

THE GENDER GAP LIFECYCLE

EVIDENCE FROM THE FINANCIAL SERVICES
AND PUBLIC SECTORS IN BRAZIL

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FOREWORD

The debate about gender equality continues to draw worldwide attention. Pay disparities, the valorization of women in the labor market, and the necessity of guaranteeing equal opportunities between men and women is at the forefront of the conversation.

From academic studies to company female empowerment practices to public policies that expand opportunities for women, show an increased awareness of the importance of finding a balanced gender participation across many different dimensions.

However, the gap to be bridged is still large – and in Brazil it is increasing.

While the country is egalitarian when it comes to providing education and health rights for men and women, Brazil continues to have large gender gaps within the workforce and government representation. Women are less valued in their jobs, face more difficulties in accessing the labor market and in professional growth, and are subject to a labor legislation that amplifies inequality. Additionally, public policies are not yet very effective at reducing inequality and expanding opportunities, particularly for low-income women.

From a political representation standpoint, Brazil has distinguished female representatives in all three Executive, Legislative and Judiciary branches. However, the number of female representatives is still limited and huge barriers make it difficult for women to break the current limit.

The increase in women's participation, with all its positive impacts on the economic and social field, is however imperative if we are to enter into a world that grows economically and, even more important, that evolves rapidly, strengthening its values of morality, justice and ethics.

To accelerate this process we need, on the one hand, to multiply the few corporate practices that open professional development opportunities and thus allow women to occupy more prominent and leading positions. On the other hand, it is fundamental that Brazil implements public policies which guarantee support and generate conditions of equality of rights and duties between women and men. These are the only ways to break with a cultural pattern that relegates women to an unbalanced division of duties and imposes obstacles that reinforce gender inequality.

The purpose of our report is to contribute to this direction. We believe that the debate motivates the search for solutions and the consequential advances. This is our intention in bringing-up this topic and inviting you to join us in the discussion and fight for a more developed and fair Brazil.

Ana Carla

EXECUTIVE SUMMARY

In 2017, the world slowly progressed towards closing the gender gap, however Brazil did not improve, in fact it regressed.

Despite having the same educational level, Brazilian women earned 25 percent less than men. Only 16 percent of executive directors in financial services are women and 11 percent of the elected candidates in the 2014 federal elections were women. Society is trapped in a sub-optimal equilibrium, in which the talent of women is not being leveraged to its full potential.

Our report findings are drawn from extensive research and more than 20 interviews with financial services executives, government representatives and academics. Within the paper, we show where Brazil stands in terms of gender gap, why this is still occurring, and how companies and public entities can take action to increase diversity and drive movement.

We identify and closely examine the Gender Gap Lifecycle, which starts in childhood and gains force in adult life, through:

- Social and cultural norms
- Confidence, aspiration and choice of career
- Workplace culture and conditions
- Unconscious bias
- Assessment process and career progression
- Female leadership gap
- Pay gap

Although overcoming these obstacles to advance women in leadership positions remains challenging, building an inclusive culture and driving change is possible. To increase diversity and gender balance, we determined that companies and public entities need to:

- **Develop active policies** that have the power to drive behavioral changes within society and at the workplace.
- **Launch awareness and empowerment initiatives** aimed at breaking invisible barriers and showing a path to overcome them.
- **Set targets and monitor progress** around measurable components of the Gender Gap Lifecycle.

We hope our report helps to provide a better understanding of where things stand, the work that remains to be done, and how action can be taken to drive societal change.



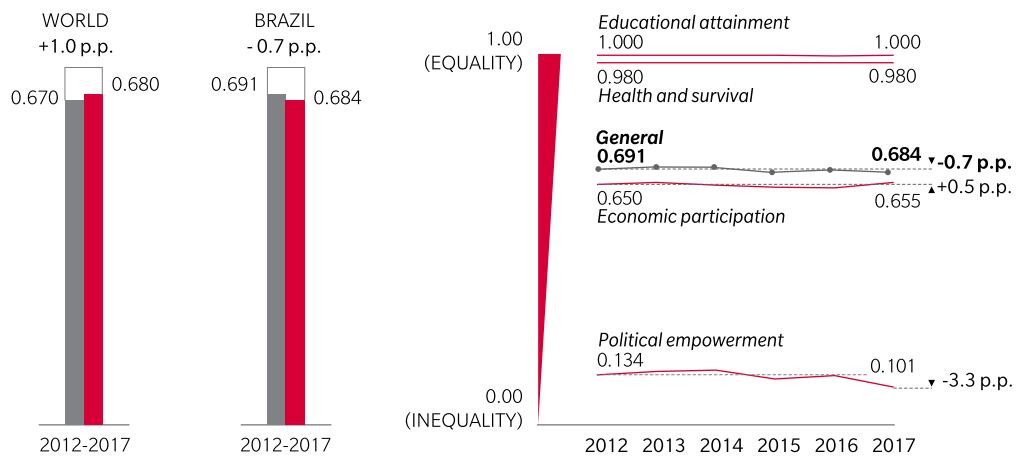
WHERE DOES BRAZIL STAND IN TERMS OF GENDER EQUALITY?

In 2017, Brazil stood on the lamentable 90th position (out of 144) in the World Economic Forum's Global Gender Gap ranking. And while the world slowly made progress in the direction of closing the gender gap, Brazil did not advance, or worse, moved backwards over the last five years (Exhibit 1).

It is encouraging to see that education attainment and health and survival gender gaps are practically closed in Brazil. These are essential pillars for gender parity. However, there is still a large gender gap in economic participation, and the political empowerment gap is even larger and worsening (Exhibit 1). This is a cause for reflection. Women are as educated as men and have similar life expectancy, but they are not in the decision-making roles, where rules of the game are defined and where the new generation looks up to find inspiring leaders.



