Grant Thornton

Women in business

Action

Inclusion

Women in Business 2021

A window of opportunity

"COVID-19 didn't create this shift – it accelerated existing trends and attitudes towards flexible working, the importance of diversity to innovation and business success, and the need for more empathetic, more transparent leadership"

Kim Schmidt, global leader – leadership, people and culture, Grant Thornton International

Contents

Global findings	4
Regional variations	6
Senior positions held	8
Actions being taken	10
COVID-19 and D&I – assessing the impact	12
The rise of flexible working in 2021	14
A culture of inclusion fosters innovation	16
Leadership in 2021	18
Conclusions	20
Methodology	22

Introduction

Grant Thornton's Women in Business report 2021: highlighting a window of opportunity

For 17 years, Grant Thornton has been tracking the global progress of women in senior management. In the last 12 months, unprecedented events have had an unforeseen and unparalleled impact on that progress. The coronavirus pandemic has driven a fundamental shift in global working practices. It has forced millions into a remote working model. It has exposed weaknesses in supply chains; caused businesses to assess the factors essential to survival; and underlined the mid-market as the beating heart of many sectors, central to keeping economies functioning.

At the same time, expansive popular movements including Black Lives Matter, FareShare and Extinction Rebellion have shone a harsh light on inequalities and exclusion in society and the workplace, and the need for changes to business practices in order to create sustainable growth. Environmental, social and governance (ESG) issues are in the spotlight. And political upheaval has driven expectation for greater diversity and representation at the highest levels. Businesses and their leaders are being held publicly accountable, and the risks for those not truly committed to inclusion are high.

Widening the door to diversity

These seismic shifts have, inevitably, had repercussions for women in business, their prospects and the challenges they face in the coming months and years. The business landscape appears to be undergoing permanent changes, not least due to the more flexible, hybrid working environments being adopted by many organisations. "Businesses need to consciously look at the positive shifts that have occurred around diversity, inclusion, and women in leadership, and lock those in," says Kim Schmidt, global leader – leadership, people and culture at Grant Thornton International. "They have to ensure that, as they shape the future work environment, they take the learnings from the pandemic into account. The more flexibility they provide in how and when people do their jobs, the more engagement they'll get, and the more attractive they'll be as employers."

Research studies from 2020 are definitive that women's employment and career development have both been impacted significantly by the pandemic. But they diverge over whether it has set the gender parity movement back by several years, or if it could prove to be a springboard into senior positions for more women.

"We won't really know what changes COVID's made for a couple of years. It could both help and hinder," points out Francesca Lagerberg, global leader – network capabilities at Grant Thornton International. "Virtual working may help some women get into certain roles, and make those roles more manageable. But with COVID, where some women's lives are being taken up with just keeping the family running, it could be pushing them back."

A more digital working landscape has removed some of the traditional obstacles to women's careers. Flexible working – including the ability to set their own hours, removal of the pressure to commute, and the technology to connect and participate fully from a remote location – has long been on the list of actions needed to promote female career progression. While changes in working practices have varied globally, and by sector, the mass movement to home working engendered by COVID-19 has shown these working practices to be both practical and, in some cases, preferable.

Leadership in the new normal

Leadership styles have also come under scrutiny due to the demands of the pandemic. Engagement with staff, a greater understanding of people's personal needs and circumstances, and support for mental and emotional health have been more vital than ever. Empathy has been a core leadership trait during COVID-19. As these 'softer' management styles have proved their worth, a greater appreciation of, and a greater need for, diverse leadership has emerged.

"It has shone a light on the skill set traditionally perceived as more 'female' than 'male'," says Francesca Lagerberg. "The need to have more empathy in the current environment has been huge. Empathy is vital in the approach to people working within the organisation – if you've got people on furlough, if you've got people struggling with their circumstances – and the mental health issues that COVID has driven."

1. The Tipping Point - Women on Boards and Financial Performance, MSCI, 2016
2. Diversity Matters, New York: Catalyst, 2014

The chance to accelerate change

Progress towards greater diversity and inclusion, and particularly gender parity in senior management, has in the past decade moved slower than it should. But as a result of the upheavals of the past year, it is both more possible and more important than ever before. Our 2021 research has shown an increase in the proportion of senior female managers globally. At 31%, up from 29% in 2020, it has finally passed the 30% tipping point[1] needed to catalyse real change. Nine out of 10 businesses worldwide now have at least one woman in their leadership teams. There are more female managing directors and chief executive officers (CEOs) than ever before, with 26% of these roles held by women. How leaders respond to the changed business landscape will dictate whether we now see a significant upswing in these numbers.

"There will be an expectation that leaders post-COVID change the way they lead if they want to bring in talent and keep people engaged. That creates an avenue for women into senior roles," says Kim Schmidt. "COVID-19 didn't create this shift – it accelerated existing trends and attitudes towards flexible working, the importance of diversity to innovation and business success, and the need for more empathetic, more transparent leadership."

At Grant Thornton, we believe there is now a window of opportunity during which mid-market leaders can accelerate the progress of their businesses into a more inclusive future – or choose to revert to previous models. The benefits of diversity at a senior level include improved financial performance, leveraging talent, reflecting the marketplace and customer perspectives, and increased innovation[2]. All of which will help businesses successfully navigate these uncertain times.

This report outlines the position of women in senior management around the world as we witness the emergence of a more diverse and inclusive leadership model, and highlights the actions leaders need to take in order to create a step change in the proportion of high-level roles held by women.

Global findings

Signalling a step change

When Grant Thornton began reporting on the number of women in senior management in 2004, the proportion of leadership roles held by females worldwide stood at 19%. Over the past 17 years, the long-term global trend shows a positive trajectory, never dipping below that first recorded level.

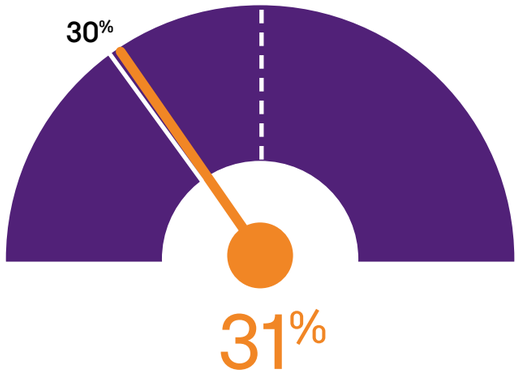
Since 2017, when a quarter of senior positions were filled by women, progress has continued to be made, but it has been slow and irregular. Last year we reported a levelling out, with the overall number static at the 29% mark recorded in 2019. In 2021, however, there is cause for optimism, as the figure has hit 31%, indicating that, in short order, a third of all senior management positions are likely to be held by women.

