ALSO GOOD BUSINESS.

There is extensive evidence to support this conclusion. Catalyst, an organization that seeks to accelerate the inclusion of women in the workforce, has presented comprehensive research on the impact of women in business. It documents that women's presence in a variety of leadership and front-line roles contributes directly to improved financial outcomes and business performance.

Research conducted by leading management consulting firms such as Mercer and McKinsey & Company have also shown that, in purely business terms, diversity is an asset.

## IMPROVED FINANCIAL PERFORMANCE, BETTER TALENT, BRAND-BUILDING, AND INNOVATION

Data from these sources identify four compelling business arguments for gender diversity in business ownership, management, and leadership.

# INCREASED FINANCIAL PERFORMANCE

**I** Companies with women on their boards and in senior leadership are correlated with better financial performance. Catalyst research has found that companies with the highest representation of women in senior leadership roles had better financial performance than those with the lowest representation of women: for example, they boasted a 35 percent higher return on equity and a 34 percent higher total return to shareholders.

McKinsey has also conducted numerous analyses of the impact of women's workforce participation. For example, it found that the 89 European-listed companies with the highest proportions of women in senior leadership positions, and with at least two women on their boards, outperformed industry averages for the Stoxx Europe 600, with 10 percent higher return on equity, 48 percent higher EBIT (operating result), and 1.7 times the stock price growth.

McKinsey researchers similarly found strong positive associations between female leadership and firm performance, as measured by sales per worker, value added per worker, and total productivity.

And while McKinsey makes it clear that "correlation does not equal causation," and that having greater gender and ethnic diversity in corporate leadership doesn't automatically translate into greater profits, it does indicate that when companies commit themselves to more diverse leadership, they are more successful.

Conversely, research also indicates that companies that fail to have diverse workforces, that lack inclusive management, have less successful outcomes. Some of those include reduced worker productivity and morale; higher employee turnover; less effective teams; reduced problem-solving capabilities; and less innovation. A lack of women in leadership roles can also lead to reputational damage to the organisation.

For news media organizations, the role of women is complex and interrelated. As employees, women play significant roles in professional business functions, including management, editorial and advertising product development, sales, marketing, finance, technology, and human resources. As readers, listeners, or viewers, women are an important and massive audience segment.

Because of these interrelationships, news media organizations that achieve gender parity yield significant results.

- Including news about women helps build audiences and, thus, revenue and impact.
- By increasing the skills and leadership abilities of women working in media, news organizations improve the journalism product, have access to more diverse sources, and become more competitive.
- This combination puts these news organizations in tune with their communities and showcases the corporate brand as being inclusive and progressive.
- By increasing news for women, it brings robust focus to developing female audiences and building their loyalty to the product.

From a profitability standpoint, increasing the reach among female audiences is vital. Women are the world's most powerful consumers; advertisers want to reach them. And their impact on the global economy is increasing. Women currently affect 70-80% of all consumer purchasing, through a combination of buying power and influence: even when a woman isn't paying for something herself, she is often the impetus or veto behind someone else's purchase. Thus, if news media are dependent on advertising sales for revenue, and advertisers expect to get results from their investment, it is essential that media reach women.

In case studies from La Silla Vacía, Bloomberg News, and Mint, editors all credit the mainstreaming of women into content as an essential task of reporting. First, it offers a more complete report and helps make reporting more compelling and accurate. Second, it aids competitiveness. And third, it builds total audience while specifically increasing reach among women.

In Colombia, covering diverse audiences is credited with broadening audience appeal throughout society. At Bloomberg, having women sources has helped the news agency be more competitive by breaking important stories. And at Mint, mainstreamed reporting on women has deepened the company's coverage of crucial social and economic issues.

# DISCUSSION TOPICS:

- WHY DO YOU THINK THE CORRELATION BETWEEN HAVING WOMEN AS BOARD MEMBERS, LEADERS, AND MANAGERS CONTRIBUTES TO THE IMPROVED FINANCIAL PERFORMANCE OF BUSINESSES?

- IN YOUR COMMUNITY, HOW DO BUSINESSES WITH WOMEN IN LEADERSHIP ROLES PERFORM IN COMPARISON TO THEIR PEER GROUPS? WHY?