Exhibit 1: Global Gender Gap Index evolution, 2012-2017



Source: World Economic Forum – Global Gender Gap Report 2012 and 2017.

FINANCIAL SERVICES SECTOR

By taking a closer look at the Brazilian Financial Services sector we observed that women enter the labor force in the same or even higher proportion than men, representing 55 percent of junior analysts. However, the more senior the position, the lower is women's representation. Women represent 37 percent of coordinators, 31 percent of managers, 22 percent of executive superintendents, and 16 percent of executive directors¹. Among the ten largest banks in Brazil, there is no woman as CEO, with only 8 percent of women in top executive roles² and 10 percent on boards (Exhibit 2). Two of the top-10 banks do not have any women among their top executives.³

Exhibit 2: Women's leadership representation in the 10 largest Brazilian banks

REPRESENTATION OF WOMEN WITHIN
TOP EXECUTIVES



FOR EVERY / ONLY
100 / 8
TOP EXECUTIVES / ARE WOMEN

REPRESENTATION OF WOMEN WITHIN BOARDS



FOR EVERY / ONLY
100 / 10
BOARD MEMBERS / ARE WOMEN

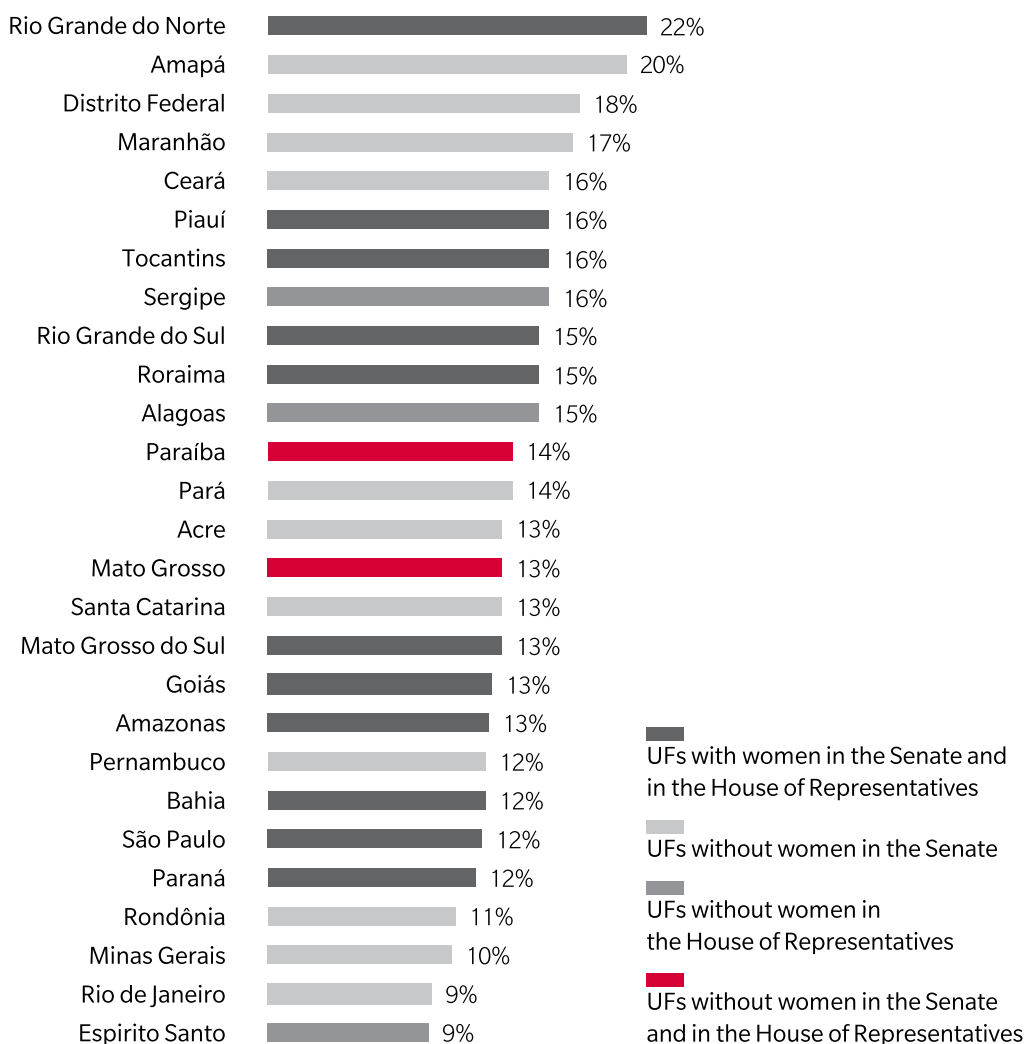
Source: Latest annual reports (2016) and websites (March 2018) of the 10 biggest Brazilian banks in assets volumes

- 1 2017 Mercer database for financial services (Club Survey Banking Industry, Club Survey Consumer Finance e Club Survey Insurance)
- 2 Including executive directors, VPs and CEO
- 3 Latest annual reports (2016) and websites (March 2018) of the 10 biggest Brazilian banks in assets volumes

GOVERNMENT SECTOR

The representation of women in politics is no different—with 16 percent of women occupying the seats in the Senate and 11 percent in the House of Representatives. Two Brazilian states do not have any women seated in the Senate or the House of Representatives (Exhibit 3)⁴. Only one state has a woman governor and 12 percent of mayors are women (Exhibit 4)⁵. In this male-dominated environment, a positive exception is that the President of the Supreme Court and the Chief Prosecutor are women.

