

# 8 **The Economic Rationale and Business Case for Increasing the Participation of Women in the Economies and Labour Markets of the MENA Region**

## 8.1 INTRODUCTION

In this chapter, we revisit two themes that were first addressed in Chapter 1. We look again at how difficult it will be for the countries of the MENA region to modernise and diversify their national economies (and, if they choose to, reform their moribund rentier political systems) but also why it is essential that they do this. We then explain, in some detail, why women must be allowed to play a bigger role in this process during the 2020s and 2030s. While there are many legal, ethical and moral reasons for doing more to emancipate and empower women in this part of the world, there are now equally well-established, robust and compelling economic and business cases for doing this. Indeed, in an academic career spanning twenty-five years, I cannot recall any other issue over which there is such a degree of unanimity among scholars and other commentators with often very different ideological and economic viewpoints. The economic rationale for increasing the participation of women in regional labour markets is described in Section 8.3, and in Section 8.4 we present the business case for encouraging greater gender diversity in public- and private-sector organisations in the UAE, Oman, the KSA, the other Gulf States and the broader MENA region. As noted in Chapter 1, it is these – more than anything else – which may eventually compel governments in this region to initiate the reforms that would allow many more women to participate as equals with men in their societies, economies and workplaces. The conclusion describes why there is understandable trepidation among most Arab men about the

emancipation and empowerment of women, but it also seeks to explain why the countries of the MENA region must embrace the legal, regulatory and labour market reforms that are necessary prerequisites for creating inclusive and gender-diverse workforces in the future.

## 8.2 THE LIMITS OF GLOBALISATION IN THE MENA REGION

*The process of economic and political transformation begins with democracy, but it does not end there. It is time for meritocracy to replace nepotism, corruption and favouritism . . . The choice is ours: either become the 350 million people of the cave, ahl-kahf, or the 350 million people of the cosmos, ahl-kawn.*

Ahmed Zewail, winner of the Nobel Prize for Chemistry in 1999 (2011)

*My father rode a camel. I drive a Porsche. My son flies in a private jet. My grandson will own a supersonic plane. But, my great-grandson will be a camel driver.*

Arabian Gulf saying from the 1980s

While many commentators have highlighted the enormous economic potential of the MENA region, they have also commented with monotonous regularity on its 'extraordinary talent for disappointment' (*The Economist*, 2015c: 64) and, in his widely cited 2007 book, *The Emerging Markets Century*, Agtmael barely mentions the MENA region preferring instead to focus on what he regarded as the much more promising economic prospects of Asia, Africa and South America (Agtmael, 2007). On first impression, they do not appear to be particularly difficult places in which to conduct business. In 2015, for example, the UAE was ranked thirtieth of eighty-two countries and the KSA forty-first of eighty-two in *The Economist's* 'Business Environment' rankings (Oman did not appear on this list, and the highest-ranked countries in 2015 were Singapore, Switzerland, Hong Kong, Canada and Australia). However, no MENA countries were ranked in the top twenty, and *The Economist* continues to place the region at the bottom or joint bottom in seven of ten business categories.

It should also be remembered that this ranking, only assesses how easy – or difficult – it is for foreign-owned entities to conduct business and establish new ventures in these countries. It does not measure how easy – or difficult – it is for nationals in these countries to create new businesses and to carry out their daily functions and tasks (*The Economist Intelligence Unit*, 2015a: 1, 2 and 7). Furthermore, while ‘talking the innovation talk’ and creating some technology parks and technology incubators, most Arab countries are still investing very little in research and development (R&D) or in emerging technology sectors. In fact, with the notable exception of Israel and Morocco, the MENA region has fallen even further behind the world’s leading industrial economies on all metrics of innovation and R&D over the last five years (*The Economist*, 2016n: 42).

As we have seen, while several countries in the Arabian Gulf and elsewhere in the region still have ample supplies of oil and gas, these are finite, and even those states with substantial reserves have, at most, a generation to use this wealth to diversify their national economies and greatly improve the per-capita productivity levels of their still-under-developed private sectors.<sup>1</sup> As we have also seen, the Gulf States and broader MENA region are home to rapidly growing, young, educated and – in some cases – very affluent populations. This could lead to the emergence of a large and stable professional middle-class; something that all economists believe has to happen in the region to support sustainable economic development in the future. However, all MENA countries, including the relatively stable countries of the Arabian Gulf, continue to be characterised by systemic structural weaknesses. As we saw in Chapter 1, these include unrepresentative and often oppressive governments, a lack of institutional governance and oversight, the absence of open civic discourse and citizen engagement, the absence of a free and independent press and media, repressive security agencies, often inefficient and overbearing public-sector institutions, widespread corruption, opaque legal processes and a quagmire of complex tribal, ethnic and religious divisions (Foley, 2010; Ulrichsen, 2011). As *The Economist* has observed,

Supposedly, globalisation represents the triumph of the logic of capitalism over the limitations of geography. But, in the Middle-East, the legacy of history is triumphing over the logic of capitalism. Even as governments try to make it easier to do business in the region and even as pockets of it, such as Dubai, profit from globalisation, resurgence of political conflicts and ideological passions is making global firms think twice about investing there . . . The Middle-East is divided into mutually hostile groupings. The Sunni-dominated Gulf states will have nothing to do with Shia-dominated Iran. Israel is more or less isolated. There is no pan-regional trade agreement, making it a more fragmented market than, say, South-East Asia.

Western companies face a growing risk of blowback from their behaviour in the Middle-East. Their home governments are cracking down on corruption. For instance, America is imposing more fines under its Foreign Corrupt Practices Act, and Britain has brought in a strengthened Bribery Act. But, it can be hard to square the requirements of these laws with Middle-Eastern traditions of agreeing on deals informally (asking for them to be put in writing may be taken as an insult), and of paying commissions to middle-men . . . At home, Western firms are also under unprecedented pressure, from politicians, customers, and even shareholders, to be good corporate citizens. Many are making efforts to ensure, for example, that women have equal career opportunities to men, and that gay couples get the same benefits and treatment as straight ones. But, in much of the Middle-east, local law and culture treats women as second-class citizens and gay people as criminals

*(The Economist, 2015c: 64).*

A report from Chatham House, an organisation that publishes considered and balanced reports on the economic, political and social development of countries, has described the challenges that face the Arabian Gulf States and – by implication – the broader MENA region in these stark terms:

The current economic bargain between state and citizen in the Gulf States is unsustainable as they all prepare for a post-oil era, albeit with greatly differing timescales . . . None of these states can afford to keep increasing public spending in the way to which their economies and societies have become accustomed in the last decade of high oil prices . . . The declared economic policy visions, entailing radical revisions of the state are not matched by visions of the political and social changes that would be required to achieve these . . . These intensifying pressures will not necessarily lead to revolution, but if the Gulf rulers do not act to accommodate changing public expectations, more and more republican revolutionary movements could arise in the coming years . . . and larger regional and international powers could take advantage of their unaddressed political weaknesses . . . Curbing fiscal spending will be a pressing concern for the next five to ten years, and the need to diversify away from oil will require long-term transformations of their economies and education systems

*(Kinninmont, 2015: 2 and 4).*

Another study that was equally critical of the lack of progress made by the 'state-capitalist' countries of the GCC towards economic diversification has concluded that:

They remain in a position where the oil sector continues to dominate their economies and few of the industries and services they have established would survive in a post-oil era. So, the GCC states continue to be in the situation where they sell their hydrocarbons on the world market and use the proceeds to import almost all of their living requirements and large parts of their labour forces. Viewed in this manner, the diversification strategy has largely failed . . . The process up to now has been slow and has yielded minor results in relation to establishing non-oil economic activities . . . Such reforms necessitate a mature administrative apparatus, which at present is not found in the GCC countries. . . The lessons that emerge from the response to the Arab Spring

uprising, concerning planning, are not encouraging. They suggest that in times of crisis, *ad hoc* measures take precedence over planning and, even more seriously, governments are not only ready to abandon their long-heralded policies of diversification but willing to implement measures that directly contradict them  
(Hvidt, 2013: 16, 39 and 43).

The collapse of oil and gas prices during 2014–2016 has meant that average GDP growth across the GCC fell from 4.0 per cent in 2014 to 2.3 per cent in 2015 to less than 1 per cent in 2016, and every country in this group had to draw on significant cash reserves to prop up their economies, maintain their generous welfare systems and complete expensive infrastructure projects. However, even when hydrocarbon prices rise – as they inevitably will – this will not help ensure that these countries move with alacrity to developing diversified economies, with the possible exceptions of the UAE and Qatar, which can be regarded as (relatively) the most ‘progressive’ countries in the Arabian Gulf. For the best part of four decades, the hydrocarbon-rich countries of the GCC have showered cash and largesse on their national citizens, and they greatly increased their lavish spending on healthcare, education and other subsidies in the aftermath of the 2011 Arab Spring. In 2016, the citizens of the UAE, Oman and the KSA still received free land to build houses on and enjoyed free cradle-to-grave medical care, and there were no income or property taxes. Education costs were still heavily subsidised and included generous grants for undergraduate and postgraduate studies abroad. These subsidies are, as we have seen, an essential part of the implicit social contract that has kept the ruling elites of these three countries in power for decades, and it will be extremely difficult to remove them without provoking some kind of backlash.

All external observers of the MENA region believe that the inexorable regional fall-back from ‘peak oil’ levels of oil production will mean that such munificence will become increasingly unsustainable in the future. The steep fall in the price of oil and gas during

2014–2016 also served as a reminder to the governments of the GCC and other MENA countries that this bounty will not last forever and what will eventually happen to their economies when they can no longer rely on the revenues these had been generating. On average, 80 per cent of the income of the governments of the GCC was still derived from the refining and sale of hydrocarbons and associated industries and businesses in 2015. In the case of the KSA, as noted in Chapter 6, the country's cash reserves fell from \$737 billion in 2014 to \$623 billion in December 2015, and at this rate, it could use up all of its financial reserves by 2021 if oil and gas prices were to remain at 2016 levels. Oman has had a growing debt burden since the early 2010s and was expected to issue government bonds to cover revenue shortfalls from its declining oil and gas sector during 2017. The UAE will also suffer from large budget deficits if it cannot further diversify its economy by 2020 and create new sources of state revenue.