Passing the tipping point

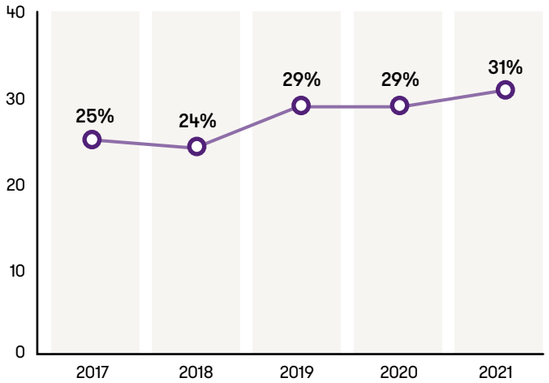
Another cause for optimism is the passing of the 30% tipping point at the global level. Reaching this milestone is predicted to catalyse greater gender diversity in senior management and engender lasting transformational change. When broken down regionally, we see an exponential gain in the prevalence of countries with a proportion of women leaders exceeding this 30% tipping point. This illustrates a critical mass of progression at a global level.

As well as accelerating the opportunities for women coming through behind these female leaders, achieving 30% of women in leadership positions has been shown to make a significant difference to an organisation's profitability and market share, according to *Women Lead the Way* author Linda Tarr-Whelan, distinguished senior fellow of the Women's Leadership Initiative at US think tank Demos.

Proportion of senior leadership roles held by women globally in 2021



Proportion of senior management roles held by women over the past five years



Another cause for optimism is the passing of the 30% tipping point at the global level. Reaching this milestone is predicted to catalyse greater gender diversity in senior management and engender lasting transformational change

of businesses have at least one woman in senior management in 2021

Driving diversity

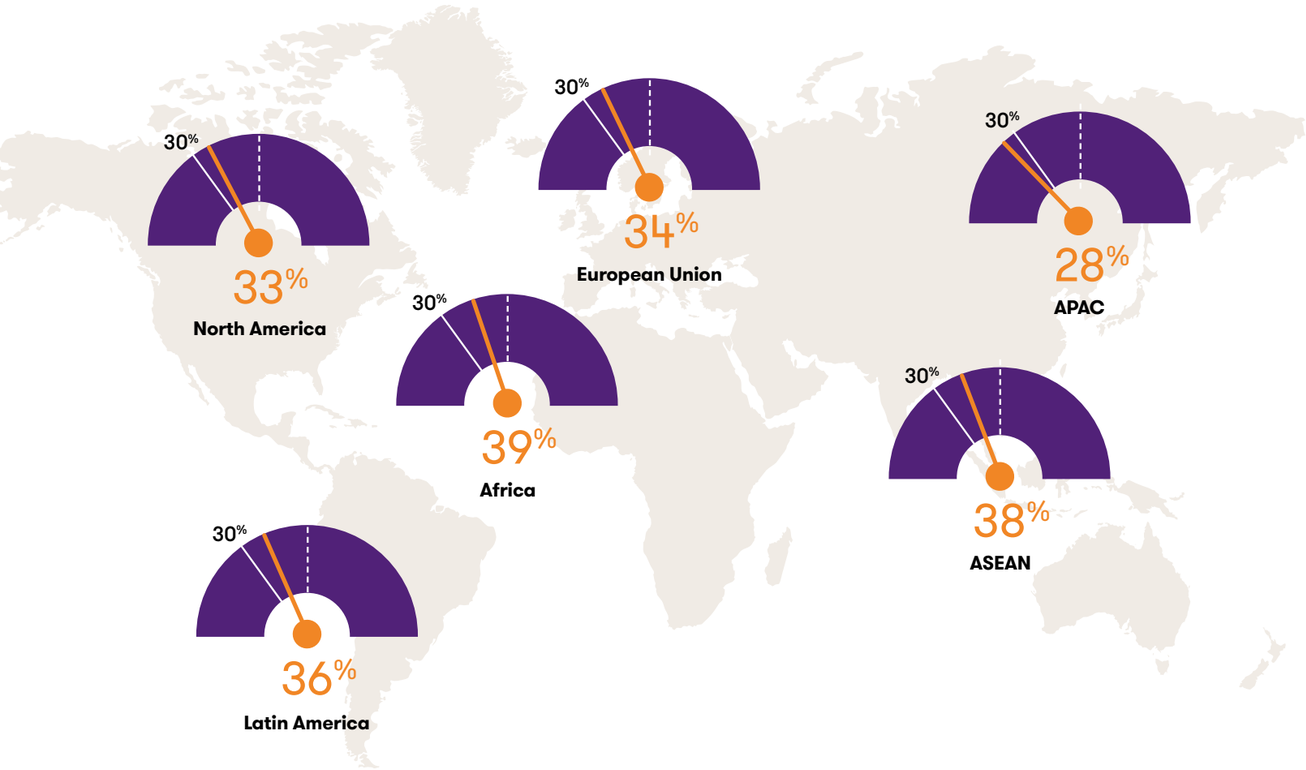
In 2021, we have reached a significant landmark, with nine in 10 businesses worldwide having at least one woman in their senior management teams. By comparison, in 2017 that figure stood at two-thirds, with only 66% of businesses having at least one female leader. That there has been a three-percentage-point improvement in this figure since 2020 is certainly a continuation of the positive trend seen over the past five years, and could have a number of causes. Work by businesses on their diversity and inclusion policies is paying off. But it is also possible that the coronavirus pandemic has emphasised the importance of diverse leadership in times of crisis.

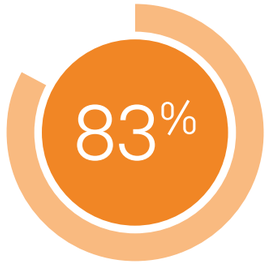
For the business world, the need for innovation and breadth of perspective has never been greater than during the past 12 months. In the long term, COVID-19 may help to patch the 'broken rung'[3] that has seen women failing to ascend to management level. This could, in part, be due to the atypical hiring cycle evident during the pandemic[4]. As some sectors were devastated, others thrived, were unaffected, or were able to bounce back quickly. There was a high rate of job loss, but also a high rate of job creation, particularly at senior levels where the ability to lead through the economic and public health disaster became the number-one hiring criteria.