Exhibit 3: Women Representatives in elective positions

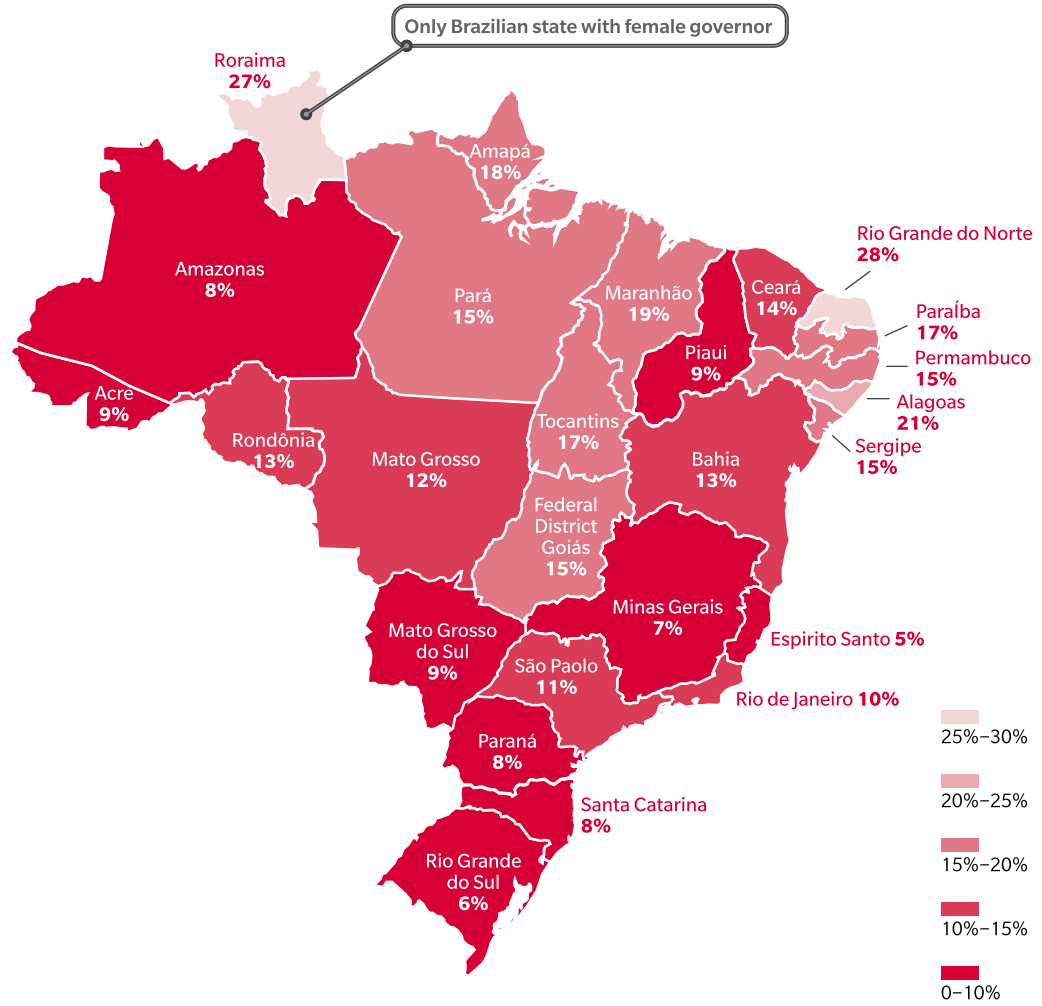


Note: Percentage of female governors, mayors, senators, deputies and city council members

4 Mulheres na política – Um retrato da sub-representação feminina no poder - 2016

5 Tribunal Superior Eleitoral, 2016

Exhibit 4: Percentage of female mayors in Brazil

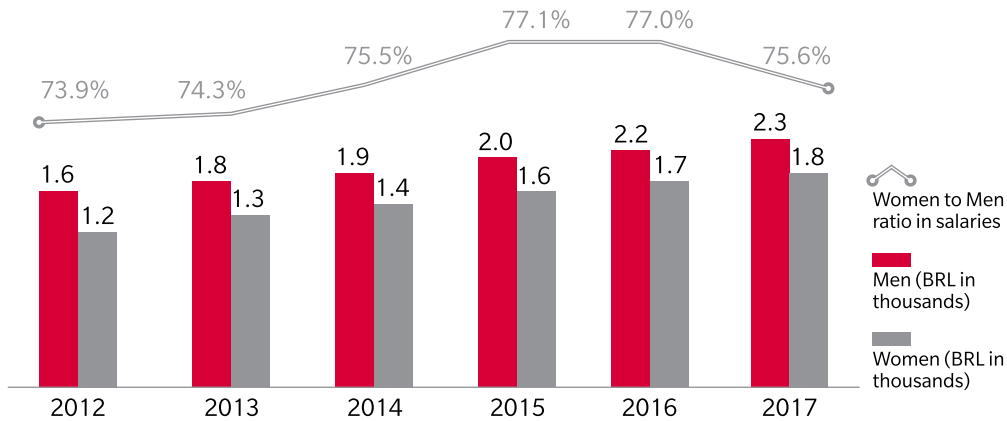


Source: Tribunal Superior Eleitoral, 2016

GENDER PAY GAP


On average, Brazilian women's salary is 75.6 percent of men's (Exhibit 5). The lower representation of women in higher paying positions is one of the drivers in this pay gap. However, differences in total compensation exist even within the same position. For example, in Financial Services, the wage gap is 5 to 10 percent for entry level and middle-management positions, and it increases to 20 percent for executive roles where variable compensation has a higher weight.⁶

Exhibit 5: Average wage per gender, 2012-2017 (4th Quarter)



Source: IBGE, PNAD - December 2017

6 2017 Mercer database for financial services (Club Survey Banking Industry, Club Survey Consumer Finance e Club Survey Insurance)



WHAT EXPLAINS THE CURRENT SITUATION?