- DO MEDIA COMPANIES IN YOUR AREA HAVE WOMEN IN LEADERSHIP ROLES? DISCUSS WHAT IMPACT THEIR PRESENCE - OR ABSENCE - HAS ON FINANCIAL PERFORMANCE.

- WHAT WOULD THE IMPACT BE ON YOUR COMPANY IF THERE WERE MORE WOMEN IN LEADERSHIP ROLES?

- IN THE CASE STUDY OF THE GANNETT COMPANY, EXECUTIVE COMPENSATION AND REWARDS WERE TIED TO ACHIEVING GENDER BALANCE AT ALL LEVELS WITHIN THE ORGANIZATION. WHY DO YOU BELIEVE IT WAS IMPORTANT TO USE FINANCIAL INCENTIVES TO SUPPORT GENDER AND DIVERSITY POLICIES?

# MORE TALENT, WELL-USED

Worldwide, the female talent pool is growing and increasingly well-educated and skilled. More than 50 percent of global university attendees and graduates are women. Yet often their knowledge and experiences are not being utilized, and they are prevented from contributing as much as they could to economic growth.

This is now a global concern. Many organizations have identified the importance of solving issues of gender inequality, since fully employing and compensating their contributions could add as much as \$12 trillion to global growth. The UN, USAID, World Bank, SIDA, World Health Organization, and many others have programs intended to reduce poverty and increase community stability by investing in gender equality and women's empowerment.

For an individual business, that translates into hiring more women. With women representing half the workforce, excluding them limits a company's pool of the most qualified potential candidates. Companies with greater diversity are better able to win top talent and improve their customer orientation, employee satisfaction, and decision making, and all that leads to a virtuous cycle of increasing financial returns.

The Ivey Business Journal (Canada) identifies that having women in leadership roles is a critical issue for businesses seeking to stay competitive in increasingly tough markets.

"The ... persistent absence of gender balance and other manifestations of diversity at senior levels in Canadian corporations is not a 'women's issue.' Rather, it is a competitive disadvantage .... The smooth curve of steady economic growth we have experienced for the last 80 years has changed. A graph of economic performance in the world now looks like a roller coaster and experts forecast that this trend will continue for the foreseeable future. The lack of women in management represents a significant opportunity cost for Canadian companies, which must remain competitive in the face of this dynamic global marketplace.

"... Research has revealed that the most successful companies are the most agile, i.e., those able to create both positive value and opportunity from what others call 'uncertainty' or 'surprises.' These companies accomplish this by encouraging and incorporating multiple and diverse points of view – not by relying on habitual thinking developed in some other context. Management teams, who welcome diversity of thought, especially in times of change, create advantage for their companies."

At news organizations, having gender balance has particular relevance in the newsroom since it directly affects the sources covered during reporting and the gender balance of the audience.

At Die Tageszeitung in Germany, the company broke ground with a quota system mandating a 50-50 gender parity split in newsroom employment at every level. It takes a "no excuses" approach; if the gender split drops below 50-50, the company will delay hiring personnel until qualified women candidates are identified.

They have noted three things that are essential to the workability of a quota policy: support and mentoring for people at the outset of their careers; a consensus among employees that the policy is necessary to create a diverse talent pipeline and improved product; and a mechanism for making managers accountable for sustaining the policy.

Diversity also increases employees' engagement in their work. At La Silla Vacía, founder Juanita Leon credits her team's diversity with making work interesting, which in turn has improved not only productivity, but also employee retention. Even when offered bigger salaries and rewards, they tend to stay with the publication.