3. Women in the Workplace 2020, McKinsey & Company, 2020
4. Why Hiring During Covid is Different Than in Previous Downturns, Atta Tarki, Tino Sanandaji and Burt Francis, Harvard Business Review, 2020

Regional variations

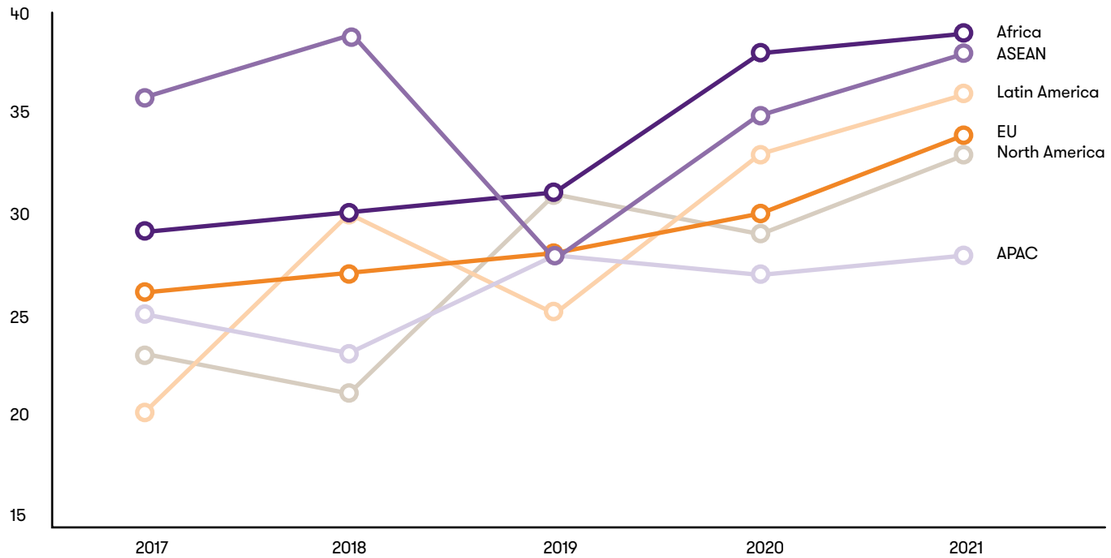
Regional proportion of leadership roles held by women in 2021, and position relative to the 30% tipping point





of countries recorded a proportion of women leaders over the 30% tipping point

Change in the proportion of women in senior management across regions (five-year view)



Gender parity growing across the globe

Reflecting the global results, in this wave of our Women in Business reporting almost all of the regions that were measured recorded their respective highest or equal highest proportions of women in senior management. This is notable in a year when every region suffered the economic impacts of the pandemic to a greater or lesser degree. Encouragingly, 83% of the countries surveyed recorded a proportion of women leaders over the 30% tipping point. In our 2020 report, that figure was considerably lower, at just over half (55%).

Within the overall positive trend, there are success stories for a number of regions. Africa, consistently one of the best-performing regions for female leadership, has continued its upward trajectory. Although this year's increase is not as impressive as the 7% year-on-year lift seen in 2020, over five reporting cycles the region's figures have improved significantly – from 29% in 2017 to 39% in 2021. The European Union, meanwhile, has also seen a reasonable lift from 30% to 34%, with over a third of all senior positions now being held by women. This marks an eight-point increase since 2017.

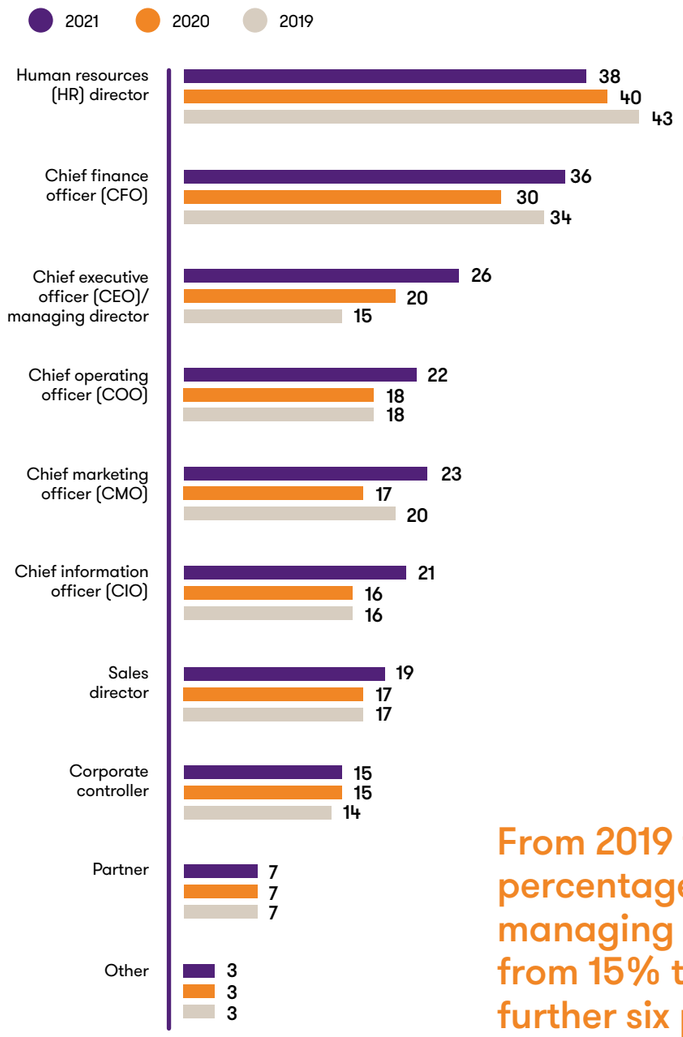
Close behind Africa in the 2021 ratings is ASEAN, with 38% of senior roles filled by women. This marks a near total recovery to its record level of 39% in 2018, following an 11-percentage-point slide to 28% in 2019. That slip is a cautionary tale that change isn't guaranteed to follow a positive trajectory.

Latin America has also continued to recover from a 2019 dip to record a 36% proportion of women in senior management. This is the most impressive regional performance over the five most recent research reports, rising from 20% in 2017. North America has seen more mixed results, but nonetheless improved its 2020 score by four percentage points, and its 2017 figure by 10 percentage points overall. At 33%, the region has achieved a figure of one in three senior roles occupied by women.

Overall, APAC is the poorest performer, falling just short of the 30% tipping point at 28%. The region's improvement since 2017 stands at three percentage points, with 2021 returning its proportion of women in senior management to the level seen in 2019, after a minor dip in 2020.

Senior positions held

Proportion of senior roles held by women globally 2019-2021 (%)



Taking operational control

In parallel with the uptick in the proportion of senior positions held by women in mid-market firms in 2021, we have also seen a shift in the types of roles they are fulfilling. Grant Thornton's research shows a downward trend over the last three Women in Business reports in the proportion of human resources (HR) directors who are female. This is coupled with upward trends in functions more closely related to the operational, profit and loss, and overall strategic leadership of the business. More women are holding C-suite and managing director positions, both overall and as a proportion of all the women in senior leadership roles.