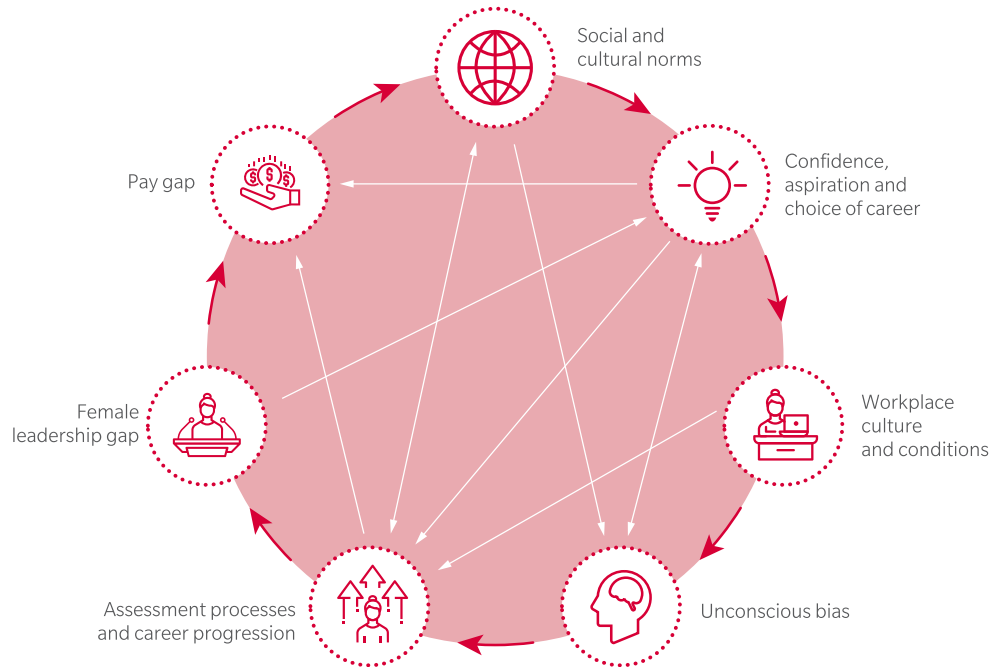
Society is trapped in a sub-optimal equilibrium, where the talent of women is not being leveraged to its full potential. The Gender Gap Lifecycle (Exhibit 6) shows the multiple factors that contribute to this. It begins with social and culture norms in childhood and gains momentum in adult life, when women choose their career, join a company, are promoted or not promoted inside the firm, and eventually, often at an early stage in their career, exit the labor market.



“Do women give up in the middle of their careers because they feel discriminated and don’t see real opportunities of progression, or rather do companies not let women progress because they see a significant possibility of them giving up?”

– Maria Silvia Bastos Marques, CEO Goldman Sachs

Exhibit 6: The Gender Gap Lifecycle



SOCIAL AND CULTURAL NORMS

Social and cultural norms are the expectations around the behavior of groups and individuals. Beginning in early in childhood, boys and girls are educated differently. Boys are encouraged to be brave, smart, and strong, while girls are taught to be kind, careful, and delicate. As men reach adulthood, they are expected to be the economic providers of the family, while women are held accountable for the domestic and child-rearing responsibilities.

In fact, the most apparent challenge to career progression is maternity, which often occurs in the middle of a woman's career as they have gained enough experience to pursue executive positions. A study from Fundação Getúlio Vargas shows that in the years after maternity leave almost half of women left or lost their jobs.⁷ It is important to recognize that leaving work to dedicate more time to the children can be, and often is, a personal decision. However, it is not always a choice, and it is certainly influenced by social and cultural norms.

⁷ MACHADO, Cecília, NETO, Valdemar, "The labor consequences of maternity leave policies: Evidence from Brazil", 2016

“We need to face bias as something that is not only men’s, women also have their bias. We can’t raise our daughters so differently from our sons. We can’t create so different expectations around women.”

– Zeina Latif,
Chief Economist at XP Investimentos

These gender roles and stereotypes are passed on from parents to children and persistent across generations. This is still evident in Brazil, where employed women spend, on average, 18 hours per week fulfilling domestic tasks or taking care of dependent family members, 73 percent more time than employed men spend⁸. Academic research found that while the existence of a partner increases domestic time for women, it reduces men’s domestic responsibilities⁹.

“We also need to educate boys, so that they won’t repeat sexist behaviors.”

Janice Ascari, Public Prosecutor in São Paulo

CONFIDENCE, ASPIRATION AND CHOICE OF CAREER

When choosing an education and later a career, women are influenced by cultural norms and by the examples they witness in society. It is no coincidence that while 60 percent of Brazilian higher education graduates were women in 2016¹⁰, women represented only ~20 percent of graduates at the Escola Politécnica, the Engineering school of São Paulo University¹¹, and ~30% at the Faculdade de Economia, Administração e Contabilidade (FEA), the economics, business and accounting school of São Paulo University¹². Research has shown that less women than men pursue STEM career opportunities (Science, Technology, Engineering and Mathematics), some of the most valued and well-paid occupations.¹³

“I don’t believe that there are male or female professions, it’s a cultural issue. Society ends up pushing girls for determined professions; it’s not due to their profile.”

– Liedi Bernucci, first female director of Escola Politécnica, University of São Paulo

8 IBGE – Estatísticas de Gênero – Indicadores sociais das mulheres no Brasil, 2016

9 MADALOZZO, Regina, MARTINS, Sergio Ricardo, and SHIRATORI, Ludmila. “Participação no mercado de trabalho e no trabalho doméstico: homens e mulheres têm condições iguais?” Estudos Feministas, Florianópolis, 2010

10 Censo da Educação Superior 2016 - INEP

11 Internal data from Escola Politécnica of São Paulo University

12 FEA-USP; FEA em números - 2017

13 Censo da Educação Superior 2016 - Instituto Nacional de Estudos e Pesquisas Educacionais Anísio Teixeira

Studies also show a confidence gap between genders, with women tending to underestimate their capabilities and actual performance as relative to men. This lack of confidence interferes with women pursuing career and salary opportunities. For example, women do not apply for job positions if they do not meet all the requirements, whereas men do apply. Men negotiate salaries four times more than women, and when women do negotiate, they ask on average for 30% less money.¹⁴

“Women don’t even run for political positions because they think they won’t win.”