Meanwhile, the governments of Europe and North America have been making concerted efforts to reduce their dependence on oil imports from the Gulf and develop new sources of indigenous oil and gas supplies. There is also a collective international aversion to intervene militarily in the region after the bitter experiences of Iraq, Afghanistan, Libya and Syria. Consequently, this period of relative austerity may act as a spur to more significant economic and labour-market reforms. All GCC governments are mulling over plans to increase corporate taxation for foreign companies, raise excise duties and make cutbacks to their highly salaried and bloated public sectors, and they are even considering the possibility of levying income tax on both expatriates and their national citizens, albeit at initially very low levels (al-Khatteeb, 2015: 2; Spindle, 2013). Such short-term and reactive measures, however, will not provide systemic, sustainable or long-term solutions to the economic, political and social challenges which all GCC and MENA countries now confront. As a report cited in Chapter 1 has suggested, 'the best indicator of countries' successful development is no longer sheer gross domestic product

growth but rather risk-adjusted, sustainable growth. In order to implement the most effective diversification strategy, nations must first establish strong economic institutions capable of overseeing this process; a truly diversified economy requires institutional regulatory reform and systemic workplace development initiatives' (Shediac et al, 2011: 2).

As noted, the UAE and Qatar now appear have the most sustainable economies and, perhaps not coincidentally, they are also the ones in which women have made the most progress in their national labour markets, and both countries advocate a (comparatively) liberal interpretation of Islam. Kuwait and Bahrain, while still very conservative Islamic countries, appear to be making some progress with their diversification strategies. Oman is likely to face the biggest challenges to the compact it has created between the state and its citizens. The KSA, with a much larger and increasingly restive population, has the highest risk of political and social disorder and will face a very difficult transition to a post-oil economy over the next twenty years. Moreover, every government in the affluent Arabian Gulf States will have to deal with young populations who have skills and knowledge-sets that are unsuited to the changing requirements of their emerging private sectors and, in all likelihood, smaller public sectors during the 2020s. In 2016, more than 80 per cent of the economically active citizens of the UAE, Oman and the KSA still worked in government jobs or in state-owned companies, and, on average, more than 70 per cent of jobs in the private sector were still held by expatriates in these countries (*The Economist*, 2016b: 7). We have also seen that the educational systems of all three countries need major overhauls, particularly at the tertiary level, with a much greater emphasis being placed on courses in business and management, entrepreneurship and innovation and mathematics, science, technology and engineering – not the social sciences, humanities, education and religion.

Even the much-touted potential of the growing and youthful population of the MENA region comes with considerable risks,

particularly from the spread of radical Islam in the region among poorer and disenfranchised groups. One report we cited in Chapter 7 identified a 'widespread and simmering discontent' among this demographic. Almost all of the 3,500 women and men who were interviewed for this study in sixteen MENA countries wanted to see significant reforms in their countries, although many were sceptical that 'greater democracy' was the solution to the problems their countries faced. Almost all of them believed that the rise of radical Islam and terrorism were the biggest threats to economic growth and stability in the MENA region, and very few supported ISIS. More than 40 per cent, on average, did not believe that their country was 'heading in the right direction', although this fell to just under 20 per cent in the Gulf States (excluding the KSA). More than 80 per cent were concerned about high levels of unemployment among young people. When asked which country in the MENA region they would most like to live in, the UAE was the top choice for both men and women. This was because they believed that the UAE is 'a country where young Arabs are encouraged to reach their full potential across a range of industries and businesses, from technology start-ups to the arts and finance, in a culture they are familiar with' (ASSDA/A Burson-Marsteller, 2015: 3 and 18). While they were very concerned about the many problems that confront the region they were cautiously optimistic about the future, although this survey was conducted during 2013–2014 before the recent slow-down in the economies of the MENA region.

While the three countries described in this study have – through a combination of generous public-sector employment and welfare provisions combined with overt and covert repression of independent political and civic activity – managed to maintain social stability, there are no guarantees that this can be maintained in the future. It is evident that there is a growing cleavage between the current generation of rulers in the UAE, Oman and the KSA and a rapidly growing and well-educated younger generation, who are beginning to question their countries' traditional ruling arrangements

and the social contracts that have held their countries together for the last four decades. Not only are they exposed to a wider range of external influences and alternative sources of information, they have also witnessed the upheavals and changes in other countries in the MENA region. This suggests that if the needs of all of their citizens, including those of women, are not accommodated, it seems very probable that increased civil conflict and social dislocation will be the most likely outcomes in these countries and others in the region in the future. Addressing these needs and providing greater opportunities for them to participate in national economies will be a critically important part of the transition to a more secure future for the countries of the Arabian Gulf and the broader MENA region. Kinninmont has suggested, as many commentators before her have done, that this will require all states in the region to introduce gradual and consensual political and social reforms (including a move to constitutional monarchies); align their economic diversification strategies with more participative political systems; develop stronger and more transparent parliamentary, institutional and judicial systems; encourage better standards of governance; allow peaceful, independent political groups and business associations to emerge and also ensure economic and social inclusion for all their citizens, including women (Kinninmont, 2015 4–5). Hence, while there is no doubt that economic, political and social change will occur in the Arabian Gulf States and the MENA region in the future, what form will these take and how well will they be managed?

All of the reports and studies by academic researchers, NGOs and international consulting and financial companies that are cited in this book are unanimous in their belief that the emancipation of women and their increased involvement in all economic, business and political spheres in Muslim countries is neither an ideological attack nor some kind of 'Western' conspiracy against Islam; it is, rather, an essential prerequisite for an Arabic Renaissance. In their view, the conservative attitudes that continue to hold women back in the MENA region were not and are not mandated by the Qur'an; they

are rooted in culture, tradition and custom. And, as all sociologists and historians will attest, this means that they can change and evolve. The key to this transformation will be to find ways of empowering women that do not threaten deeply held religious values in Islamic countries, an issue we will revisit towards the end of this chapter, in Chapter 9 and the Postscript. Moreover, there are good reasons to believe that the economic empowerment and emancipation of women in the Gulf States and the broader MENA region is now, at the very least, *possible*.

### 8.3 THE RATIONALE FOR INCREASING THE PARTICIPATION OF WOMEN IN THE ECONOMIES OF THE MENA REGION

*Evidently, Arab society must find a new equilibrium for men and women based on nominal equality. To achieve this will require making provisions for basic freedoms and constructing a civil society in the broader sense of the term . . . Despite the inroads that Arab women have made in political, social and economic fields, the gap between such progress and stereotyped images of women remains enormous. These images invariably confine a woman to the roles of mother, homemaker and housekeeper . . . In spite of the many guarantees for the protection of women in the workplace in Arab legislation, various forms of discrimination still persist either because the law explicitly sanctions them or because it fails to intervene to remove them . . . It follows that the ultimate objective of the rise of women in the Arab region, and the first organizing principle behind it is for women – all women – to enjoy all components of human rights equally with men.*

United Nations (2005: 149, 176, and 187)

Women now constitute about 40 per cent of the global workforce, but there are significant regional disparities in their participation in national economies. In the Gulf States and the MENA region they continue to be under-represented in national labour markets, and there is still an apparent lack of understanding among most regional governments of the enormous contribution they could make to their

economies. Paradoxically, the Gulf States that are the richest in oil and gas (Bahrain, Kuwait, the KSA, Qatar and the UAE) had been – at least during the 1990s and 2000s – the most reluctant to extend political suffrage to women, had the smallest number of women in their national parliaments and ruling councils, had the fewest women working in their private and non-oil/gas sectors and offered their women very limited legal rights. Conversely, states with little hydro-carbon wealth such as Lebanon, Morocco and Tunisia tended to have more women elected to national assemblies and more women in the workforce, and they had also granted women more liberal legal rights (Cole, 2014). This has changed to some extent in Bahrain, Kuwait, the KSA, Qatar and the UAE during the 2000s and 2010s, but is this enough to encourage the belief that these countries are committed to creating a more level playing field for women in either the political or economic spheres?

A Booz&Co report, first cited in Chapter 1, has argued that ‘the MENA region should remain committed to long-term reform [and] by providing policy stability governments can unleash the region’s considerable human promise – its increasingly educated and ambitious youth, its budding middle-class and its aspiring women.’ However, this report also cautioned that ‘it would be unfortunate if Middle-East government leaders, while pursuing appeasement measures and other short-term policies, regressed or relented on the systemic economic reforms that are needed for future growth and success’ (Saddi et al, 2012: 1–2). Included in these reforms is the necessity for greater inclusion, ‘particularly of those groups ... who have thus far been omitted from the development equation. The most prominent and significant of these groups is women ... Millions of young women are ready to enter the workforce and their inclusion will probably affect the Middle-East dramatically’ (Saddi et al, 2012: 9 and 11). This report – and many other studies – have shown repeatedly that broad-based macro-, meso- and micro-economic diversification will not be possible without increasing the number of women who work in the emerging economies of the MENA region. However, these have

also demonstrated that when this is promoted by governments, it has always had a significant impact on national economic performance and growth. It is also, invariably, accompanied by a variety of beneficial socio-economic outcomes for women, because they have more disposable income, greater independence and – over time – enhanced legal rights. Another report, also cited in Chapter 1, has argued persuasively that:

The women of the Third Billion have the potential to become a tremendous economic force in global markets over the coming decade. The countries and companies that can harness this force and empower women economically – as employees, entrepreneurs, and executives – will gain a clear edge. If the social benefits of economically empowering women is not a sufficient rationale to act, the sheer business opportunities should tip the scale

*(Aguirre et al, 2013: 5).*

This study demonstrated that countries in which women are well integrated into their national labour markets, in which they have advanced in all professional occupations and as business owners, and in which equal opportunity legislation has been enacted are also those where their economic power and social status was the highest. This, over time, has what economists describe as a ‘multiplier effect’ on emerging economies. As the level of socio-economic development in a given country increases, more women participate in its labour market and attitudes towards women at work, in different professional roles and, eventually, in leadership positions become more positive. This leads in time to further labour-market expansion, increases macro-economic performance and GDP growth and improves general socio-economic indicators, such as disposable wealth, security, health and personal autonomy and freedom for *everyone*, not just women (Aguirre et al, 2013: 2–3). Moreover, because the economic development of all countries is strongly correlated with the level of participation of women in their national labour markets, ‘the economic advancement of women doesn’t just

empower women; it results in greater overall prosperity [and] economically empowering women is the key to greater economic and societal gains' (Dubai Women Establishment, 2009: 39).

We noted in Chapter 1 a report by the McKinsey Global Institute which has examined how economic, legal and social gender inequality is distributed across the world, the impact of this on the national economic performance of ninety-five countries and the inevitable loss of economic performance output that accompanies large gender inequalities (Dobbs et al, 2015). The nine McKinsey analysts who compiled this comprehensive report found that North America and Oceania had the highest gender-parity score of 0.74, Western Europe 0.71, and the nineteen countries of the MENA region had the lowest overall average score of 0.48 (based on fifteen measures, where a score of 1 represents perfect economic, legal and social parity between men and women). For 'labour force participation', 'gender equality in work' and 'leadership positions', the MENA region had scores of 0.32, 0.34 and 0.12, compared to 0.82, 0.74 and 0.72 in North America, Oceania and Europe. In 2015, women contributed about 18 per cent of the cumulative GDPs of MENA countries, and this was even lower in the oil-rich countries of the Arabian Gulf.