This shift surfaced in our 2020 Women in Business report, and appears to have accelerated in 2021. Over our last three reports, we have seen the percentage of female CEOs and managing directors increase first from 15% in 2019 to 20% in 2020, and then a further six percentage points in 2021. At chief operating officer (COO), the increase over this period is from 18% to 22%. Chief finance officer (CFO) remains the most common operational role for women at 36%, up from 30% in 2020. Meanwhile chief information officer (CIO) has seen an encouraging increase from 16% in 2019 to 21% in 2021, as more women pursue careers in information technology. While HR director is still the most likely role to see a woman performing, this figure has fallen from 43% to 38% since 2019.

From 2019 to 2021, we have seen the percentage of female CEOs and managing directors increase first from 15% to 20% in 2020, and then a further six percentage points in 2021

With a greater diversity of candidates installed in their operational roles, boards are actively future-proofing their businesses

Long-term strategies pay off

The ongoing shift from people-focused to operational roles is in part the result of deliberate policies to prepare talented women for promotion and grow a robust pipeline. "Women have leadership roles now because of long-term strategic thinking and planning for the past several decades by different agencies," states Annie Warshaw, co-founder of Mission Propelle, a job security consulting firm for women, citing training and mentorship programmes that are channelling women into high-status jobs.

"The increased awareness of gender imbalance at board level across the world and the associated commercial and reputational risks are likely to be driving recruitment and promotion decisions," adds Sarah Talbott, partner and gender diversity lead for Grant Thornton UK. "More broadly, the slow societal shifts in perception of gender roles means that more women are encouraged and enabled to progress and prioritise careers, while men are more generally expected to take on caring roles within family life."

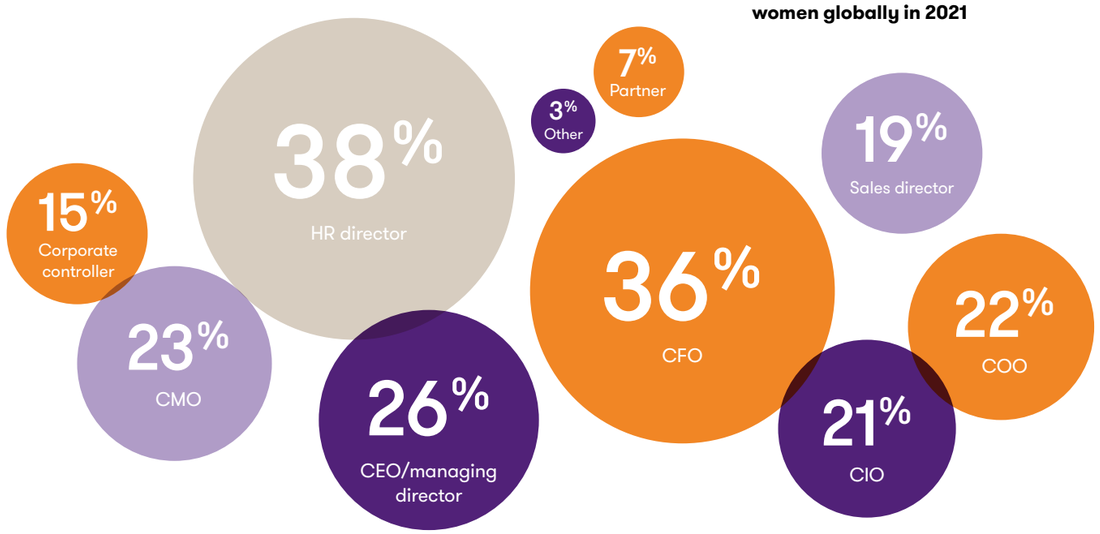
There is also the impetus of a virtuous cycle, with women seeing people like themselves occupying the C-suite and feeling inspired to follow suit. "With more women in these positions, it's easier for others to drive towards them, and they are encouraged to apply for those roles," believes Anna Johnson, CEO of Grant Thornton Sweden.

There are a number of factors behind the decline in the proportion of female HR directors. With the opening up of opportunities in commercial roles, female talent that had been diverted into HR leadership is now switching seats at the boardroom table. A second factor is the willingness of boards to transition HR leaders into operational positions because greater value is being put on people management skills.

"The third reason is that the prominence of the people and culture role has changed significantly in the past 10 years," notes Grant Thornton International's Kim Schmidt. "Today most organisations have an HR or people and culture leader on their executive team. This role has become more about strategy and critical to the success of the organisation, so has become increasingly attractive to men. Meanwhile, a lot of talented women who may previously have pursued a career in HR are now seeing increasing opportunities to move into other C-suite options."

Anna Johnson adds: "Overall, this shift will benefit businesses because gender equality is so important across all parts of an organisation." With a greater diversity of candidates installed in their operational roles, boards are actively future-proofing their businesses.

Proportion of senior roles held by women globally in 2021



Actions being taken

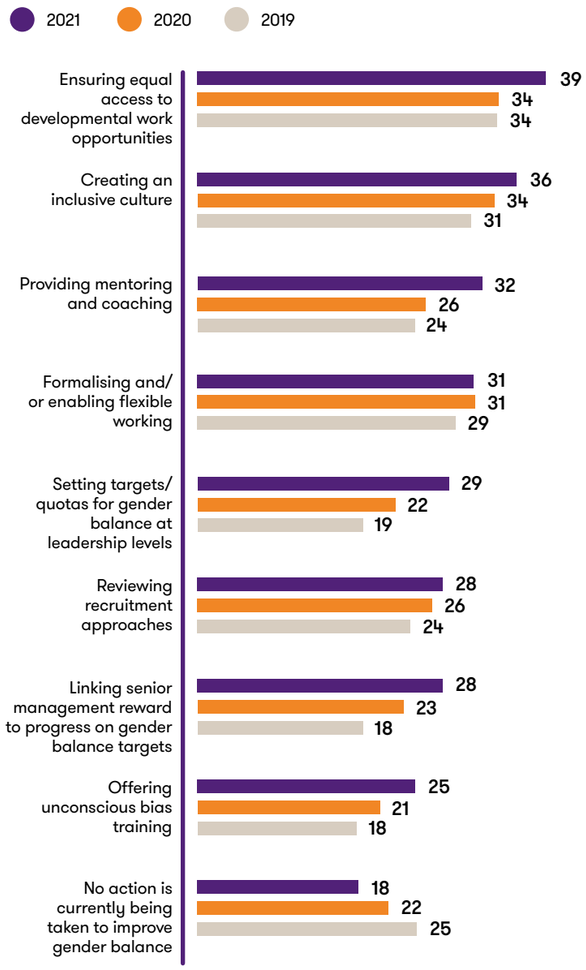
More businesses taking more action

In 2021, businesses are prioritising ensuring equal access to developmental work opportunities, which our research finds is the action most companies are taking to promote gender parity in senior management. Increasing five percentage points on 2020, 39% of businesses are focusing on access for all. The consistent second-placed runner in this field is creating an inclusive culture, up from 31% to 36% since 2019. Meanwhile, the provision of mentoring and coaching has narrowly overtaken formalising or enabling flexible working to take third place. At 32%, it is up a significant six percentage points since 2020.