# DISCUSSION TOPICS:

- IN THE CASE STUDY OF DE TEGESZEITUNG IN GERMANY, THE COMPANY IMPOSED HIRING QUOTAS TO ENSURE THAT THEY ACHIEVED GENDER BALANCE IN THE NEWSROOM. IN YOUR MARKET, WHAT WOULD BE THE POSITIVE OR NEGATIVE OUTCOMES OF USING THIS APPROACH?
- IN THE CASE STUDY OF THE BBC, A PUBLIC BROADCASTER FUNDED BY LICENSE FEES, IT WAS SHOWN THAT PROGRESS TOWARDS ENDING PERSISTENT GENDER DISCRIMINATION HAS SLOWED. IF A MEDIA ORGANIZATION OPERATES WITH DONOR OR PUBLIC FUNDING, AND IS NOT ACCOUNTABLE FOR PROFITABILITY, WHAT VALUE DOES GENDER DIVERSITY BRING?
- AT LA SILLA VACIA, ITS FOUNDER OBSERVES THAT HAVING FUN TOGETHER AS A WORKFORCE, OF SHARING MEANINGFUL WORK AMONG SMART PEOPLE, CREATES A HIGH-PERFORMING COMPANY CULTURE. DOES THIS TYPE OF CULTURE EXIST IN NEWS ORGANISATIONS IN YOUR MARKET? PLEASE DESCRIBE.
- IN YOUR EXPERIENCE, ARE THERE ANY JOBS FOR WHICH WOMEN ARE UNSUITED IN NEWS MEDIA? WHY OR WHY NOT?
- HAVE WOMEN BEEN HIRED INTO YOUR COMPANY, OR OTHER MEDIA COMPANIES, BASED ON THEIR FAMILY RELATIONSHIPS? OR MERELY TO GIVE THE APPEARANCE OF A DIVERSE WORKFORCE? PLEASE DISCUSS HOW THESE PRACTICES AFFECT EMPLOYEES, BOTH MALE AND FEMALE.
- HOW WOULD YOU DEFINE SEXUAL HARRASSMENT? DO MEN AND WOMEN IN YOUR WORKPLACE DEFINE IT THE SAME WAY? PLEASE DISCUSS WHAT IMPACT IT HAS ON WOMEN AND THEIR PROMOTABILITY?

# BRAND-BUILDING AND REFLECTING THE COMMUNITY

Companies that have women in leadership roles tend to have greater corporate social performance and better corporate reputations. Their presence in the workforce is correlated with better corporate governance and reduced fraud. And these types of companies are more likely to be perceived as ethical.

Moreover, there are benefits to an organization when its employee composition reflects its market. It gains a wider range of diverse ideas, is more likely to have front-line intelligence and competitive insights, and has greater connections to a broad range of potential customers.

In the Gannett case study, the company profiled its individual communities using research and then developed programs to ensure that newsrooms, workforces, and top jobs all reflected that profile. If a market had 50% women, it was expected that 50% of reporters, managers, technicians, and salepeople would be women.

Readership studies, conducted on a routine schedule, measured whether the company's audience also matched the profile of the market ... or not. Of particular interest were "gender gaps": if the market consisted of 50% females and 50% males, was the audience also split 50-50? Or did the audience skew more heavily male or female? If a gap in female audience members was found, editors and reporters increased content relevant to women, while business-side employees intensified efforts to reach them through distribution and marketing strategies.

# DISCUSSION TOPICS:

- IN THE LA SILLA VACIA AND BLOOMBERG CASE STUDIES, EDITORS STRESSED THAT WORKFORCE DIVERSITY CREATED COMPETITIVE ADVANTAGES. PLEASE DISCUSS THOSE ADVANTAGES.
- SUKUMAR RANGANATHAN, EDITOR OF MINT, HIRED NAMITA BHANDARE AS ITS GENDER EDITOR. BOTH FEEL THAT THE GENDER BEAT IS DYNAMIC AND IMPORTANT... AND CROSSES INTO ALL AREAS OF POLITICS, SOCIAL ISSUES, AND THE ECONOMY. BLOOMBERG SIMILARLY ASSIGNED A JOURNALIST, LISA KASSENAR, AS EDITOR-AT-LARGE FOR GLOBAL WOMEN'S NEWS COVERAGE. HER ROLE IS TO ADVOCATE AND FACILITATE MAINSTREAMING CONTENT ABOUT WOMEN THROUGHOUT BLOOMBERG'S REPORTING. PLEASE EXAMINE HOW BOTH PROGRAMS WORKED AND WHICH ELEMENTS HAVE CONTRIBUTED TO THEIR SUCCESS.
- GROWING UP, CHOUCOU NAMEGABE HEARD ONLY MEN'S VOICES ON RADIO. SHE BROUGHT WOMEN'S VOICES TO THE AIRWAVES AND HELPED BRING ABOUT POSITIVE CHANGE IN HER COUNTRY. ARE THERE VOICES THAT ARE UNDER-REPRESENTED IN YOUR MARKET OR COUNTRY? WHAT CHANGES COULD BE POSSIBLE IF THEY WERE HEARD?
- CONSIDER THE GANNETT EXAMPLE OF PROFILING THE MARKET AND MATCHING THE WORKFORCE TO THAT PROFILE. WOULD THIS APPROACH WORK IN YOUR MARKET? WHY OR WHY NOT?
- NOT ALL STRATEGIES FOR INCREASING AUDIENCES ARE CONTENT STRATEGIES. WHICH DISTRIBUTION, PRICING, AND PROMOTION STRATEGIES WOULD INCREASE YOUR COMPANY'S REACH OF WOMEN'S AUDIENCES?