The authors of this report believe that there is 'a clear link between gender equality in society and in work ... gender equality in society is correlated with gender equality in work and with economic development [and] higher education ... higher income-parity and better working conditions drive women to assume leadership roles on a par with men, and to move toward realising their full economic potential.' They also found, not surprisingly, that there is 'a strong link between attitudes that limit women's potential and the actual gender equality outcomes in a given region.' More than half of the MENA respondents in this study expressed such attitudes. The report also examined the potential impact of increasing the labour participation rate of women in emerging economies. They concluded that increasing female labour-force participation could boost national economic performance by 85 per cent across the MENA region and,

potentially, could add more than 50 per cent to the region's cumulative annual GDP within a decade. However, this would only happen if the labour-force participation rate of women exceeded 50 per cent by 2025 and they were making a significant contribution in the private sectors of these economies (Dobbs et al, 2015, ix, 2–4, 6–7, 11, 14–15, 33 and 47–48).

In a follow-up report, McKinsey has estimated that the national economic benefits of investing in women in emerging economies would be six to eight times higher than the initial spending that would be required to unlock economic opportunities for women (Woetzel et al, 2016: 25). Globally, the world economy could be \$US24 trillion richer if the gender gaps in labour-force participation, the hours worked and the productivity of men and women were bridged. This results directly from a number of positive GDP impact indicators. These include having larger indigenous labour forces and a much bigger pool of potential employees to recruit from; fewer skills mismatches and labour shortages; an increase in the general skill levels, aptitudes and quality of employees; a surge in the number of people working in high-productivity and high-value growth sectors and, critically, having significantly more entrepreneurs and SME owners. Their report concluded that 'gender inequality is not only a pressing moral and ethical issue, but it is also a critical economic challenge. The global economy cannot operate at its full potential with constraints holding back a significant proportion of the world's population [and] regions with the largest gaps in gender equality have the largest economic opportunity' (Woetzel et al, 2016: 55).<sup>2</sup>

In its analysis of the global labour-force participation of women, the International Finance Corporation concluded that economic growth in emerging markets means that 'more than ever, firms operating in these are expanding and constantly looking to sharpen their competitive edge and recruit the best talent. Against the backdrop of global increases in women's education levels, employers can no longer afford to ignore women workers. Companies that do not integrate women's employment into their business

strategies risk a series of missed opportunities' (International Finance Corporation, 2013b: 5). As Cole has also observed,

The Arab world suffers from remarkably low female workforce participation, in part because of religious strictures on gender mixing in public and because of low investment rates and high unemployment in general. If transitional governments can stabilise and bring in new investment, and if a new, more open media landscape can allow a challenge to shibboleths such as gender segregation, young women will be able to press for substantial structural change  
(Cole, 2014: 274–275).

Consequently, all countries in the MENA region and their respective governments are now confronted with an irrefutable economic reality (even those with reasonable oil and gas reserves):

*There are no examples of advanced, diversified and stable economies that do not permit the active participation of a substantial proportion of women in their labour markets or any that have not removed all barriers to their entry into every profession and occupation.*

Hence, if the nation states of the MENA region are to rise from their generally low positions in the global league table of the world's leading economies and improve on a range of other economic and development indexes, it is no longer reasonable or logical to hold back the rising aspirations and ambitions of their women. Perhaps a measure of the growing international awareness of this economic reality was the decision, ratified unanimously by the members of the G20 at their annual meeting in November 2014, to reduce the global gap between women's and men's labour-force participation rates by 25 per cent before 2025 in order 'to bring 100 million women into the labour force, significantly increase global growth and reduce poverty and inequality' (G20 Watch, 2014: 3).

The impact of initiatives that empower women can have a remarkably quick effect on their participation in national labour

markets and economies. For example, women filled 75 per cent of the new jobs created in the European Union between 2000 and 2010. In the United States, just fifteen years after the influential 1995 United States Federal Glass Ceiling Commission (FGCC) report was published, women had become the breadwinners or co-breadwinners in two thirds of all families (up from one third in the early 1990s). By 2010, American women were also responsible for 83 per cent of all consumer purchases, controlled 51 per cent of personal wealth and had more than \$5 trillion a year in consumer spending power, more than the annual GDP of most developed countries (Bennett and Ellison, 2010: 40). They also represented one third of all entrepreneurs and were establishing new businesses at more than double the rate of men. Even with the pay gap between men and women which prevailed at that time, some economists predicted that the average woman in the United States, several European countries and Oceania would not only have achieved pay parity, many could be out-earning the average man by the late 2010s. As Bennet and Ellison noted at this time:

On a global level, women are the biggest emerging market in the history of the planet – more than twice the size of India and China combined. It's a seismic change, and by all indications it will continue: of the 15 job categories expected to grow the most in the next decade, all but two are filled primarily by women . . . But, there are more important implications as well, like the reality that because it is women, not men, who are starting more businesses on their own, it will be women, not men, who will one day employ the majority of workers . . . [and] in developing countries, the social effects of women's empowerment are particularly evident, since women reinvest 90 per cent of their income into community and family, compared with 30–40 per cent invested by men

*(Bennett and Ellison, 2009: 40 and 42).*

Robert Zoellick, the president of the World Bank Group from 2007 to 2012, has described gender equality as 'smart economics' and also

pointed to the strong correlation between gender equality and the economic development of all countries (Ernst & Young, 2009: 6). And the World Economic Forum, in an exhaustive analysis of the global competitiveness of 144 countries in 2015, concluded that:

With respect to labour-markets, raising the share of women in the labour force would greatly strengthen the talent base available in these countries . . . the participation and empowerment of women is key to ensuring a large talent pool . . . any type of social exclusion that prevents people from fully participating in the labour-market reduces the availability of talent to a country's firms, thereby reducing competitiveness . . . a society that does not allow them to access education or to move ahead will not be leveraged for economic advantage and they may leave their home country to pursue opportunities abroad

*(World Economic Forum, 2015a 37, 59 and 65).*

Hence, it is very clear to those who have taken the time to study this evidence that the future economic sustainability of the MENA region will be dependent on the ability of governments to attract more women into their national labour markets and for public- and private-sector organisations to recruit, retain and promote a much larger number of female employees in the future. Those that fail to do this and respond in positive ways to the needs of women employees will lose out, as will the national economies in which they operate.

#### 8.4 THE BUSINESS CASE FOR PROMOTING GENDER DIVERSITY IN THE LABOUR MARKETS OF THE MENA REGION

*As a global company, we work in countries with a broad array of laws and regulations. But, regardless of where we operate, we take care to respect the diversity, talents and abilities of all. We define diversity as all the unique characteristics that make up each of us: personality, lifestyle, thought processes, work experience, ethnicity, race, colour,*

*religion, gender, gender identity, sexual orientation, marital status, national origin, disability, veteran status or other differences . . . Our core values and guiding principles set the framework for our sectors and markets to pursue diversity and inclusion with passion and energy, tailoring our efforts to make them locally relevant.*

PepsiCo (2016)

Although we are unlikely to see anything similar to PepsiCo's diversity statement on the 'Vision, mission and values' websites of most indigenous companies in the MENA region in the immediate future, it is emblematic of the sea change that has occurred in the HRM policies and practices of many businesses based in the European Union, North America and Oceania over the last two decades. This came about in response to pro-women legal and regulatory reforms in these regions, the entry of tens of millions of women into their labour forces, changing cultural norms and social attitudes and, more recently, a growing awareness of the business case for promoting gender and other forms of diversity in organisations. The first part of this section presents the generic business case for gender diversity in public- and private-sector organisations, and the second deals with the relationship between the presence of women in executive positions and on boards of directors and corporate performance and profitability. Broadly speaking, three arguments have been presented for promoting gender diversity in public- and private-sector organisations although, in practice, these invariably overlap with each other. These are:

*The moral/legal case:* 'Because our organisation believes it is the right thing to do and/or employment laws require us to address the issue of gender equality and diversity.'

*The qualitative case:* 'It just makes good intuitive business sense to employ more women and promote gender diversity in our organisation.'

*The quantitative case:* 'Because there is a strong evidential case for employing more women and promoting gender diversity in our organisation.'

The well-established moral and legal cases for the inclusion of women in national labour markets and for promoting gender diversity in organisations were presented in earlier chapters and have also been described in many previous reports on women in the MENA region, most notably in those published by the United Nations over the last two decades. This is not to downplay the importance of these, but the primary purpose of this section is to present the business case for doing this.<sup>3</sup> This begins with a trip back in time to one of the earliest national reports on gender and ethnic inequalities in the labour market of what was then the dominant industrial economy in the world. In 1995, the United States government published its 245-page FGCC report which presented the following bleak national employment statistics in its executive summary: '97 per cent of the senior managers of the Fortune 1000 companies are white; 95 to 97 per cent are male. In the Fortune 2000 industrial and service companies, 5 per cent of senior managers are women and, of that 5 per cent, virtually all are white' (Federal Glass Ceiling Commission, 1995: iii). Of the tiny number of women who were in senior management or leadership positions at this time, most were concentrated in HR and administrative roles and not in operational roles such as production, manufacturing, sales or marketing.

The FGCC commented that 'America's vast human resources are not being fully utilised because of glass-ceiling barriers. Over half of all Masters degrees are now awarded to women, yet 95 per cent of senior level managers of the top Fortune 1000 and 500 service companies are men. Of them, 97 per cent are white' (Federal Glass Ceiling Commission, 1995: iv). The principal causes of these inequities were 'negative stereotypes, prejudice and bias' among white men and the cultural, attitudinal and structural barriers embedded in the working cultures of male-dominated organisations in the mid-1990s. Among the common stereotypes about working women prevalent at this time were 'not wanting to work', 'not being as committed to their careers as men', 'not being tough enough', 'being unwilling to work long or unusual hours', 'being unwilling to relocate', 'unwilling or

unable to make decisions', 'too emotional', 'not sufficiently aggressive', 'too aggressive', 'too passive' and 'lacking quantitative skills' (Federal Glass Ceiling Commission, 1995: 27–36). Such attitudes are, of course, still very familiar to the women who have been featured in this study and to all those who work in other countries in the MENA region. What is also remarkable is that despite compelling evidence that linked the promotion of equal opportunities with organisational performance and profitability, during the 1990s, 2000s and early 2010s there were reports almost every month of female employees suing organisations for discrimination and sexual harassment in North America, Europe and Oceania. This, as we will see in Chapter 9, still happens today.