While the rank order of actions taken remains largely consistent with our Women in Business reporting in previous years, almost all listed actions have gained on their previous score in 2021, reflecting the fact that businesses are taking more deliberate and conscious actions in this area. In addition, more businesses are taking action overall: the number of companies taking no action to promote gender equality in senior management has decreased, dropping from one in four in 2019 to just 18% globally in 2021.

It is interesting to note that the one exception to this trend is enabling flexible working, which has stayed level at 31%, and dropped to fourth place in the rankings of actions taken. It is possible that, with the widespread, enforced introduction of remote working during the coronavirus lockdowns, respondents did not view this as a specifically gender-influenced practice. Later in this report, we will explore the impact of COVID-19 on the diversity and inclusion agenda, and women's position in senior management.

Actions being taken to promote gender balance 2019-2021 (% of businesses)



"Flexible working has huge potential to enhance diversity and inclusion – but it will be the leadership styles and systems that support it which count"

Fiona Hathorn, CEO, Women On Boards UK

"Setting up offices outside city centres and heavy traffic areas will shorten commutes and encourage working mothers to stay in their jobs. It will also help to reduce transport emissions"

Marivic Españo, chairperson and CEO, P&A Grant Thornton

"Businesses should communicate the cultural values of inclusiveness clearly to every member of the organisation. Diversity must be seen at every level"

Ngozi Ogwo, managing partner/CEO, Grant Thornton Nigeria

"Men in leadership must intentionally work to advance progress for women in the workplace. They have the power to create an atmosphere that either encourages or suppresses employees' voices"

Allyson Zimmermann, executive director, Europe, Middle East & Africa, Catalyst

"You have to put the work in helping women build their confidence. If you're not enabling them to play a bigger game within the organisation, then it doesn't matter what else you put in place"

Caroline Whaley, co-founder, Shine For Women

COVID-19 and D&I: assessing the impact

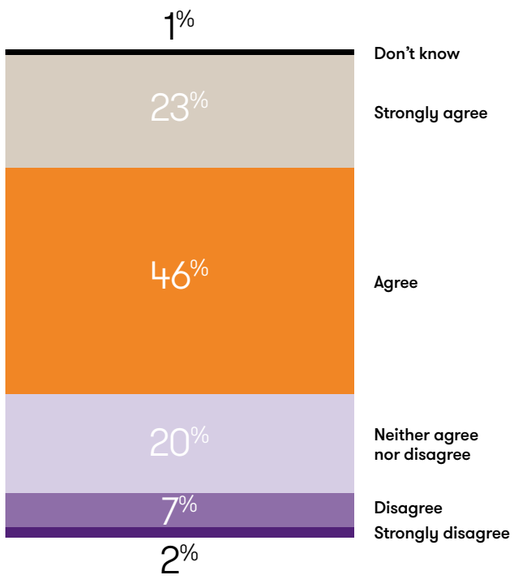
Working through the pandemic

Responding to the statement, "In our organisation, I expect new working practices to benefit women's career trajectories long term", 46% of those surveyed agreed, while another 23% strongly agreed. The overall view is that COVID-19 has driven a change in the way people work that will have a lasting effect on the ability of women to pursue ambitious career paths.

Interestingly, when we look at the gender split among respondents to this question, 75% of females expect new working practices to benefit women's careers over time, while only 68% of their male counterparts agree. This breakdown suggests a disconnect between the actual experience of female respondents and the benefits of new working practices necessitated by COVID-19, versus the perception of these benefits among male respondents.

Altered working practices as a result of the pandemic are also largely believed to have enabled women in business to play greater leadership roles. Overall, 59% of respondents agreed or strongly agreed with this statement, and only 15% disagreed. "The abrupt switch to remote working in such extreme circumstances has affected rapid cultural and behavioural change – what was previously thought impossible or unsustainable has been proven to be neither," says Sarah Talbott of Grant Thornton UK.

Respondents' views on whether new working practices will benefit women's career trajectories long-term



expect new working practices in their organisations to benefit women's career trajectories in the long term

believe COVID-19 will have a negative effect on women's careers in the immediate future

Setbacks for women

The impact of the pandemic has not been limited to a shift to remote working, however. Women have been more greatly affected by redundancies and furloughing. The Pew Research Center reported that, in the US between February and May 2020, 11.5 million women lost their jobs compared to 9 million men[5]. Meanwhile in the UK an Institute for Fiscal Studies report showed that mothers were 23% more likely than fathers to become unemployed during the pandemic[6].

In addition, women have shouldered more of the caring responsibilities during lockdown. Combined research by the Universities of Oxford, Cambridge and Zurich found that in the UK, the US and Germany, women across all income brackets did more childcare and home schooling than men in lockdown[7]. In light of this, it is unsurprising that 45% of respondents to the Grant Thornton survey expect that, overall, COVID-19 will have a negative effect on women's career trajectories in the more immediate term.

Has the D&I focus blurred?

After the increased drive towards diversity and inclusion (D&I) from businesses in recent years, for some COVID-19 has put on the brakes, pushing D&I down the agenda in favour of the basic concerns of staying operational. At the same time, McKinsey & Company's 2020 Women in the Workplace report suggests that the professional advancement of women may have been set back five years, with more than 2 million considering quitting the workforce in the US alone[8], leaving fewer women in senior leadership, and fewer in the pipeline to become future leaders. With this crisis looming, diversity and inclusion must be reprioritised.

"Sometimes in a crisis, people drop the things that are difficult – their marketing spend and learning commitments, and their D&I policies – in favour of operational efficiency," says Grant Thornton International's Francesca Lagerberg. "But if you remove your ability to set your workforce up for the future, that has an implication, and that can set you back many years when the market does pick up. Businesses that have taken their foot off the pedal will regret it in future years."

It's undeniable that pursuing the D&I agenda has been made more challenging by the pandemic. "In the past, creating an inclusive culture was based around events where people came together and collaborated internally or had external contributors," points out Dan Holland, partner and head of D&I at Grant Thornton Ireland. "We haven't been able to do any of that. We need to create new forums where diversity is maintained."