# INCREASED INNOVATION AND GROUP PERFORMANCE

**T**he presence of diverse people with unique experiences fuels more robust decision-making. Catalyst data show that an increase in female leadership has been linked to a group's heightened effectiveness in solving problems and finding alternatives to the status quo.

It also contributes to an organization's ability to innovate. For example, after studying 15 years of data on the management teams of publicly-listed companies (companies whose stocks were tracked on Standard & Poor's list of 1,500 firms), researchers found that the presence of more women in top management improved the performance of firms that were heavily focused on innovation.

Conversely, businesses that fail to employ diverse people reinforce the status quo, the opposite of innovation. "By focusing on the 'way we have always run this company,'" notes the Ivey Business Journal, "boards and executives reinforce mediocrity and leave significant performance potential on the table. This is simply because diversity is a moneymaker.

Is it expensive to increase the ability of a company to innovate? For many companies, increasing innovation and improving group performance do not necessarily require costly investment.

At Bloomberg News, Lisa Kassenaar made the point that increasing women's perspectives in news reporting was not an additional expense. Rather, it required that the company "solve the problem" in a new way; by changing the core of its operations to ensure that female sources and their voices are mainstreamed into reporting, rather than being sidelined as "special initiatives" or as "women's projects."

One method they used effectively was to require that a woman's voice be in every story with a goal of a 50-50 split in male and female voices. This required reporters to work differently, not necessarily to work more. And by broadening the base of potential sources, it created fresher and more varied reporting.

A crucial element of the program's success was to change the corporate culture using existing resources. This demanded that, collectively, the group worked together to become more effective and to be innovative in finding and cultivating authoritative women sources.

# DISCUSSION TOPICS:

- IN BOTSWANA, BEATA KASALE LED EFFORTS TO BRING TOGETHER FOUR PRINT MEDIA HOUSES AND THREE BROADCASTERS TO DEVISE AND SIGN OFF ON THE BOTSWANA MEDIA GENDER POLICY, MAKING EVERY VOICE COUNT. WHAT KIND OF SKILLS WERE USED TO BRING ABOUT - AND SUSTAIN - THAT COMMITMENT?
- IN THE INCREASINGLY DIFFICULT REPORTING ENVIRONMENT OF THE MIDDLE EAST, RANA SABBAGH FOUND IT IMPOSSIBLE TO CONTINUE WORKING FOR GOVERNMENT-OWNED MEDIA ORGANIZATIONS. SHE FORMED A SEPARATE ORGANIZATION THAT IS NOW INTERNATIONALLY RECOGNIZED FOR ITS ABILITY TO SUPPORT INDEPENDENT INVESTIGATIVE REPORTING. DESCRIBE WHAT ROLE ADVERSITY MAY HAVE PLAYED IN HER DESIRE TO INNOVATE.
- MANY MEDIA MARKETS HAVE AN URBAN AND RURAL "SPLIT," WITH MEDIA-RICH URBAN AREAS AND MEDIA-POOR RURAL ONES. THIS CAN DISPROPORTIONATELY AFFECT WOMEN'S ACCESS TO NEWS IF THEY LACK MOBILE PHONES OR INTERNET. THE ZIMBABWEAN TEAM DEVELOPED A WIDE RANGE OF TECHNIQUES FOR REACHING FEMALE AUDIENCES. IN YOUR MARKET, WHAT METHODS WOULD HELP WOMEN GAIN GREATER ACCESS TO MEDIA AND, IN TURN, BECOME YOUR CUSTOMERS?
- IN YOUR MARKET, WOULD IT BE POSSIBLE TO HAVE WOMEN'S VOICES IN EVERY STORY ABOUT BUSINESS? SOCIAL POLICY? POLITICS? THE ENVIRONMENT? WHY OR WHY NOT?