While this report was a damning critique of the ways things were for working women and minority ethnic groups in the United States at this time, an equally important objective of the FGCC was to explain why both public- and private-sector organisations had to start engaging with the issue of employee diversity. It commented that 'this state of affairs is not good for business. Corporate leaders recognise that it is necessary for their businesses to better reflect the market-place and their customers' (Federal Glass Ceiling Commission, 1995: 148). To succeed in an increasingly competitive global business environment they also needed 'to attract and retain the best, most flexible, workers and leaders available, for all levels of their organisations. Narrowing the pool of talent from which they draw is – among other things – a blunder in competitive tactics. Most business leaders know that they simply cannot afford to rely exclusively on white males for positions of leadership' (Federal Glass Ceiling Commission, 1995: iv). Citing several research studies that had been published during the early 1990s, it concluded that there was a growing body of research 'which indicates that shattering the glass ceiling is good for business. Organisations that excel at leveraging diversity (including hiring and promoting minorities and women into senior positions) can experience better financial performance in the long run than those which are not effective in managing diversity' and

this, over time, would also have a positive effect on macro-economic growth in the United States (Federal Glass Ceiling Commission, 1995: 14).

Every study and report on gender diversity that has been published since this time has arrived at broadly the same conclusions that the USFGCC did: *gender exclusion is not only ethically and morally indefensible; it has a very negative effect on national economic growth and is an utterly thoughtless strategy for any business organisation.* However, those organisations that have embraced gender diversity have found that this has invariably resulted in several tangible benefits.

*It Expands the Organisation's Employee Recruitment Pool by 50 Per Cent*

*I have stated categorically, many times, that the army has to be an inclusive organisation, in which every soldier, men and women, is able to reach their full potential, and is encouraged to do so. Those who think that it is okay to behave in a way that demeans or exploits their colleagues have no place in this army. On all operations, female soldiers and officers have proven themselves worthy of the best traditions of the Australian Army. They are vital to us, maintaining our capability now, and into the future. If that does not suit you . . . then get out.*

Former Chief of the Australian Army Lieutenant-General David Morrison  
(Australian Broadcasting Corporation News, 2014)

By opening their doors to female employees and promoting inclusive recruitment practices, organisations will have a much bigger pool of candidates to draw on at both the entry level and – over time – for middle- and senior-level positions. In the Arabian Gulf States and the MENA region more women than men now graduate from universities and this pool of female graduates is growing year by year. So any organisation that gains a reputation for being ‘women- friendly’ will attract the best female university graduates, thereby improving the general quality of their new recruits. And, in the simplest terms, the

best and brightest young women are going to be much better long-term recruitment options than young men with average abilities. This then creates a virtuous circle as the organisation attracts the best female recruits and, in turn, they move up the organisational hierarchy into more senior positions. As this organisation gains a reputation for inclusion and promoting gender diversity, the best women will hear about this and want to work for it, including those who may have been overlooked for promotions to more senior positions by their employers simply because they were female. Conversely, talented and ambitious women will not apply for jobs at companies that have reputations for discriminating against women, and *their* best female employee will leave to join organisations where their gender is not an issue; and where judgments about them are based solely on their performance, character and the added value they bring to those organisations.

In every business sector and in all government-controlled organisations, this transition is precisely what did occur in many Western countries during the 1980s, 1990s and 2000s; although this was also accompanied by a long struggle to end discrimination against women in every one of these places, including the United Kingdom, Australia and the United States. There are no examples of organisations or professions in which women did not encounter at least *some* discrimination by men during these decades, and in certain sectors they still do encounter negative attitudes. In the case of the military, for example, the move to recruit women to what had been historically a very male-dominated profession was driven by legal compliance considerations but also by self-interest. The armed services of several Western countries began to recruit more young women in the mid to late 1990s because fewer young men were joining up, and this also enabled them to draw from a much wider pool of recruits. There was also a growing belief in these organisations that women had specific multi-tasking skills to offer, had quicker comprehension and were demonstrating more dexterity and manual agility when compared to men. These were becoming more important

skills, as warfare had become more reliant on technology, computerisation, smart weapon systems, robotics and remote warfare capabilities. The trend towards 'smart weapons' and 'engagement at a distance' meant that for most roles, men's superior strength and stamina were no longer relevant employment criteria. Women, the top brass had come to realise, were as capable as men of dealing with the increasingly complex weapons systems and technologies that the military was beginning to use at this time (Garran, 2001a, 2001b; Maddison, 1999).

True to form, the initial response of men in the military to the presence of women was to conclude that they 'are not suited to be warriors', 'not strong or tough enough', 'don't have the instinct to kill' and so forth. In reality, many of these claims turned out to be specious or based on tests that were rigged against women. In one study, Francke showed that physical training courses designed for men ended up breaking many women. When these were changed to suit women's physical development needs, most women were able to get up to the same level as men (Francke, 2001). Bogus data about their alleged lack of resilience in battle zones were also a culprit in fostering negative attitudes towards women. For example, after the First Gulf War in the early 1990s, some senior men in the US military claimed that 'large numbers' of women had been withdrawn from the battlefield because they had fallen pregnant. The army actually sent home 81 women for 'pregnancy-associated diagnoses' and evacuated 207 for 'other injuries'. More than 400 men were also evacuated as a result of non-combat injuries out of a total deployment of more than 20,000 troops. The Navy sent 72 women home out of a total of 2,600 female personnel (Maddison, 1999). Concurrently, evidence had begun to emerge of systemic discrimination against women and of sexual harassment:

An independent panel has urged the Pentagon to hold Air Force leaders accountable for rapes and assaults of female cadets at the US Air Force Academy, blaming them for a decade of inaction and failure at the service's top school for officer training. The seven member

panel said yesterday that the air force leadership had known at least since 1993 that sexual assaults on cadets was a serious problem at the Colorado school, but failed to take effective action

*(Agence France Presse, 2003).*

The US defence secretary had appointed this panel in the wake of reports that dozens of female cadets had been sexually assaulted or raped at the school but had been ignored by the academy's leaders and, in some cases, even punished for failing to carry out their duties. From 1 January 1993 through 31 December 2002, there were 142 allegations of sexual assault at the academy, an average of more than fourteen such allegations a year. The US Air Force replaced the academy's superintendent and other top officers soon afterwards in response to this scandal. Tillie Fowler, a former Republican member of Congress from Florida who chaired the panel, praised the 'quick response to the crisis' by US Air Force Secretary James Roche and Chief of Staff General John Jumper, but she said that the problems were 'real and continued to this day' (Agence France Press, 2003). And these were still prevalent nearly a decade later. In 2011 it was reported that:

Rape within the US military has become so widespread that it is estimated that a female soldier in Iraq was more likely to be attacked by a fellow soldier than killed by enemy fire. So great is the issue that a group of veterans is suing the Pentagon to force reform. The lawsuit, which includes three men and twenty-five women, who claim to have been subjected to sexual assaults while serving in the armed forces, blames former defence secretaries Donald Rumsfeld and Robert Gates for a culture of punishment against those who report sex crimes and a failure to prosecute offenders. Since the lawsuit became public last February, 400 more have come forward. In 2010, 3,158 sexual crimes were reported within the US military ... and only 104 convictions were made

*(Broadbent, 2012).*

In 2013, the US Senate Armed Services Committee – now with seven female members – was told by Senator Kirsten Gillibrand that 'sexual

assault in the military is undermining the credibility of the greatest military force in the world' and, presumably, acting as something of a deterrent for potential female recruits (Steinhauer, 2013). However, despite continuing problems with sexual harassment and some inequities in promotion prospects, increasing numbers of young women have entered the military in North America, Europe and Oceania in recent years. There are also a growing number of women in the most senior ranks of the armies, navies and air forces of all countries in these regions. Throughout the 2000s and early 2010s they continued to be excluded from a few functions, including most front-line combat roles, but by 2015, the ban on women in these had been lifted in all these countries. In December 2015, the Pentagon announced that all combat roles in the navy, air force and army would be open to women including the all-male Army Rangers and SEALs (*The Economist*, 2015g).

This example is a salutary reminder that even after a substantial number of women have been recruited, on merit, to male-dominated organisations that overt and covert discrimination against them will persist for a long time, and it will usually take a considerable amount of effort and resources to create an inclusive and 'gender-blind' working culture for women. The US military is still working towards achieving this goal. However, public- and private-sector organisations in the MENA region, if they are smart, do not have to repeat all the mistakes made by organisations in Western countries when they first admitted women.

### *It Enhances the Organisation's Customer and Client Focus*

It is important that all businesses are in tune with the people they serve, and gender diversity can help them to be more closely attuned to female customers and clients and to changes in their needs, preferences and expectations. Organisations that are mono-gender (or mono-cultural) cannot be as responsive to their markets as those whose workforce profiles more closely mirror the demographic characteristics of the markets in which they operate. Women, on average,

are also involved in 80 per cent of consumer goods purchases in both developed and emerging economies and female employees can help to develop new products and services for those women. Organisations that do not employ women will be less responsive to the needs of female consumers in the markets they operate in, thereby losing out on the 'domestic dollar'. If handled well, this will also enhance the company's reputation among women as an organisation that is good to do business with and may make them more willing to spend money on their products and services (Brush, 2014; Lawson and Gilman, 2009).

One practical illustration of these business realities is the iconic American motorbike company, Harley-Davidson. This had come close to bankruptcy in the early 1980s and then went through a twenty-year period of change and renewal under the leadership of Richard Teerlink and his successors (Teerlink and Ozley, 2000). Although Teerlink retired from the company in 2000, his philosophy of continuous change and learning has continued to underpin the way that Harley-Davidson has planned for its future. In the late 1990s, most of the company's customers were middle-aged men and it was this demographic that had been largely responsible for rescuing Harley-Davidson during the late 1980s and early 1990s, when the company decided to market its leather-jacket image to affluent white-collar, male baby boomers. However, this did not bode well for future sales, because the average age of Harley-Davidson customers was thirty-two in 1990, thirty-eight in 1998 and by 2001 had risen to forty-six and, by the late 2000s, many baby boomers were simply too old to buy new motorcycles. In addition, by the mid-1990s, younger bike-riders who were unaware of iconic road movies like *Easy Rider* – or Harley-Davidson's once youthful and rebellious image – were showing a clear preference for the flashier and cheaper bikes provided in abundance by the Japanese and German firms. In response to these developments, the company started to revamp the range of bikes that it offered. In 1995, the go-ahead was given to start work on a new bike project, which culminated in the launch of the

V-Rod in 2003. It was widely praised by aficionados and commentators alike as being 'revolutionary', 'radical', 'cool beyond words' and 'breath-taking' while remaining true to the history, traditions and spirit of the company (Zackowitz, 2003).