– *Marta Suplicy, Senator and former Mayor of São Paulo city*

WORKPLACE CULTURE AND CONDITIONS

One of the key determinants of career progression opportunities is a company’s culture and, more broadly, the workplace environment.

Companies that value face-time, incentivize long working hours and require frequent travel make it difficult to achieve work life balance. Historically, this has been the case for the financial sector, known for its 80-hour work week schedules. The same holds true for political careers, which often require moving to a different city (e.g. Brasilia) and frequent travel for political campaigns.

Given the social and cultural norms that establish women as the main person responsible for domestic and family duties, this particularly affects them and their opportunities to thrive and prosper. However, companies must also be careful about offering reduced work-load or flexibility options only to women, which could be considered biased and create gender imbalance in family responsibilities.

“For women, working in politics has a price. Find a man who wants a woman that works on Saturdays and Sundays! How many men will take care of the children?”

Marta Suplicy, Senator and former Mayor of São Paulo city

Another important factor related to company culture is the level of respect and inclusion within the workplace, which can directly affect a woman’s confidence and aspirations. Aggressive environments or diminishing behaviors can negatively impact retention of female talent.

¹⁴ The Atlantic Features: The Confidence Gap - May 2014

“A person who does not feel at ease at work has less chance of development. Some financial institutions are harder than others – this harms mainly women’s growth. It is different if a boss yells at a man or at a woman, despite being wrong in any case.”

– *Fernando Carneiro, Partner in Spencer Stuart, a global executive search and leadership consulting firm*

UNCONSCIOUS BIAS

People hold inner beliefs that unwittingly influence their opinion about others—the unconscious biases—influenced by social norms, company culture and personal experience. Since they are unconscious, they are more difficult to notice and address. However, unconscious biases are powerful and can easily become invisible barriers that impact career prospects directly, through hiring and promotions, or indirectly, by lowering women’s confidence.

For example, women can feel pressure to act more like men to succeed. However, characteristics that are appreciated in men, such as authority, competitiveness, and persistence are often seen as flaws in women and construed as bossy, aggressive, or stubborn.

“We need to remove the stigma that women are fragile. We are different but we are equally competent. We need to work on this on both sides – men and women.”

– *Walkiria Marchetti, Executive Director at Bradesco*

“Something in the way women are educated, the way they position themselves, is not consonant to what companies expect. This makes women need to adapt their way of speaking, of expressing themselves, to be accepted and hampers them, once women need to spend part of their efforts with this unconscious preoccupation.”

– *Regina Madalozzo, Professor at Insper and Gender Economics specialist*

ASSESSMENT PROCESS AND CAREER PROGRESSION

Evaluation processes, such as recruitment, promotion and compensation assessments, are crucial milestones in the Gender Gap Lifecycle, that directly impact the most tangible gender gap components—the scarcity of female leadership and the wage gap.

Throughout their entire career, men and women are evaluated, formally or informally, by their boss, peers, employees. Most forms of evaluations contain an element of subjectivity, and are therefore influenced by company culture and unconscious bias. Networking and self-promotion also play a key role and are elements where, on average, women lag behind, especially in male-dominated environment.

“When assessment is based exclusively on objective deliverables, there is considerable equality between men and women. When you start delivering things that are more intangible, when the form starts being as important as the content, women are at a disadvantage.”

– Regina Madalozzo, Professor at Insper and Gender Economics specialist

FEMALE LEADERSHIP GAP

Challenges and choices in career progression result in the observed scarcity of female leaders in the financial and public sector.

Having fewer female leaders is an issue. Girls at school have fewer inspiring examples that they can look up to. And as women begin or reach the middle of their careers, they see no proof that they can make it to the top of the organization. They may end up not considering a career option, or giving-up.

“Having the example of a successful woman who can practice a career that was traditionally seen as masculine encourages young women. These are real, concrete examples.”

– Liedi Bernucci, first female director of Escola Politécnica, University of São Paulo

“The transforming agent to achieve gender equity is to prove to women on their way to leadership that they can get there.”

– Vanessa Basseto, Executive Superintendent at Santander Brasil

PAY GAP

Having fewer women in leadership and middle management positions, associated with higher salaries, implies that on average, women will earn less than men.

However, the gender pay gap has deeper root causes, including the type of careers women choose (for example lower participation in STEM careers), more women pursuing part-time jobs that enable them to balance work with family and domestic responsibilities, lower confidence to proactively negotiate salary, subjective assessment processes.

This pay gap, in turn, impacts women participation in the workforce, reinforcing social norms. In fact, increase in individual wealth implies the reduction of domestic tasks, which is linked to increased power inside home.¹⁵ This shift of power is one of the strongest levers to change social and cultural norms.

“Society is at equilibrium. One of the reasons a woman leaves the labor market is because her salary is lower and if someone needs to leave the job to take care of the children, it should be the one with the lower salary. It’s hard to break this equilibrium.”

– *Cecília Machado, Professor at FGV and Gender Economics specialist*

15 MADALOZZO, Regina, MARTINS, Sergio Ricardo, and SHIRATORI, Ludmila. “Participação no mercado de trabalho e no trabalho doméstico: homens e mulheres têm condições iguais?” Estudos Feministas, Florianópolis, 2010



HOW TO INCREASE DIVERSITY?



Given that the gender Gender Gap Lifecycle is the result of multiple self-reinforcing factors, breaking the cycle requires acting simultaneously on all the factors.