Businesses are recognising the dangers of losing focus, and also the need for diverse leadership to help them survive the crisis. "There was a short-term danger – but now that inclusivity is back on the agenda, I don't believe women's careers have to be set back that far," says Caroline Whaley, co-founder of Shine For Women. "D&I work that was put on hold is now coming back with a vengeance."

5. Hispanic Women, Immigrants, Young Adults, Those With Less Education Hit Hardest by COVID-19 Job Losses, Rakesh Kochhar, Pew Research Center, 2020
6. COVID-19 and Inequalities, Richard Blundell, Monica Costa Dias, Robert Joyce and Xiaowei Xu, Institute for Fiscal Studies, 2020
7. Inequality in the Impact of the Coronavirus Shock: Evidence From Real Time Surveys, Adams-Prassl, A, Boneva, T, Golin, M and Rauh, C, The Cambridge-INET Institute, 2020
8. Women in the Workplace 2020, McKinsey & Company, 2020

The rise of flexible working in 2021

For a number of years, Grant Thornton's research has shown flexible working to be high on the agenda for businesses looking to promote more women into senior management, and it is the fourth most common action taken to increase gender parity in 2021. While the proportion of businesses enabling more flexible working practices has remained steady between 2020 and 2021 at 31%, it is clear there has been a seismic shift during the pandemic in attitudes and approaches to, and awareness of, the potential and challenges of flexible working.

of businesses are formalising and/or enabling flexible working to enable more women to get into senior management

Benefiting from new working practices

With a large proportion of office-based workers abruptly transferred to a home working model, businesses were forced to adapt. Once the pandemic recedes, it is likely that some of these adaptations will continue, with the creation of hybrid working structures. Businesses have reported seeing new levels of productivity and connectedness; remote working has been recognised as viable and inclusive; and new types of leadership based on trust and respect have emerged. When the challenges of enforced home working – such as home schooling and less-than-ideal working spaces – recede, and there is greater active choice in tailoring flexible working, the positives will be enhanced.

"The benefits of flexible working were known long before COVID-19 appeared. It improves productivity and staff retention due to the greater autonomy and work-life balance that employees experience," says Fiona Hathorn, CEO of Women On Boards UK. "For these benefits to be realised, however, flexible working must happen within an empowered employee culture. We need to embed collaborative, progressive leadership styles going forward, whether teams remain remote, return to offices or – more likely for most – adopt a hybrid model."

A poll by Gartner in June 2020 showed that 48% of employees will likely work remotely at least part of the time after COVID-19, versus 30% before the pandemic[9]. But if flexible working is to be inclusive, businesses need to consider carefully where, for how long, and at what times people work. "Diversity leaders will need to be involved in role design and creation of flexible work systems to ensure that employees of all backgrounds and needs are considered when the organisation designs new workflows," says Ingrid Laman, vice president of research and advisory at Gartner.

These workflows are likely to be far more complex than the remote working enforced by the pandemic. The Chartered Institute of Personnel and Development's (CIPD) guide to flexible working during the pandemic and beyond cites flexitime, compressed or annualised hours, career breaks, self-rostering, job shares, reduced or part-time hours, staggered start and finish times, and of course, home working, as potential options[10]. To be successful, the arrangements need to work for both employer and employee.

"Virtual working has helped to support more inclusive working practices, for leaders willing to embrace the voice of their people; it has enabled more effective mobilisation of listening platforms; and improved digital technology has allowed more inclusive work practices and decision-making to develop," says Sarah Talbott of Grant Thornton UK. "This will enable flexible ways of working – job sharing for example – to work more easily and quickly in organisations, helping businesses to reimagine traditional leadership roles and enabling more access to talent. It's also raised the visibility of how digital-assisted technology can support people with disabilities."

Keeping all team members visible and included

One of the challenges of flexible working is ensuring people aren't lost due to being out of the regular routine of the office, or simply being out of sight. Managers need to communicate with staff, and keep them connected. "The leaders of an organisation must provide guidelines so that people are clear on their responsibilities when they're not on site," says Marivic España, chairperson and CEO at P&A Grant Thornton. "Regular checkpoints via email, chat groups, or virtual meetings are helpful. The discussions don't have to be related to work. It's about reaching out and making sure they feel included."

Virtual contact doesn't have to be distant, and many leaders have found themselves communicating more with their teams, and getting to know them better during lockdown. "When we bring together smaller groups of people to talk about what really matters to them on a video call, we can still create incredible connections," says Shine For Women's Caroline Whaley. "But you have to curate it carefully and give them time and space to speak. When you physically can't see each other, you need to invest in people more than ever."

There are circumstances, however, where not being seen can actually facilitate an inclusive culture, and empower female colleagues. "If you're working virtually, it's no longer about gender, it's no longer about colour: it's your level of productivity and efficiency that speaks. It ends up reducing unconscious bias," believes Ngozi Ogwo, managing partner/CEO of Grant Thornton Nigeria. "In the long run, it will promote the tenets of inclusion and diversity because people will be allowed to be themselves. The culture will be so inclusive that everybody will be given equal opportunities to prove what they can be and what they can do."

9. Future of Work Trends Post-COVID-19, Gartner, 2020
10. Coronavirus (COVID-19): Flexible Working During the Pandemic and Beyond, CIPD, 2020

A culture of inclusion fosters innovation

Deliberate action on diversity

Recognising the impact of COVID-19 on the workforce, businesses are taking deliberate action to ensure employee engagement and a culture of inclusion. Our research shows that the most high profile of these actions is promoting work-life balance and flexible working arrangements, implemented by 45% of respondents. A close second is creating an environment of open communication, where all staff feel able to express their ideas and issues. Among the respondents, 43% of businesses are focusing on this, with almost half (43%) believing their emphasis on it will grow in the future.

Creating a culture of inclusion is central to increasing diversity at all levels of an organisation, and thereby growing gender parity within senior management. It also helps to instil the resilience that businesses need to weather global crises. The more included employees feel, the more innovative they are in their jobs, and the more engaged they are individually with the company's purpose[11].

"Having diverse teams makes companies more competitive – it increases innovation and productivity, leads to better performance and problem-solving, reduces groupthink, and enhances decision-making," says Allyson Zimmermann, executive director, Europe, Middle East & Africa, at Catalyst. "To achieve this, there needs to be an alignment between a company's stated values, policies, practices and culture that is then reflected in the rewards and recognition given."

Committing to an inclusive culture

In other words, an inclusive culture must be authentic. "It has to be more than a mission statement. For a firm to be genuinely inclusive and accepting of diversity, you need platforms for people to present their ideas," says Grant Thornton Ireland's Dan Holland. "There has got to be a desire to proactively hear from everybody within the firm, no matter who they are or what their background is, and to show them that they're respected." These goals need to be hardwired into the business, and aligned with its strategic aspirations.