However, this was never going to be enough to increase the company's market share, either in the United States or in emerging foreign markets. Harley-Davidson realised that it needed to appeal to a new demographic: younger women. The company's marketing department had noticed that the number of women attending bike-training courses in the United States had doubled between 1995 and 2005, from less than 20 to more than 40 per cent a year, and yet less than 5 per cent of Harley-Davidson's bikes were being sold to women. Keith Wandell, appointed CEO in 2009, recalls attending a bikers' event in Orlando when 'ten questions were asked and nine of those were from women, and all of them were really asking the same thing: when are you going to design a bike that's more suitable for women riders?' (Clothier, 2010). This question prompted him to immediately announce that the company was going to hire and promote more women in what was still, at that time, a male-dominated company and to start work on a range of lighter bikes for women. This also led to the creation and launch of the *Superlow* in July 2010, designed to appeal to women and first-time riders, and the introduction of a bike customisation program specifically for female riders.

In March 2010, the company held 500 women-only evenings at its dealerships, attracting 27,000 women, of whom 11,000 were in a Harley-Davidson dealership for the first time. It also created a women-specific website a few years ago to attract new women customers and to retain existing ones. By 2012, Harley-Davidson boasted a market share of more than 65 per cent among women in the United States and the proportion of the bikes it sold to this group had risen fivefold to nearly 25 per cent. Women spent more than \$300 million on Harley-Davidson bikes in 2015 in the United States, not including riding gear and accessories (Clothier, 2010; Harley-Davidson, 2016; Raval, 2012). The lesson learned from this example

is a straightforward but important one for all business organisations. In the words of Jan Plessner, editor of LadyMoto.com and a former Kawasaki public relations manager, 'Other manufacturers will learn from Harley-Davidson's initiatives. Women have for a long time been so absent from advertising campaigns, and now these motorcycle manufacturers are slowly waking up to this huge untapped market. We will see more from these companies in the next few years' (Raval, 2012). This, it must be emphasised, is just one of hundreds of similar examples of the bottom-line advantages of employing more women and the benefits of gender diversity for companies in non-Islamic countries.<sup>4</sup>

*It Increases Employee Engagement, Motivation, Performance and Innovation*

There is abundant evidence in the organisational behaviour and occupational psychology literatures which has shown that diversity, combined with a strong sense of inclusiveness, leads to improved employee retention, lower levels of labour turnover and reduced recruitment costs. This, in turn, has positive effects both on individual employee engagement and work effort and, over time, leads to improved organisational and commercial performance. 'Inclusiveness' refers to a situation where people are judged solely on the basis of their work performance and the positive contributions they make to their organisations. A *Harvard Business Review* study of companies that have made significant commitments to gender diversity in recent times describes an inclusive culture as one 'in which employees can contribute to the success of the company as their authentic selves, while the organisation respects and leverages their talents and gives them a sense of connectedness.' One of the twenty-five CEOs who was interviewed for this study believes that in an inclusive culture, 'employees know that irrespective of gender, race, creed, sexual orientation, and physical ability, you can achieve your personal objectives by aligning them with the company's, have a rich career and be valued as an individual' (Groysberg and Connolly, 2013: 72).

It also appears that inclusiveness is strongly correlated with employee engagement and performance. For example, an Australian study of the relationship between gender diversity and employee performance, involving 1,550 employees across three business sectors (manufacturing, retail and healthcare), reported that:

When [we] modelled the relationship between diversity and inclusion and business performance, we identified an ‘uplift’ of 80 per cent when both were high . . . Employees who perceive their organisation is committed to, and supportive of, diversity and who feel included, are 80 per cent more likely to believe that they are working in a high-performance organisation, in comparison to workplaces perceived as having low commitment and support for diversity and employees not feeling included . . . These data lead us to argue that a greater emphasis on diversity and inclusion – and knowing what this means from a practical point of view – is the way forward

*(Swiegers and Toohey, 2012: 2. ‘Diversity’ was measured by three variables: customer service, innovation and team collaboration, and ‘inclusion’ was measured by five variables: equity, non-discrimination, uniqueness, decision-making and connectedness).*

This study concluded that ‘diversity and high levels of inclusion are needed for top performance’ and, critically, that employee engagement and performance was very closely correlated with the level of trust they had in their organisation’s recruitment, merit, performance management, staff development and promotion policies. It also showed that ‘the behaviours of senior leaders and managers influence employees’ perceptions about whether an organisation is authentically committed to, values and supports diversity, and whether they feel included’ (Swiegers and Toohey, 2012: 10, 15 and 19). Organisations that have created inclusive working cultures and have put systems in place to get the best out of all of their people have been described as ‘high-performance organisations’ and ‘employers of choice’. These companies have made a real commitment to diversity

and to creating both psychological and economic engagement among their female and male employees. These include, among many other examples, Booz&Co, Boston Consulting Group, Cirque du Soleil, Deloitte, DreamWorks Animation, Genentech, Google, W.L. Gore, Mercedes Benz, McKinsey, Morning Star, Patagonia, SAS Institute, Wegmans Food Markets, and all of the 'small giants' in Burlingham's mid-2000s study of exemplary SMEs in the United States.

They have been and continue to be highly innovative, commercially successful and very profitable firms, and many of these companies are also ranked in national surveys of the '100 best companies for women' to work for (*Working Mother*, 2015). These and many other exemplar companies are also regarded as 'employers of choice for women' and characterised by loyal, highly motivated and high-performing employees, with several hundred (or more) recruits applying for every job vacancy in these organisations. There is now abundant evidence in the leadership and people-management literatures to confirm the view that companies that value inclusiveness and place all of their people, including their female employees, at the centre of their organisational and operational policies are more commercially successful over the long term when compared to companies that fail to do this. This indicates that the old saying 'people are our greatest assets' is not just an empty mantra or cliché; it is in fact the main differentiator between flourishing business organisations and those that are less commercially successful over the long term (Burlingham, 2005; Collins, 2001; Corporate Leadership Council, 2004; Hamel, 2011; International Finance Corporation, 2013b: 57–58; Katzenbach, 2000; Martel, 2002; O'Reilly and Pfeffer, 2000; Page, 2007).

Other studies have indicated that gender diversity improves individual and collective decision making and creativity and innovation in organisations, which, in turn, leads to increased sales revenue and market share, more customers and greater relative profits (Barsh and Yee, 2012b, Bourke and Dillon, 2015; Catalyst, 2011, 2004; Curtis et al, 2012; Hewlett et al, 2013; Hunt et al, 2015; Noland et al, 2016; Thomas, 2004). It is now well-established in the organisational

research literature that the world's most innovative companies employ the best available talent, regardless of their age, culture or gender, and do not recruit unimaginative 'clones'. For example, one study by the US Centre for Talent Innovation, which involved more than forty companies and 1,800 employees across a broad range of business and industry sectors, looked at the relationship between employee creativity and innovation and two types of diversity: 'inherent diversity' (gender and ethnicity), and 'acquired diversity' (global experience and professional skills). Together these constitute 'two-dimensional diversity' (TDT). This study identified 'a startlingly robust correlation between workforce diversity, innovation and bottom-line growth.' And, those companies 'whose leaders manifest both inherent and acquired diversity (what we term two-dimensional diversity) are measurably more innovative ... employees at these firms are 60 per cent more likely than employees at non-diverse firms to see their ideas developed or prototyped, and 75 per cent more likely to see their innovation actually developed or prototyped.' This study also showed that companies with diverse workforces were 75 per cent more likely to report that they had captured new markets and 45 per cent more likely to say they had increased their market share in the previous twelve months (Centre for Talent Innovation, 2014: i; see also Hewlett et al, 2013). As Leonard and Strauss have suggested, 'to innovate successfully, you must hire, work with and promote people who are unlike you. You need to understand your own preferences and blind spots, so that you can complement your weaknesses and exploit your strengths. The biggest barrier to recognising the contributions of others who are unlike you is your own ego' (Leonard and Strauss, 1999: 66).

### *Female Leaders May Improve Company Performance and Profitability*

The research on the relationship between corporate performance and gender diversity at the executive levels of organisations and on boards of directors is more mixed but, overall, shows that there may well be a

positive relationship. For example, a McKinsey study of 366 companies from the United States, the United Kingdom, Canada and Latin America and almost five thousand executives 'found a statistically significant relationship between a more diverse leadership team and better financial performance. The companies in the top quartile of gender diversity were 15 per cent more likely to have financial returns that were above their national industry median ... It should come as no surprise that more diverse companies and institutions are achieving better performance' (Hunt et al, 2015: 1; for ethnic/cultural diversity, the difference was a remarkable 35%). In the United Kingdom, they found that a 10 per cent increase in the number of women in the senior team in companies led to a 3.5 per cent increase in earnings before interest and taxes (EBIT). However, they did note that this relationship only became significant when women constituted at least 22 per cent of the senior management teams of organisations, suggesting that there is a time lag between the recruitment of women to senior positions and enhanced corporate performance.

According to a report by Credit Suisse which involved 2,360 companies, 'while it is difficult to demonstrate definitive proof', companies with one or more women on their boards had delivered 'higher average returns on equity, lower gearing, better average growth and higher price/book value multiples over the course of the last six years [and] enhanced stability in corporate performance and in share price returns ... our results demonstrate superior share price performance for the companies with one or more women on the board.' For companies with market capitalisation values (MCVs) of more than \$10 billion, those with one or more women on their boards outperformed those with male-only boards by 26 per cent. For 'small-mid-cap' companies with MCVs of less than \$10 billion, the margin was 17 per cent. This report also indicated that return on equity over six years was 16 per cent (compared to 12 per cent among those companies with no female board representation), the price/book value for companies with female board members was on average one third higher than companies with no female board members,

and the average capital growth rates for the two groups of companies were 14 per cent and 10 per cent respectively. The authors of this study noted that ‘none of our analysis proves causality’ and did cite two studies that had shown a negative relationship between female board representation and company performance. However, they believed that their research supports the belief that diversity (broadly defined and properly managed) can significantly improve decision making in organisations, particularly at senior levels, improve corporate governance and social responsibility performance, reduce excessive risk taking and can have a discernible effect on bottom-line results (Curtis et al, 2012: 3, 12, 14–15, and 18–19).

A study of 180 American, British, French and German publicly listed companies in 2012 looked at executive board composition (by gender and ethnic origin), return on equity (ROE) and EBIT. These analysts found that:

The findings were startlingly consistent: for companies ranking in the top-quartile of executive-board diversity, ROEs were 53 per cent higher, on average, than they were for those in the bottom quartile. At the same time, EBIT margins at the most diverse companies were 14 per cent higher on average, than those of the least diverse companies. The results were similar across all but one of the countries we studied; an exception was ROE performance in France; but even there, EBIT was 50 per cent higher for diverse companies  
(Barta et al, 2012: 1).