We identified three groups of initiatives that could help Brazil break the cycle (Exhibit 7):

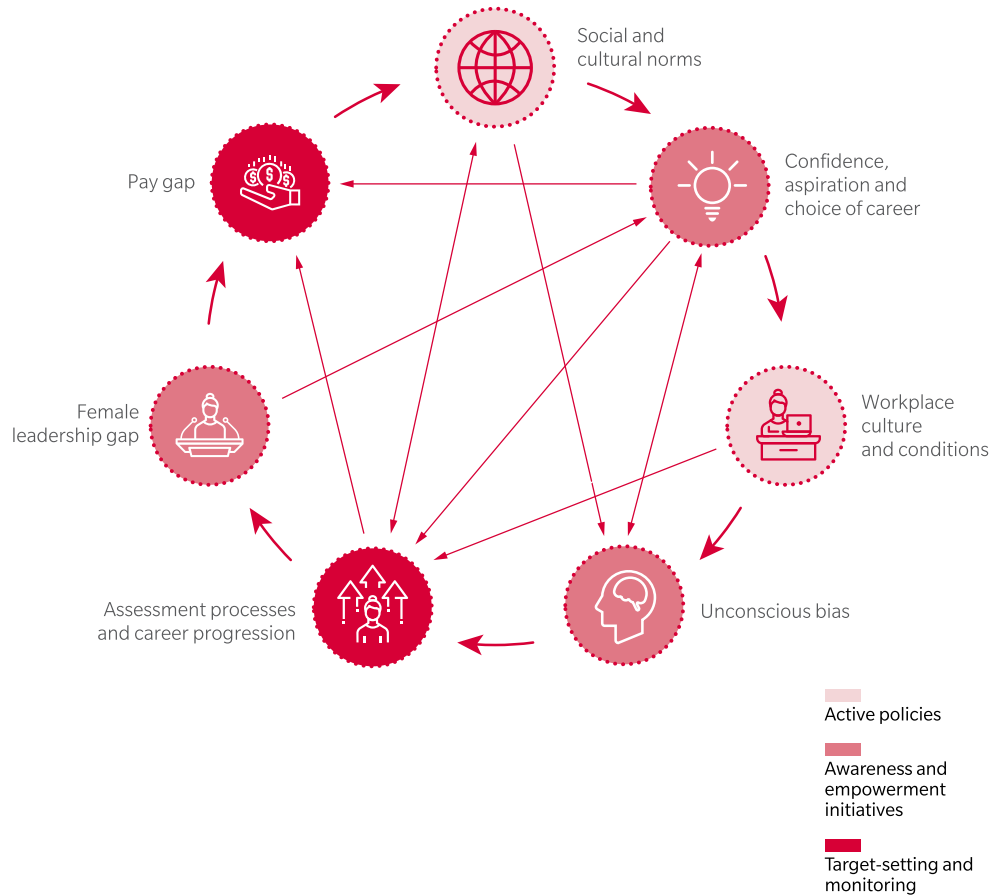
- A. Active policies:** Regulations and company policies that have the power to drive behavioral changes within society and at the workplace.
- B. Awareness and empowerment initiatives:** Structured actions that aim at breaking invisible barriers by turning them visible and showing a path to overcome them.
- C. Target-setting and monitoring:** Clear objectives around measurable components of the Gender Gap Lifecycle and diagnosis of status and progress against those objectives.



“There is not a single reason for gender disparity as there is not a single solution. The solution goes through a cultural change in the organization of the family, empowerment of women who need to believe more and more in their own capabilities, and companies who need to have more policies around gender.”

– Leila Melo, Executive Director at Itaú Unibanco

Exhibit 7: Impact of initiatives on the Gender Gap Lifecycle



1. ACTIVE POLICIES

MATERNITY, PATERNITY AND PARENTAL LEAVE POLICIES

In Brazil, by law, women are entitled to a fully paid maternity leave of 120 calendar days, which can be voluntarily extended, in some companies, to 6 months. In practice, maternity leave is not only a right but also an obligation for mothers because it is seen as a right of the children to breastfeeding and health. When a woman abdicates her right, the company is exposed to a significant risk of labor lawsuits. On the other hand, paternity paid leave is only 5 calendar days, which can be extended to 20 days.¹⁶

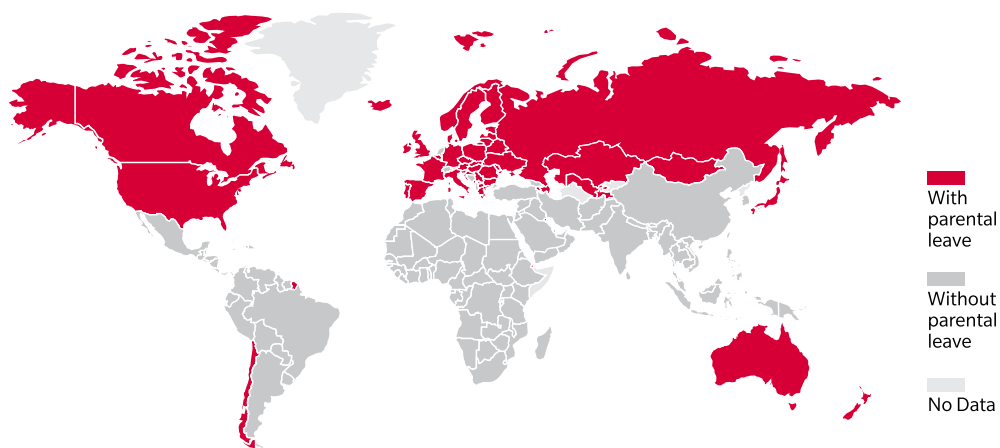
While the law is intended to benefit women, it also puts them at a disadvantage in hiring and promotion decisions, creating an asymmetry in gender opportunities in the labor market.

¹⁶ Consolidação das Leis do Trabalho (Decreto-Lei 5452, 1943). Note: only employees with regular work contracts or contributing to the Social Security Institute (INSS) receive leave entitlements. The first four months of maternity leave and first five days of paternity leave are paid by the government, and the extended period is paid by the employer who then receives fiscal incentives to cover the costs. The extension is only valid for companies that voluntarily adopt the Programa Cidadão.