11. Tool: Why Diversity Matters, Catalyst, 2013

43% of businesses are creating an environment where all colleagues can speak up with ideas, issues and questions

All cultural goals should be role-modelled by leaders and key influencers and cascaded through the company, because an inclusive culture is also one where people can identify a broad range of backgrounds and perspectives being advanced. "Diversity must be seen at every level within the organisation. Businesses need to consciously create that gender balance, especially at managerial level, by giving opportunities to all who qualify," says Grant Thornton Nigeria's Ngozi Ogwo. "There also has to be consistent communication and measurement of goals in open and clear terms. No hidden agenda, no hidden conditions attached."

The pandemic has highlighted the need to engage all employees in the aims and activities of the business. By fostering collaboration, the resulting inclusive culture will lead to greater productivity, helping organisations to recover.

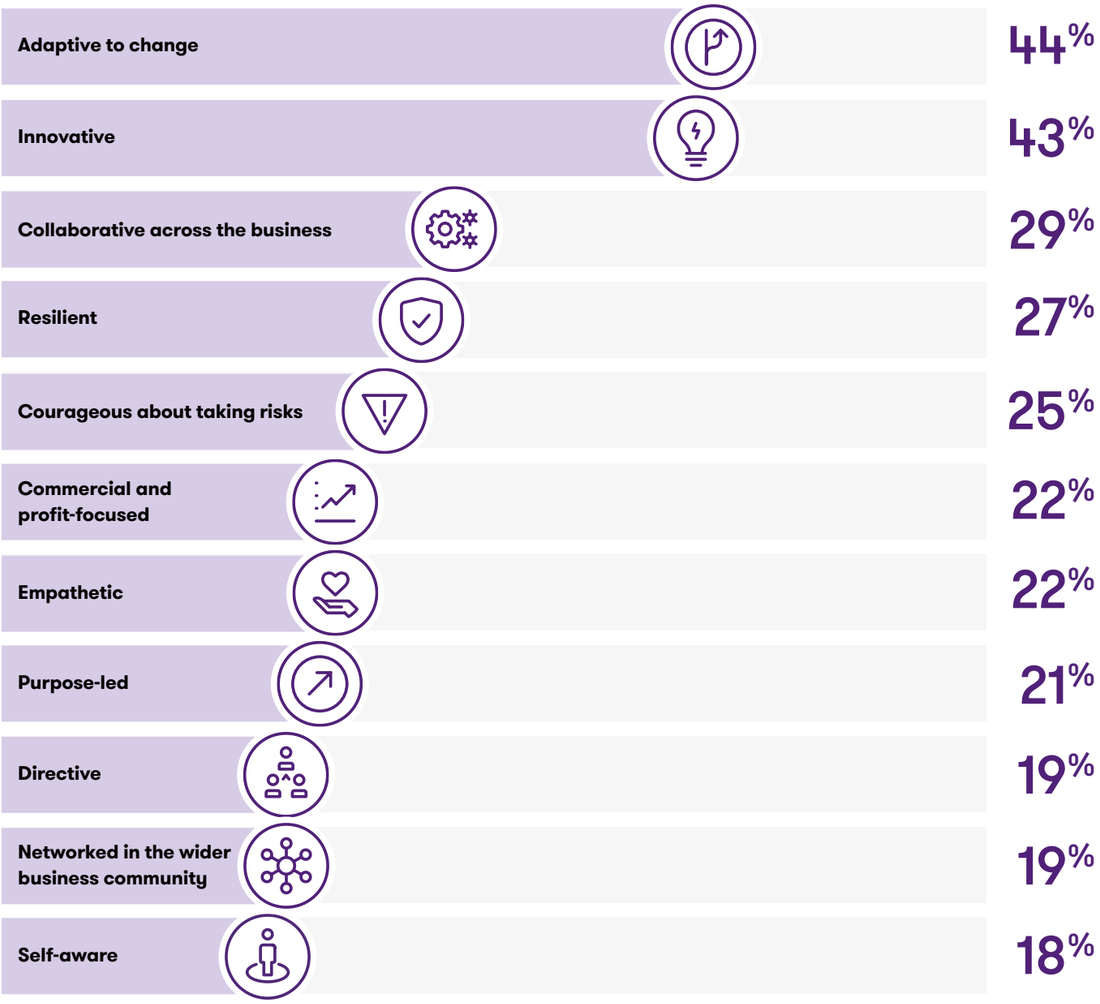
"Businesses with diversity at their senior level are more likely to be able to think broader and more laterally, and consider more options. They tend to be more innovative. That will help them get through this crisis in a constructive way," says Grant Thornton International's Francesca Lagerberg.

"Companies that are more able to reimagine their businesses in the new post-crisis environment will win," agrees Jennifer Flock, partner at Heidrick & Struggles, in her paper on D&I post-pandemic[12]. "People with new ideas, from diverse backgrounds, will be crucial to these efforts. Companies with a culture based in trust, collaboration, and inclusion… are those where the best ideas emerge."

12. Why Diversity and Inclusion Are More Important Than Ever During the COVID-19 Crisis, Jennifer Flock, Heidrick & Struggles, 2020

Leadership for 2021 and beyond

The top traits of effective leaders in 2021 according to businesses (% of respondents)



> "Being an empathetic leader is about how you listen and act. Everyone has that quality within them, but for various reasons, women may be peceived to have had more practice"
>
> **Joy Taylor, national managing partner - operational and organizational transformation, Grant Thornton US**

The changes in the business landscape over the last 12 months present an opportunity for organisations to create a more inclusive, innovative culture, in which all their employees are engaged. But in order to take advantage of this unique moment in time, leaders will need to demonstrate particular skill sets.

Grant Thornton asked the senior management of mid-market firms what top-three leadership traits would be required in the new normal, in a world reshaped by the pandemic, to ensure success in 2021 and beyond. It is little surprise that being adaptive to change was the top choice, with 44% highlighting it as a key skill. Being innovative resonated with 43%, while the ability to be collaborative across the business came in third at 29%. Leaders were also expected to be courageous and resilient.

A new style of management

Just outside the top five, however, a core attribute was flagged that hasn't previously featured in our research: 22% felt that empathy was a vital characteristic for today's leaders. The ability to connect with and understand different perspectives has come to the fore during the recent crisis. "COVID has changed the relationship between employers and employees, between managers and their people. Those leaders who are empathetic, who have leant in, have connected with people differently and have created a safe environment for their people," says Grant Thornton International's Kim Schmidt.