While also being cautious about identifying a direct causal connection between top-team diversity and the financial performance of these companies, the authors of this study cited several examples of companies who do believe that there is a tangible link. These included a global telecommunications firm, a food company and Adidas, which at this time was aiming to have 35 per cent of senior management positions filled by women in 2015. They concluded by saying that ‘while we can’t quantify the exact relationship between diversity and performance in such cases, we offer them as part of a

growing body of best practices. These successful companies are simultaneously pursuing top-team diversity, ambitious global strategies and strong financial performance' (Barta et al: 3). A parallel study by McKinsey consultants on the impact of gender diversity on corporate performance has observed that 'as the number of women participating in the workforce grows, their potential influence on business is becoming ever more important. Seventy-two per cent of respondents to a recent McKinsey survey believe there is a direct connection between a company's gender diversity and its financial success' (Werner et al, 2010: 1; 772 men and 1,042 women; 85 per cent of the women and 58 per cent of men in this survey, believed there was a connection). They also noted that where gender diversity was a high priority in companies there was also a higher proportion of women in their senior ranks.

The most comprehensive study of this relationship, a meta-analysis of 21,980 firms from 91 countries, concluded – cautiously – that the presence of women in corporate leadership positions 'may' improve the performance of companies, and 'the payoffs of policies that facilitate women rising through the corporate ranks ... could be significant.' Not surprisingly, this report found, considerable variation in female representation across regions and countries, as well as in different sectors of the economy, with almost 60 per cent of these firms having no female board members and half having no female senior executives. It noted that while the evidence for a positive relationship between the number of women in CEO and board roles is 'inconclusive', on average, they neither out-perform nor under-perform male CEOs. While this report did not draw any firm conclusions about the nature of the relationship between the presence of women on corporate boards and company performance, it did find that this was 'positive and statistically significant – that is, the presence of female executives is associated with unusually strong firm performance.' It also found 'a positive correlation between firm performance and the share of women in upper management ... the correlation between women at the C-suite level is demonstrated

repeatedly, and the magnitude of the estimated effects is not small.' The firms in their sample that had at least 30 per cent of their senior positions filled by women had, on average, a 6 per cent increase in net profits during the study period compared to an average of 3 per cent for all the companies in their study (Noland et al, 2016: 1, 4, 7, 9 and 15; this study did not include any countries in the MENA region).

The *Financial Times* has concluded that the body of evidence about the benefits of diversity (gender, ethnicity, skills and experience) is 'hard to ignore [and] capital markets and investors now link this to corporate performance.' However, while the business case for diversity may now be proven it seems that action is lagging behind words. They cautioned that there was 'a twist in this evidential tale. Almost all the research on workplace diversity is unanimous on one thing: it can go wrong. Organisations without proper managerial or cultural understanding of diversity can end up with heightened conflict and reduced productivity' (Smedley, 2014: 3). This, as we will see in Chapter 9, is why the process of introducing gender diversity policies to a male-dominated organisation requires a high level of pre-planning, energy and commitment, great care in execution, will always take a long time to implement successfully and, in some sectors, may be very slow (Binham, 2014: 4; see also Bohnet, 2015).

It is early days, but an awareness of the benefits of gender diversity is also beginning to appear on the agendas of some businesses in the Gulf States. A survey of 550 employees in 6 GCC countries reported that 80 per cent of female and 53 per cent of male respondents believed that the presence of women in leadership positions would be a 'very important' driver of organisational effectiveness in the future. Another encouraging indication of changing attitudes towards working women was that 85 per cent of the UAE respondents in this study reported that gender diversity had been on the strategic agenda of their organisations for a few years. For Oman the figure was 75 per cent, and for the KSA, it was just under 50 per cent. The fifty executives who were interviewed for this study in Bahrain, Kuwait, the KSA, Oman, Qatar and the UAE suggested that

gender diversity could benefit their organisations in a number of ways. They would be able to recruit from a broader talent pool (and, thereby, employ more country nationals rather than expatriates), and would also benefit from having a greater diversity of perspectives and ideas and more creative and innovative thinking. They also mentioned the ‘generally positive effects of gender diversity on team dynamics and decision-making processes.’ This report also noted that while a few women leaders could be found in politics, government ministries and in business, ‘more work must be done to reach a new status quo in which building diverse leadership teams featuring multiple highly qualified women becomes standard practice . . . and to transform the prevailing aspiration on gender diversity from “the first women” to “the norm”.’ It concluded that even in the Gulf States ‘there is a compelling business case for greater gender diversity in the leadership of organisations. For the economies of the GCC states, leaders have also begun to recognise that realising the full potential of women will be instrumental to achieving their organisations’ and countries’ ambitions’ (Sperling et al, 2014: 3–4, 6, 23 and 28; see also Ellis et al, 2015).

## 8.5 HOW GENDER DIVERSITY CAN BENEFIT PUBLIC- AND PRIVATE-SECTOR ORGANISATIONS IN THE MENA REGION

*Diversity is nothing to do with political correctness. It’s all to do with getting the best brains together, and I strongly believe that business leaders who fail to recognise this will inevitably suffer, both commercially and in terms of brand reputation. They’ll fail to get the best people, and they’ll lack the antennae to reach the full range of potential customers . . . there are so many moral and business reasons for making diversity a priority, and I think it’s becoming increasingly apparent these days that companies that do diversity the best are also the best performing companies.*

Sir Archie Norman, former CEO of ASDA, United Kingdom  
(cited by Leighton, 2007: 242)

In theory, the case for employee diversity in business makes good sense. It should mean that businesses that have embraced gender and ethnic diversity are in a stronger position to recruit and retain the best available staff; have employees that are more representative of and in tune with the company's markets, clients and customers; have a broader range of insights and perspectives that will improve problem solving and decision making processes and, ultimately, higher levels of employee motivation, engagement and performance. In practice, however, the relationships between gender diversity and employee/organisational performance are more complicated and nuanced than this, and one of the first phrases that anyone who has studied statistics will hear is that 'correlation does not equal causality' (Vigen, 2015). Some of the studies cited in the last section were cautious about inferring direct causal links between gender diversity at the most senior levels of organisations and corporate performance. While there does not appear to be any indication of a *negative* relationship between these in the most recent studies that have been conducted, and while a positive relationship may well exist, more research is required to confirm this.

This ambiguity is understandable because business performance depends on so many endogenous (internal) and exogenous (external) variables. This makes it very difficult to tease out precise cause-and-effect relationships between input variables such as gender diversity and outcome measures such as organisational performance and profitability or, indeed, identifying the many factors that may ultimately explain why so few companies are able to sustain high performance levels over long periods of time (Rosenzweig, 2007). So it is important to say that there are no guarantees that employing more women will lead, inevitably, to improved organisational efficiency, effectiveness and profitability. Given everything that has preceded this comment, it may appear to be a very contradictory thing to say, and the only way to justify this is with a few illustrative examples.

For the best part of the twentieth century Kodak was the world's biggest manufacturer of photographic equipment, film and

developer paper. This company no longer exists because its complacent and out-of-touch male leadership missed the inexorable uptake of digital technologies by consumers and the rise of the Internet in the early to mid-1990s. They were also unable to see that if the company was to survive it would have to make a rapid transition from manufacturing traditional cameras and reloadable film to digital units with digital photographic support. By 2011, the company was bankrupt and engaged in a desperate last-ditch attempt to raise capital to fund new digital and printer businesses by selling off its extensive patent portfolio (Bachelard and Crawford, 2004; Matioli, 2012). Embracing gender diversity in, say, the early 2000s would not have rescued this company from oblivion because it was past saving. It is also highly improbable that employing more women or embracing gender diversity would have helped Apple much during the time when Steve Jobs was not the leader of that company from the mid-1980s to the late 1990s, and the same can be said of Blackberry or Nokia during the 2000s and many other companies that have struggled for survival in recent times. What this means is that if an organisation is already dysfunctional and rapidly losing market share, simply employing more women will neither guarantee greater organisational efficiency and effectiveness nor help a failing company to turn its fortunes around. And, in the absence of good leadership and a high-performance operating culture, simply employing more women will probably have no effect on organisational performance, at least in the short term. Hence, employing more women would have done little to help oil, gas and mining companies cope with low natural resource prices during 2015–2017. However, and this is the key point, it could help all of them become more commercially successful in the future, and we will look at one international mining and resource company's renewed commitment to company-wide gender diversity initiatives in Chapter 9.

What all of the research on the relationship between gender and high-performance companies really provides us with are some very powerful insights into the mind-sets of those organisations that have

made this (and all other types of employee diversity) a strategic HR priority and who have – as far as possible – jettisoned all ‘irrelevant differences’, such as their employees’ gender and ethnic origins, from their operational cultures. They are, quite simply, only interested in recruiting *the best employees*, and these days that means attracting the best-qualified and smartest women who will, to repeat a point made earlier, outperform men of average abilities and intelligence. For those who may still be sceptical about the benefits of gender diversity, it is also worth asking why so many Western companies have made this a strategic HRM priority in recent times. They would not be doing this unless they believed it made a tangible and measurable improvement to both employee and organisational performance. For example, the CEOs in the *Harvard Business Review* study cited earlier included Arjay Banga (MasterCard), Paul Black (Merisant), Ken Frazier (Merck), Carlos Ghosn (Nissan), Andrea Jung (Avon), Brian Moynihan (Bank of America), Mikael Ohlsson (IKEA), Ken Powell (General Mills), Jim Rogers (Duke Energy), Barry Salzberg (Deloitte), Randolph Stephenson (AT&T) and Jim Turley (Ernst & Young) (Groysberg and Connolly, 2013). While the significant commitment that these CEOs have made to gender and cultural diversity may have been driven by ethical, moral and altruistic motives, it is also reasonable to assume that none of them would have done this if they had not also believed in the commercial benefits of doing so.

Hence, while a strategic commitment to gender (and ethnic/cultural) diversity may not lead immediately to enhanced organisational and commercial performance, the evidence presented in this chapter indicates that functional companies that have diverse workforces are much more likely to be commercially successful and more profitable than companies with less diverse workforces as measured by a number of well-established quantitative and qualitative organisational performance metrics. All other things being equal, those businesses that employ *the right people*, from the top to the bottom of the organisation, will, given time, perform better than those who choose not to do this. Consequently, employing the best women is likely to

be beneficial for any business that has the potential to improve what it is currently doing and to enable it to function more effectively in an increasingly competitive and complex global business environment.

Can these principles and policies be applied in the Gulf States and the MENA region? The answer appears to be yes, but with a few qualifications. A detailed study by the International Finance Corporation of the diversity policies of numerous companies in several dozen emerging economies provides many practical examples of how these have benefited those organisations, leading to increased employee productivity and improved corporate performance. The benefits documented by these firms include an ability to attract a broader range of new employees and an improvement in the quality of new recruits, better customer outreach and greater awareness of potential new markets, reduced labour turnover among women, increased employee motivation, engagement and performance, better decision making, more creative and innovative ideas from employees, improved compliance and risk-management oversight, improved health and safety records, better community outreach and an enhanced company image.

