

# Dare the Difference

## More women at work means good news for the global economy

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**T**HE world has changed in dramatic and sometimes unexpected ways since I was a girl. Plenty of changes have been for the better—improvements in technology or medicine for example. Others have not helped. In particular, I worry about inequality and the environment. The evolving situation of women at work is also very important to me. It is one area where there has been tremendous progress, yet not nearly enough. More troubling, progress appears to be faltering.

There are, of course, enormous differences in the condition of women around the world. Far too many are still fighting for the most fundamental of human rights—safety, health, education. These women are always on my mind and we should do all we can to support them.

For them, striving for gender balance at work or in business is far from the most pressing issue. However, whether it is the fight for fundamental rights or the fight for equal status in the workplace, I believe it is part of the same story. We are all trying to remove obstacles and create opportunities that will allow women to achieve their full potential and, in doing so, help lift us all to a higher economic growth plane.

### Glass struggles

Despite overwhelming evidence that gender inclusion makes economic, business, and social sense, we are not closing gender gaps fast enough. Women still face glass ceilings, glass walls, and even glass cliffs.

I hear this again and again from women I meet when I visit IMF member countries: around the world there is still too big a gulf between the opportunities available to men and women. Put simply, women are less likely than men to join the job market, women still earn less than men, and women are much less likely to reach top management positions.

Women may be half the working-age population, but they represent less than

one-third of the actual labor force. The bigger worry, as plenty of recent commentary points out, is that progress toward gender equality seems to have stalled. For a decade or more, women's participation in the workforce has been stuck at about 50 percent, whereas male participation has remained consistently—and comfortably—close to 80 percent.

These global averages mask wide regional variations. The situation is starkest in the Middle East and North Africa, for example, where about 80 percent of working-age women do not participate in the labor market.

Even when let into the labor market, women too often remain second-class citizens. Women in paid employment still earn less than their male colleagues—even when doing the same work. The gender pay gap is about 16 percent in the advanced and emerging market member countries of the Organization for Economic Cooperation and Development.

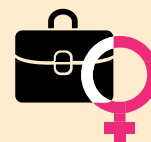
We also know that the share of women shrinks the further you go up the management ladder. For example, women hold fewer than 14 percent of corporate board seats in the European Union, and fewer than 10 percent of chief executive officer positions in Fortune 500 companies.

The global crisis has complicated this picture. The crisis has certainly taken a toll on both men and women, but some indicators point to further trouble for women at work. If precrisis employment trends had continued, there would have been nearly 29 million more people in the labor force in 2011. Falling participation among women accounts for two-thirds of this shortfall.

### Unfinished business

That leaves us with a lot of unfinished business. We must do what we can to keep things moving in the right direction—and faster if possible.

As a matter of principle, embracing gender equality is the right thing to do. That should



be reason enough. But there is also plenty of research that shows that gender balance is critical for the effectiveness of our work and our economies.

No matter what aspect the research focuses on—women's economic engagement, risk taking in business, management and leadership—the findings amount to the same thing. By not fully engaging half of the population, we all lose out.

### Five hopes for the economy

So how can we turn lose-lose into win-win? Here are the five factors that I find most compelling.

**1. Women help economic growth.** In many countries, growth could be much higher if more women were in paid employment. In Japan, for example, raising female labor force participation to northern European levels would permanently raise per capita GDP by 8 percent. Increasing women's employment rates in line with those of men would boost the level of GDP: 4 percent in France and Germany by 2020, and up to 34 percent in Egypt.

**2. Women bring a better balance of risk and reward in business and finance.** I have joked that a “male” culture of reckless financial risk taking was at the heart of the global crisis. Studies back this up. Men trade more often—some say 45 percent more often—and risk taking can be mapped to trading room profits and losses. Mixing the genders can help. Companies with more women on their boards have higher sales, higher returns on equity, and higher profitability.

**3. Women are the next “emerging markets.”** Globally, women control about two-thirds of discretionary consumer spending. In the United States, that figure is more than 80 percent. It is simply good business and good policy to understand the market.

**4. Women invest more in future generations, creating a powerful ripple effect.** Women are more likely to spend on health and education, building human capital to fuel future growth and savings to finance it.

**5. Women are agents of change.** Women naturally bring a different voice to the table. As managers, women tend to be more open to diverse perspectives, more likely to sponsor and develop new talent, and more inclined to encourage collaboration. We need more of this approach. We cannot simply revert to business as usual or policy as usual. Diversity—in all its forms—can create a cradle of ideas and innovation.

For all these reasons, women should not be afraid of thinking, speaking, or operating differently—I call it “daring the difference.”

### Women in the Fund

Improving the position of women in the economy may not be central to the IMF's business, but it is relevant.

The challenges of growth, job creation, and inclusion are closely interlinked. The IMF is in continuous dialogue with its member countries on how to achieve stability and growth—importantly, growth that is inclusive and generates jobs.

Growth and stability are necessary to give women the opportunities they need. It is, however, a two-way street. Women's participation in the labor market is also a part of the growth and stability equation.

There are many policy actions that can help women join the workforce or start businesses: better and more affordable child care, more flexible work arrangements, improved access to finance, and legislating equal rights for women to own property. IMF staff members are not the experts in many of these areas—nor should they be. Yet the macroeconomic implications of these policies make them of importance to the IMF, and we can identify relevant issues, drawing on the expertise of others.

## We cannot afford to leave half our resources, half our talent, and half our ideas untapped.

In other areas the IMF does have expertise and can help. We can seek out gender-smart fiscal policies by examining how taxes and government spending affect gender equality and opportunities for women. For example, higher taxes on so-called second earners in the family can reduce the incentives for women to work. Rethinking issues like these can offer a huge opportunity, particularly because the female labor supply is far more responsive than the male labor supply to such incentives.

We also need to help our member countries plan for the future. We know, for example, that many countries will soon feel the fiscal and growth effects of aging populations—and dwindling workforces. Mobilizing the untapped female workforce can be part of the solution.

Japan, for example, has a ready-made workforce of smart, well-educated women. Why waste it? Removing *disincentives* and expanding *opportunities* for women to work are important, something that Japan's Prime Minister Abe signaled by making these issues an integral part of his country's growth strategy.

### Dare to achieve a more balanced world

Today the world faces complex economic and financial challenges. The issues we confront will only get bigger—enormous demographic shifts, the sustainability of our planet, and inequality pressing at the seams of our social fabric.

The status quo of women in work and society will not be enough to meet these challenges. I am not advocating a women-only solution. Nor am I suggesting that gender balance is a silver bullet for achieving sustained growth and stability. But we cannot afford to leave half our resources, half our talent, and half our ideas untapped.

Our future depends on a fundamentally different worldview that we can achieve only by fully including both men and women. The values, voice, and contributions of women can make a world of difference. Put simply, we cannot afford not to dare the difference. ■