Attributes such as empathy have traditionally been associated with female leaders – although this is starting to change. "Being an empathetic leader is about how you listen and act. Everyone has that quality within them, but for various reasons, women may be perceived to have had more practice," says Joy Taylor, national managing partner - operational and organizational transformation, Grant Thornton US. "Empathetic leaders aren't demanding; they welcome their colleagues and teams to join them on the journey."

Recognition of the importance of empathy, among other skills, is now creating opportunities for women to advance. "What was previously called out as soft, or not having a commercial focus, or displaying an unwillingness to make hard decisions, is now being recognised as a different type of strength. Those characteristics have become more desirable," says Kim Schmidt. This shift is significant and creates an expectation that, after COVID, a new style of leadership will be emphasised.

In the post-pandemic world, empathetic leaders will be the ones who get the most out of their teams. "You need to have an environment and culture where your people feel safe to speak up, ask questions, challenge the status quo. And where leaders and those responsible for leading teams show up every single day and live the core tenets of D&I," adds Kim Schmidt.

Winning hearts and minds

Organisations that recognise this shift, and encourage empathy in leadership, will be better able to attract and retain talent, believes Anna Johnson of Grant Thornton Sweden. "As people become more purpose-driven in their work, they want to see an employer who shares their priorities. People are thinking, 'Do I have the same values as the company that I work for? Is what I'm doing at work every day valued by me?'"

Our research indicates that softer skill sets will characterise management styles in the new normal. "We are talking about diversity, we are talking about inclusion and we are talking about a new style of leadership that has become evident during this crisis. A leadership style that responds to the current situation, and to the future situation," concludes Ramón Galcerán, CEO of Grant Thornton Spain. "It is a more social, empathetic, communicative leadership, where the leader is the person who makes things happen; to do so is inclusive and creates a collaborative environment where people feel safe to contribute ideas."

What we see now is a COVID-driven acceleration of existing trends in the perception of what should characterise a leader, and the importance of more empathetic, more transparent leadership.

Conclusions

A window of opportunity

The past 12 months have seen a series of events that have permanently impacted both the nature of the workplace and women's opportunities within it. Working practices have become more flexible, new leadership traits are coming to the fore, and the need for a diverse workforce and inclusive culture has never been more apparent. In these extraordinary times, agile, forward-looking businesses will recognise this moment of change as a chance to evolve and thrive.

"The pandemic has created a window of opportunity to include more women in senior management," says Grant Thornton International's Kim Schmidt. "The most obvious initial impact was that many of us were forced to work from home. This challenged traditional thinking around what working flexibly means and should have a lasting impact on how leaders think about it. It might even have changed some decisions leaders made during 2020, by removing unconscious biases, and led to a more positive evaluation of female talent."

While the experience for many women in the workplace during 2020 has been challenging – bearing the brunt of the pandemic's economic and social fallout including job losses, furloughing, and increased caring responsibilities – in the sphere of senior management, the story has been largely positive. In 2021, we see a greater proportion of women in senior management globally than ever before. And with the 30% tipping point being passed both globally and in most regions, the expectation is for this trend to accelerate.

An ongoing commitment

Our data tells us that the majority of respondents expect the changes in working practices resulting from the pandemic to have a positive effect on the futures of women leaders. The outcomes are not guaranteed, however, as some 45% still believe COVID-19 will have a negative impact on women's career trajectories in the short term. In order to avoid this, businesses need to keep the focus on their diversity and inclusion policies, and not assume the battle is won.

"D&I policies aren't just for lockdown; they're forever," says Grant Thornton International's Francesca Lagerberg. "You've got to make sure that anything you're doing to encourage diversity and inclusion isn't a fad or a project or a ticking of boxes. It's a real commitment to long-term change, and that might mean what you do today doesn't have a marked impact for five years. It's not all going to change overnight, but commitment at the top is vital."

A change in leadership

Success in 2021 and beyond, including growing diversity and inclusion, will require leaders to demonstrate specific traits, including adaptability, resilience, the ability to collaborate, and, in particular, empathy. "As leaders, we should think about how we shape the workforce, how we continue to accelerate diversity in our senior roles, how we support women coming through," says Kim Schmidt. "We can't just say, 'Now the world has changed and it's all going to be okay.' That's the worst thing we can do."

Intentional, deliberate action is still the most important strategy in increasing the proportion of women in senior leadership. COVID-19 has changed the way we work, but not what will work for women. "Transformational change always takes a long time. You can't just flick a switch," says Francesca Lagerberg. "You have to have a significant change of approach within organisations. You have to be doing a range of things that encourage people to go for those senior roles, and also create an environment where diversity is truly recognised and encouraged."

At Grant Thornton, we believe that diverse perspectives and inclusive cultures enable business to innovate and sustainably grow. By tracking female representation in senior leadership over 17 years, and highlighting what still needs to be done, we aim to act as an agent for change in the drive to increase gender parity and inclusion in business.

Find out more at **grantthornton.global/women-in-business-2021**

About Grant Thornton

Grant Thornton is an award-winning, globally recognised professional services network and is one of the world's leading organisations of independent assurance, tax and advisory firms. Grant Thornton is a leading business adviser that helps dynamic organisations to unlock their potential for growth.

Our brand is respected globally, as one of the major global accounting organisations recognised by capital markets, regulators and international standards-setting bodies. Our global scale across 138 countries with over 58,000 people means we can meet your changing needs and provide you with the insight and agility to help you stay one step ahead.

Privately owned, publicly listed and public sector clients come to Grant Thornton because of our technical skills and our industry capabilities, but also for our different way of working. Our member firm partners and teams invest the time to truly understand your business, provide you with real insight and a fresh perspective to keep you moving. Whether a business has domestic or international aspirations, Grant Thornton can help you to unlock your potential for growth.

Visit **grantthornton.global** today to find out how we can help you.

Methodology

The Grant Thornton International Business Report (IBR) is the world's leading mid-market business survey, interviewing approximately 5,000 senior executives biannually in listed and privately held companies all over the world. Launched in 1992 in nine European countries, the report now surveys around 10,000 businesses leaders in 29 countries on an annual basis, providing insights on the economic and commercial issues affecting the growth prospects of companies globally.

The findings in this report are drawn from 5,000 interviews and surveys conducted between October and December 2020 with chief executive officers, managing directors, chairs, and other senior decision-makers from all industry sectors in mid-market businesses in 29 countries. The definition of mid-market varies across the world: in mainland China, we interview businesses with USD 5 million to USD 500 million in revenue; in the United States, those with USD 100 million to USD 4 billion in annual revenues; in Europe, it is commonly those with 50 to 500 employees.

Grant Thornton

grantthornton.global

© 2021 Grant Thornton International Ltd. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

EPI.503