This report also noted that some of the benefits of diversity programs may become apparent quite quickly, such as an improvement in the quality of graduate recruits and lower levels of labour turnover among women. Others are likely to take longer, such as improvements in employee performance, creativity and innovation, macro-organisational performance and bottom-line results and the organisation's image and reputation among women. Nevertheless, in an age when the behaviour of companies is under increasing scrutiny, a demonstrable commitment to women's employment and inclusion 'can help companies to become, "employers of choice", and ensure their long-term access to talent [and] it can also help companies gain access to markets where investors and buyers are influenced by social objectives' (International Finance Corporation, 2013b: 56; see also Kotler and Lee, 2005; McElhaney, 2008: 122–123).

The annual meeting of the World Economic Forum on the Middle-East and North Africa, held in Jordan during May 2015, was notable for the appeals made by the several hundred predominantly male businesspeople who attended this event to their governments. They asked them to resist the spread of militant Islam, to allow more partnerships with foreign companies, to encourage inward investment and business collaborations, to work harder to modernise and diversify their economies and *to encourage more women to work in their home countries* (Reuters, 2015). Other signs of changing attitudes towards working women and female leaders in the MENA region included the creation of the Gender Balance Council in Dubai to promote new strategies for female empowerment chaired by Sheikha Manal Bint Mohammed Bin Rashid al-Maktoum, the daughter of the ruler of Dubai. Dubai also hosted the first Power of Women of Arabia Debate in October 2015, which was co-chaired by the CNN anchor Becky Anderson and Dr Essam Tamimi. The attendees included Raja al-Gurg and Nadine Halabi of the Dubai Women Council; Lana Mamkegh, Lebanon's Minister of Culture; Natasha Ekstedt, Director of Marketing and PR at *Leaders Middle-East* magazine; Dr Amina al-Rustamani, CEO of TECOM investments; and Sheikha Zain al-Sabah, Kuwait's Minister for Youth. There were also representatives from numerous public- and private-sector organisations including the Dubai Chamber of Commerce and Industry, Philips, AIG, the Meera Kaul Foundation, Servcorp and AT Kearney Consulting (Moukhallati, 2016).

On 22 February 2016, Dubai was also host to the first Global Women's Forum to be held in the MENA region. This was attended by Christine Lagarde, the Managing Director of the IMF; Queen Rania of Jordan; Sheik Abdullah bin Zayed, UAE Minister for Foreign Affairs; Reem al-Hashimy, UAE Minister for International Cooperation; Sheikha Lubna al-Qasimi, UAE Minister for Tolerance; Hana al-Rostamani, Head of Consumer Banking at First Gulf Bank; and several other notable local businesspeople, as well as 200 speakers and 2,000 participants drawn from every country in the MENA region

and elsewhere. Its purpose is to act as 'a global exchange of ideas related to gender diversity, female engagement and women's contribution to societies' and to 'boost women's influence, design plans to encourage their greater contribution and to promote diversity in the business world' (*Leaders Middle-East*, 2015; Redvers, 2015a). And, in September 2015, the international hotel group Rezidor announced that it had committed to increasing the number of women in leadership roles to 30 per cent, including in its Middle East division. The general manager of the company's Radisson Blue Hotel in Dubai, Maria Tullberg, commented that 'organisations with more women in the team do out-perform companies with less women. They have higher equity, they have higher returns on sales, and they have a higher return on investment capital. So, this is a business issue' (*Hoteliernmiddleeast.com*, 2015). Similar initiatives for female employees in the Middle East operations of the American firm Honeywell were also announced in 2015 (Honeywell, 2015).

Even in Saudi Arabia, there were some signs of changing attitudes in the local business community towards working women with the establishment of the Step Ahead Program by the Saudi recruitment agency Glowork. This is now an annual careers event that connects Saudi women to job opportunities and offers workshops on writing CVs and coaching for interviews. In 2013, forty-five KSA organisations attended this event. In April 2015, more than 300 organisations, many from the private sector, attended sessions in Riyadh, Jeddah and Dammam. As we saw in Chapter 6, women now make up more than half of all university graduates in Saudi Arabia and they represent a woefully under-utilised talent pool that many private-sector companies have yet to engage with. The Saudi companies that will benefit the most from this will be those who are the quickest to implement programs to recruit, develop and retain women, and the example of Huda al-Ghosen and Saudi Aramco in Chapter 7 is a suitable reminder that it is possible for organisations in the KSA to embrace gender diversity if they choose to do so.

A measure of the progress that has been made in attitudes towards female employment in the MENA region, but also a reminder of the work that remains to be done to improve job opportunities for women, can be found in a survey by the recruitment and job agency Bayt.com in 2014. This reported that 72 per cent of 1,453 female respondents from thirteen MENA countries were working in mixed-gender environments, an increase from less than 50 per cent in 2010, although this figure fell to just 31 per cent in the KSA. Less than one in seven of these women were working in 'female-only' work environments, and 15 per cent worked in mixed organisations with separate male/female sections. Only 8 per cent of this group of women indicated that they were 'uncomfortable' working in mixed-gender environments. Most of the women in mixed environments felt they had equal treatment in recruitment and selection, advice and support, working hours and training and development. While almost half felt that their promotion prospects were based entirely on performance on the job, not their gender, about one third felt that they had a lower chance of being promoted than their male colleagues and were treated less favourably than men in terms of career progression (Bayt.com, 2014).

Of course, if these results had been obtained from a sample of American, British or Australian working women in 2014 they would have been regarded, at the very least, as disappointing. They would also have been followed by critical media reports and prompt remedial action by the organisations concerned. However, in the context of the MENA region, they can be regarded as encouraging signs of change. While only one of these women was the CEO of a private-sector firm, 11 per cent of these women worked in senior management or executive positions, and 24 per cent were in middle-management roles. It was also notable that 55 per cent of these women reported that the biggest source of happiness in their lives was 'having a successful career', well ahead of 'spending time with my family' (32%) and 'making money' (30%); and perhaps the most surprising result from this survey was that 67 per cent of these women believed that their country 'has reached the same level of

workplace gender equality as Western countries, at least to some extent' (Bayt.com, 2014).

While there will be continuing deliberations about the effects of diversity initiatives on the bottom-line performance of companies, the international consulting firm Deloitte has concluded that debates about the benefits of gender diversity in business organisations 'are over'. For this international consulting business, 'the volatile, uncertain, complex and ambiguous world that all businesses now operate in makes employee diversity an organisational imperative . . . making robust decisions and solving complex problems will only be possible if leaders are connected to, and include, diverse points of view. And, in relation to followership, leaders will need to behave highly inclusively, if they are to lead increasingly diverse and dispersed workforces' (Bourke and Dillon, 2015: 6). In comments that are of particular relevance to the countries of the MENA region, this report also underscored the emergent demographic trends that have been highlighted in previous chapters which:

[W]ill change the workforce profile even more, putting greater pressure on leaders to be highly inclusive to allow individuals to succeed regardless of their irrelevant differences . . . Leaders will require greater levels of adaptation of personal behaviours and organisational systems to bring out the best from this diverse talent pool . . . Our prediction is that it is only those leaders who understand what it is to be truly inclusive who will be able to adapt and forge the way ahead

*(Bourke and Dillon, 2015: 7, 17 and 36).*

These 'irrelevant differences' have been highlighted throughout this book and we will look at how organisations in the UAE, Oman and the KSA could make them a thing of the past in Chapter 9.

Although there are some encouraging signs of change it will be some time before a significant number of women rise to leadership positions in public- and private-sector organisations in these countries and in the broader MENA region. In part, this is a direct

consequence of demographic realities. Most national employees are young and they are concentrated in junior and middle-management positions, and so it will be ten to twenty years before most of them are ready for the challenges associated with leadership roles. It is also important to remember that even the leading industrial economies of the OECD are still 'works in progress' when it comes to the participation of women in their national labour markets and in terms of the number of women in leadership positions in those countries. In the West, while women made major inroads into all professions and occupations during the 1990s and 2000s, most were employed at the lower to middle levels of organisational hierarchies and many of them encountered discrimination at work. During the 2000s, few women made it into leadership positions in North American, European or Oceanic business organisations. In the United States, for example, women occupied 11.9 per cent of CEO positions in the private sector in 2002; in Australia, it was a paltry 1 per cent – down from 2.9 per cent in 2000. Fifty-three per cent of Australia's top 200 companies had no women in executive positions in 2002 compared to 14 per cent of US companies (Casella, 2001). These figures remained static during the 2000s, and the number of women directors in the United States actually declined slightly during the second half of this decade (Fox, 2006; Wittenburg-Cox and Maitland, 2008).

It is true that a small number of women have since become CEOs of some of the largest companies in the world. During 2011, Meg Whitman (former CEO of eBay) was appointed CEO of Hewlett-Packard and Virginia Rometty replaced Sam Palmisano as the first female CEO of IBM. But by May 2012, just seventeen women were CEOs of Fortune 500 companies, although this did represent an increase of more than 100 per cent from the meagre seven who were CEOs in 2003 and, by 2016, nearly 20 per cent of board directors in the United States were women, an increase from 16.9 per cent in 2013 (Catalyst, 2015; Parker et al, 2015: 13). In the UK, the very small number of women applying for executive positions in the private sector during the 2000s prompted the creation of Bird & Co Executive

Board and Mentoring by Kathleen O'Donovan, one of the country's most senior non-executives. Its mission was to coach, mentor and develop 100 women to make them 'board-ready' (Groom, 2009). By mid-2012, one quarter of UK companies had at least 25 per cent female membership on their boards (Dzhambazova, 2012), and the total number of women on the boards of the Financial Times Stock Exchange (FTSE) 100 companies had risen from 12.5 per cent in 2011 to 17.3 per cent in 2013 to nearly 23 per cent by 2016 (Peacock, 2013; Women on Boards, 2016). And, in what may be a sign that female representation on the boards of listed companies in Australia had reached a tipping point, the number of women directors exceeded 22 per cent in 2016 for the first time and 48 per cent of appointees during the first six months of the year were women (Australian Institute of Company Directors, 2016).