When a woman is on maternity leave, a company often needs to fill the position with a temporary employee, putting her career at risk when she comes back. The time away from work can impact her participation in the firm or make her lose professional opportunities.

The length of maternity leave varies significantly across countries, which shows that there is not yet a consensus on its optimal length, from countries with 60 days or less, as Malaysia and Philippines, to countries with one year or more, as Albania and Bulgaria.¹⁷ While longer leaves could harm women's careers, shorter leaves could have a negative impact on children's health and discourage breastfeeding, especially for more disadvantaged families. Paternity leave is a less established right, not present in more than half of the countries and ranging between 1 and 90 days where it exists.¹⁸ Many developed countries have adopted a parental leave model, where man and woman can split the leave more flexibly between themselves (Exhibit 8).

Exhibit 8: Countries that adopt paid or unpaid parental leave



Source: "Women, business and the Law", The World Bank – Data from 2016

Given current social and cultural norms in Brazil, a fully flexible parental leave model could simply turn into an extended maternity leave, where fathers do not share in the childcare responsibility. In Norway, for example, when mothers and fathers could freely split their parental leave, only 4 percent of fathers took the leave. Now that 10 weeks of leave are reserved to fathers (if they do not use, they lose it), 90 percent are taking it.¹⁹

An extended compulsory paternity leave is an essential ingredient to break the Gender Gap Lifecycle in Brazil. It creates a stronger bond between fathers and children in their early childhood, generates more awareness of the child-rearing challenges, and contributes to a culture where women and men share more fairly family responsibilities.

17 "Women, business and the Law," The World Bank – Data from 2016

18 "Women, business and the Law," The World Bank – Data from 2016

19 "Can public policy break the glass?" – Dalia Ben-Galim and Amna Siliim, Center for American Progress, 2014

“To solve the issue of women not reaching leadership positions, one of the ways is to rethink men’s roles. If they stayed longer at home during maternity leave, they would have other roles at home and would also feel the impact of having children in their careers.”

– Cibelle Linero, Partner at BMA Advogados

POST-MATERNITY SUPPORT

Providing adequate conditions for women to reintegrate into the workplace after maternity leave is also crucial to break the Gender Gap Lifecycle. In Brazil, women have the right to two half hour breaks for breastfeeding until the child is 6 months old, and companies with more than 30 women over 16 years must have an in-house nursery or provide childcare financial support.²⁰

Guaranteeing universal access to full-daytime nursery (7am to 7pm) is essential to allow women (especially those with fewer economic resources) to go back to work. It also helps reduce the stigma that women need to stay at home to raise their children.

FLEXIBILITY OPTIONS

Allowing flexible working arrangements within a company, such as accommodating hours or working from home allow better work life balance. These will not work for everyone and for every type of job but, all else equal, they will increase the number of women who decide to stay in the job market. However, to be effective in breaking the Gender Gap Lifecycle, flexibility options need to be offered and used by both genders – otherwise, they can end up reinforcing gender roles and unconscious biases.

Flexibility policies need to be enabled and embedded in the culture of the company, and their use by both genders should be actively monitored. Companies will need to provide adequate technology that allows for remote access, and performance management should be driven by deliverables, rather than the number of hours worked.

“I think that the word ‘flexibility’ is key. We need policies and rules that guarantee inclusion, that ensure that people will want to stay without feeling in debt with the organization.”

– Bárbara Rosenberg, Partner at BMA Advogados

²⁰ Consolidação das Leis do Trabalho (Decreto-Lei 5452, 1943)

2. AWARENESS AND EMPOWERMENT INITIATIVES

INCLUSION AND AWARENESS TRAININGS

To tackle unconscious bias, awareness needs to be raised around its significance and how it impacts diversity. To increase awareness, companies can use different tools such as offering structured trainings (with periodic refreshes) to employees when hired, and promoting open employee discussions. Companies can also turn examples of unconscious bias public, for instance, by hanging posters with notable statements around the office, and monitoring and flagging any bias in assessment processes.

“To fight unconscious biases, we first need to make them conscious.”

– Sérgio Fajerman, Executive Director at Itaú Unibanco

Some companies offer specialized training programs to women that are intended to support their professional development or strengthen specific skills. Examples include leadership, communication, negotiation skills trainings, and programming courses. Although motivated by good intentions, the courses can sometimes reflect and reinforce unconscious bias because they are offered only to women.

To achieve better results, companies should establish inclusion committees that coordinate actions and make use of all available awareness increasing tools. However, they should think carefully before offering specialized trainings only to women.

“SHE FOR SHE” AND “HE FOR SHE” INITIATIVES

Having sponsors and structured mentorship programs is important for career development. While mentors provide advice on career objectives and help to overcome career path challenges, sponsors can be advocates, helping him or her to gain visibility within the firm. Each employee should have mentors and sponsors of both genders. This increases diversity by bringing together different perspectives and the breadth of experiences shared, benefiting employees as well as mentors and sponsors. The “she for she” movement, in which women mutually support each other, is often taken for granted but its importance still should be reinforced.

“Women lack mentoring and role models. There is plenty of talented women, who don’t value themselves enough. We need to teach them the way, so that they learn to say ‘no’ and impose themselves. At the same time, companies’ HR needs to identify differences between men and women, including in hiring processes, under the risk of not hiring and promoting talents.”

– Zeina Latif – Chief Economist at XP Investimentos

ELEVATING FEMALE LEADERS

Women who achieved leadership positions should see their success not only as an end goal, but also as a social responsibility towards the next generation. Given we have so few women at the top, each of them should make herself visible inside and outside the organization—to children at school and to women at the start of their careers. This is especially important when the position achieved breaks social conventions, and they reach a role that no woman before attained. One strong example can have a life-lasting impact on many. It has the power to shape aspirations and to change social conventions.

“It’s the role of successful women who made it to the top to show younger ones that it is possible. The more women conquer, the more responsibility they have show to younger girls what they can achieve.”

– Regina Madalozzo, Professor at Insper and Gender Economics specialist

3. TARGET-SETTING AND MONITORING

GENDER GAP MONITORING

To close the gender gap, it needs to be diagnosed and systematically monitored within private companies, public entities and governmental agencies. Numbers are facts, and facts have the power to make people reflect and take action. Once action has been taken, monitoring the progress helps companies to understand if the right action was taken, and to refine the plan if needed.

Advanced analytics are an important ally to organizations and help to quantify the number of hires, promotions and exits by level and by area, as well as shed light on the underlying drivers. By accounting for fixed and variable compensation and identifying patterns that are not performance-driven, analytics help monitor the gender pay gap at a more granular level.

“Even within the same position, there is disparity between women’s and men’s salaries. Within the same position, there are sub-levels. Most of the companies that analyzed this, realized there are differences.”

– Regina Madalozzo, Professor at Insper and Gender Economics specialist

TARGETS AND AFFIRMATIVE ACTIONS

Once gender gap has been analyzed, a company or entity should ask—what do we want to achieve and how?

Companies and countries have adopted alternative approaches in target setting, including:

- Targets set on the number of female candidates, or on the percentage of female hires or promotions, and/or on the number of women at executive or board levels.
- Binding or non-binding targets which could be made public (“comply or explain”) or held private, impacting or not affecting executive remuneration.
- Inwards-focused targets (i.e. applied only inside the firm) or also outwards-focused, for example requiring suppliers to report the number of women at each level.

“There are several formats of quotas – one of these is “comply or explain”. If you have no woman within your top management, you should set a clear and objective goal.”

– Fernando Carneiro, Partner in Spencer Stuart, a global executive search and leadership consulting firm

The most debated targets are quota. These are more often enforced by public policies at the board level, as is the case in France (20 percent), Germany (30 percent), Belgium and Italy (33 percent), and Spain, Iceland and Norway (40 percent). India and Israel state there must be at least one woman on corporate boards²¹. Quotas tackle career progression and women’s participation in leadership, some specific elements of the Gender Gap Lifecycle, which can have important positive externalities on other cycle elements such as “confidence and aspiration”. However, quotas do not address the root causes of the gender gap and can reinforce unconscious bias by creating the perception of unfair treatment.

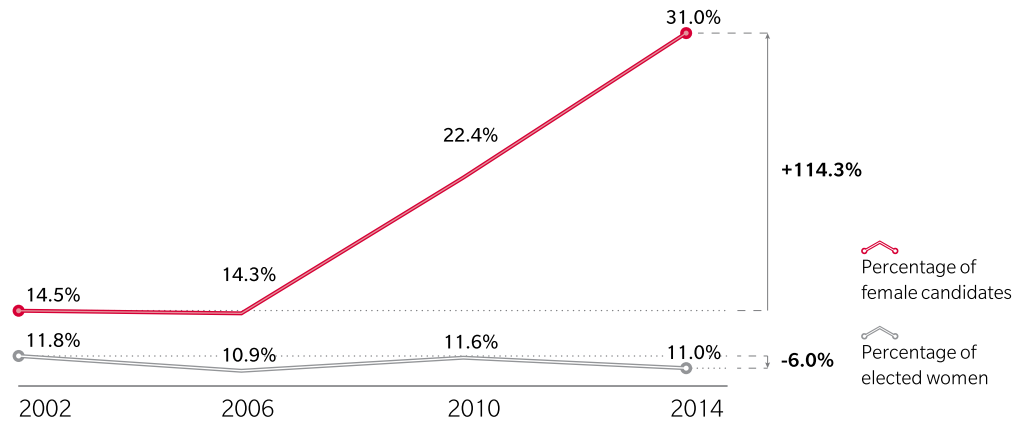
“I worry about affirmative actions, they need to be closely monitored because they have collateral effects. What women need are opportunities, not quota.”

– Ana Paula Vescovi, Executive Secretary of Ministry of Finance and Caixa’s Board member

21 “Women, business and the Law”, The World Bank – Data from 2016

A notable example of a quota implementation that did not meet the desired effects is the 30 percent quota in the number of female candidates (imposed over political parties). In the 2014 elections, women represented more than 30% of the candidates for governor, senator and federal and state deputies. However, the number of elected women did not increase, representing only 11 percent (Exhibit 9). In fact, in 2014, the parties had only a 5 percent quota for female campaign financing.²²

Exhibit 9: Evolution in women’s political representation - Governors, Senators, and Federal and State Deputies



Source: Tribunal Superior Eleitoral

Non-binding targets can be used as a way to raise awareness and call for movement, while all the other policies and initiatives here described are implemented to address the root causes of gender gap. The inclusion of outwards targets towards suppliers can accelerate movement across society. Quotas should only be considered as a last resort, carefully studied to minimize collateral effects, and never implemented as stand-alone policies.

22 Gender Quotas Around the World, International Institute for Democracy and Electoral Assistance - December 2018

CONCLUSION

Closing the Brazilian gender gap is not trivial. Multiple interrelated root causes drive the gap in a way that no stand-alone policy can address. A complete and structured set of initiatives at the company, society and individual levels are required, including active policies, awareness and empowerment initiatives, and target-setting and monitoring.

Now it's time to act. Each company, organization and public entity should diagnose the size of its own gender gap, define its ambition and the desired speed of change. These parties should then detail and individualize the initiatives to their own reality and draft an action plan.

Engagement and showcasing examples of leadership are essential to drive movement within companies and society. No policy or initiative will have effects if leaders do not stand by its values.

“The education around gender equity awareness plays a fundamental role in the development and progress of Brazilian society.”

– Larissa Galimberti, Partner at Pinheiro Neto Advogados

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