In Europe, two studies in the early 2000s revealed that women accounted for only 8 per cent of the top executive jobs in 235 European companies (Barta et al, 2012; Paradise et al, 2012). The relatively small ratio of women sitting on the boards of large firms in the European Union (13.7% in 2012) prompted Viviane Reding, the European Union's Justice Commissioner, to consider legislative action and, possibly, quotas to redress this inequity. Four notable exceptions to this general pattern of low representation were Norway, Finland, France and Sweden where, respectively, 35.5, 29.9, 29.7 and 28.8 per cent of company board positions were occupied by women in 2015. The figures for other countries in the Euro-region in 2015 were Belgium (23.4%), United Kingdom (22.8%), Denmark (21.9%), Netherlands (21.0%), Germany (18.5%), Spain (18.2%) and Switzerland (17.0%) (*The Economist*, 2012: 65). Overall, these data reveal a steady but not spectacular rise in the number of women in senior and board positions in business organisations in many countries over the last decade. There are, however, continuing disparities between men and women in all countries. In Australia, for example, while women constituted one third of managers in seventy-two large private-sector companies in 2015, they only occupied 25 per cent of senior

management positions and just 14 per cent of executive-level roles in these organisations. The Workplace Gender Equality Agency, which has collected data from 4,600 Australian companies, believes that both cultural and structural barriers still hold women back and these are a consequence of 'our nation's cultural perceptions of the traditional roles of men and women at work. We have a strong notion of the male breadwinner that flows into workplace cultures' (Desloires et al, 2015: 1).

Even in countries where there is a reasonable degree of parity and equity between women and men, some curious gender discrepancies still persist. For example, while 80 per cent of the 1,835 Americans surveyed by Pew Research in 2015 believed that men and women make equally good leaders, 37 per cent felt that a woman would do a better job as the head of a major hospital or a retail chain (compared to 14% and 15% for men), but for a large bank or financial institution, the figures were 29 and 19 per cent. For a computer software company, the figures were 18 per cent for women and 29 per cent for men, 11 versus 46 per cent for a large oil or gas company and 8 versus 54 per cent for a professional sports team (Parker et al, 2015: 26 and 29). A study of 30,000 employees at 118 companies across 9 industrial sectors found that many organisations still face problems ensuring that women move up the career pipeline, 4 decades after national equal-opportunity laws were first introduced in the United States and many other countries. This report suggested that women 'are less likely to advance than men, hold fewer roles leading to top management positions, and are a century away from gender parity in the C-suite if progress continues at the pace that prevailed between 2012 and 2015' (Krivkovich et al, 2016: 1).

Certain sectors, such as industrial manufacturing, automotive, energy, mining/resources and technology are still unable to attract equal numbers of women for entry-level positions. This is not because any of these organisations discriminate against female applicants – it is a consequence of the low number of women who graduate in STEM disciplines. It does, however, limit the pool of female talent

that is available for middle- and senior-management positions. Even in sectors where there is parity in entry-level recruitment between women and men (logistics and transportation, retail and consumer goods, healthcare and pharmaceuticals, hospitality and financial and professional services), there is a noticeable drop-off in the number of women in middle- and senior-management roles. To cite one example, in logistics and transportation, 48 per cent of entry-level employees are women, this falls to 30 per cent at the managerial levels, 21 per cent for senior managers and directors, 22 per cent for VPs, 17 per cent for senior VPs, and 13 per cent at the CEO level. The authors of this report concluded that this can happen because many of these companies preferred to fill vacant senior positions by importing a high percentage of 'lateral hires' or had inadequate succession and leadership development processes in place for their female employees in middle-management positions. This pattern was repeated across all nine industrial sectors, although once women had made it past the senior VP level they were then almost as likely as men to become CEOs (Krivkovich et al, 2016: 4–5 and 6).

Why aren't there more women in senior and executive positions in business in OECD countries? For the 1,835 American men and women surveyed by Pew Research in 2015, the top three reasons were: 'Women are held to a higher standard than men' (for 52% of women and 33% of men), 'Many businesses aren't yet ready to hire women for the top positions' (50%/35%), and 'Family responsibilities don't leave enough time for running a major corporation' (26%/20%). While few of this group believed that gender discrimination was a widespread problem, as many as 77 per cent of women and 63 per cent of men felt that further changes will be required to bring about full gender equality in American workplaces (Parker et al, 2015: 35 and 38). What this comparative information tells us is that even if the business case for gender diversity is now well established and broadly accepted by business organisations in the West, there are few companies in which women have achieved full professional equality with men, and stereotypical attitudes about women's aptitude for senior roles are still

prevalent. It also confirms that even if countries in the MENA region were to significantly increase the participation of women in their national labour markets, it will take at least one generation before we see a significant number of women in business leadership roles.

## 8.6 CONCLUSION

*If reform gains any momentum, I suspect it will come from the frustrations within the business community rather than from women or religious dissidents. Only business men have sufficient influence to counterbalance the religious establishment, plus princes invest in companies with increasing frequency.*

Macfarquhar (2009: 359)

The evidence presented in this chapter demonstrates that there is a strong economic case for encouraging more women to work in the Arabian Gulf States, the broader MENA region and, indeed, in all emerging economies. The business case for gender diversity is also robust, although there may still be some uncertainties about the cumulative effect that women at the most senior levels have on corporate performance and bottom-line results. It is also significant that I have not come across a single study which has suggested that either the introduction of equal-opportunity legislation at the national level or introducing gender diversity policies at the company level have ever had any *negative* effects on either national economic growth or the performance of individual businesses. It appears then, as Deloitte and many others have suggested, that the debate about the cumulative macro-, meso- and micro-benefits of gender diversity are indeed 'over' and discrimination against women is, quite simply, bad for both national economic development and business performance. However, to reiterate the point, the evidence presented at the end of the preceding section also demonstrates that even in the world's leading industrial economies, systemic gender inequities do persist, particularly at the most senior levels of organisations.

The Arabian Gulf States and the MENA region operate in a global economy, one characterised by increasing job mobility

between countries, growing competition in all industrial and business sectors, perpetual change and rapid technological innovation. The management of intellectual capital and knowledge is becoming one of the most important drivers of organisational performance and adaptability in these fast-changing market environments (Avent, 2016: 29–45 and 162–179). And this, in turn, is entirely dependent on the skills, abilities and engagement of employees. While most of the Arabian Gulf States and some other MENA countries still have a hydrocarbon cushion to rely on, this will not last forever and, as we have seen, the ‘end of oil’ is now firmly on the horizon for all of them. This means that every business operating in this region will have to consider how they are going to recruit and retain the very best talent, regardless of gender and ethnicity, in the future. If they do not, many of them will struggle to survive when the business opportunities and lucrative contracts generated by the region’s oil and gas sectors no longer exist (Ellis et al, 2015). And, if they have visionary and forward-thinking leaders, some of them will already be thinking about and planning for this inevitable scenario. These leaders will already understand that the main reason for changing negative attitudes and behaviours towards women is because it will be good for their businesses. They know that this will help them enhance employee performance and enable them to become more responsive to the markets and environments they operate in and, ultimately, this will improve the performance and profitability of their businesses. They will realise that this is true even if they might not consider moral, ethical or legal reasons to be sufficiently important reasons for employing more women and embracing the principle of gender diversity.

However, it is true to say that the majority of the Emirati, Omani and Saudi men that I interviewed between 2008 and 2015 expressed anxiety and uncertainty about what all this might mean for their traditional roles, their families and their societies. Some were genuinely afraid of what they regarded as the ‘feminisation’ of organisations and the ‘emasculatation’ of their male identities. Being the head of the family and the principal breadwinner is such an integral and deeply ingrained part of the masculine psyche in

Arabic-Muslim cultures that it will take a generation or two before they may become more accepting of less dominant roles (i.e. about the same length of time it has taken for this to happen in many non-Islamic countries). This, however, will not be easy for those men who do change how they think about working women and how they behave towards them, because as Sinclair has suggested:

When men observe other men leading differently, there is often disbelief, censure, marginalisation, even ridicule. The man trying a new path by, for example, limiting the hours he works, is seen as 'under the thumb' (masculinity compromised by an assertive wife); 'not up to it' (finding an excuse for failure in the big-boy's world); or hopelessly diverted and rendered a limp and impotent SNAG\*

*(Sinclair, 1998: 74. \*Sensitive New Age Guy).*

However, if the societal trends that have emerged in the leading Western industrialised countries are repeated in the MENA region over the next two decades, the vast majority of men who live there will not be the sole breadwinners in their families with dependent stay-at-home wives who never work outside the home. Such a scenario would not be feasible in any economy in which most women do work. And it is apparent from the evidence and data presented in earlier chapters that attitudes towards working women are changing, perhaps slowly and not as quickly as many women would hope, but they are clearly evolving, particularly among younger educated Emiratis, Omanis and Saudis and among some local political and business leaders. It is this generational shift that is likely to have the greatest impact on traditional stereotypes about women and, when these do start to change, they can evolve very quickly. The main challenge that still lies ahead is how to create an alternative vision of women:

[T]hat can co-exist with differing or opposing trends and advance women's position in discourse and practice, not as a result of, but as one of the conditions for building the Islamic society they desire ... Arab society must find a new equilibrium for men and women based on nominal equality [and this] will require making

provisions for basic freedoms and constructing a civil society in the broader sense of the term

(*United Nations, 2005: 21, 172*).

Consequently, unleashing the full economic potential of women in the MENA region will require strategies that go well beyond what this report described as ‘a merely symbolic makeover that permits a few distinguished Arab women to ascend to positions of leadership in state institutions.’ Rather, ‘this must extend to the empowerment of the broad masses of Arab women in their entirety . . . and full opportunities must be given to Arab women for effective participation in all types of human activity outside the family on an equal footing with their male counterparts’. If this does not happen, this report concluded that they would be unable to participate effectively ‘in the project for Arab Renaissance . . . and achieve the full blossoming of their potential and a better future for all’ (*United Nations, 2005: 22, 24 and 220*). How they can achieve this is described in the next chapter, but a good starting point can be found in a comment made by *The Economist* in 2014:

Arab Muslims . . . need to cast their minds back to the values that once made the Arab world great. Education, which underpinned its supremacy in medicine, mathematics, architecture and astronomy. Trade, which paid for its fabulous metropolises and their spices and silks. And, at its best, the Arab world was a cosmopolitan haven for Jews, Christians and Muslims of many sects, where tolerance fostered creativity and innovation. Pluralism, education, open markets; these were once Arab values and they could be so again . . . for a people for whom so much has gone so wrong, such values still make up a vision of a better future

(*The Economist, 2014a: 10*).

And, to repeat what has become a repetitive mantra in this book, it is not possible to imagine how this can be achieved without the active participation of many women in the nineteen countries of the MENA region in their political systems and, even more importantly, as equals with men in their economies and labour markets. A growing

number of educated and liberal-minded women (and some men) no longer accept some of the core assumptions and values of the social and cultural systems they were born into, in particular the still-widespread view that women are somehow 'dangerous' to the established social order and must somehow be 'contained'. These beliefs are mirrored in every study cited in this book, and the message from those is clear: the countries of the Gulf and the broader MENA region must find ways to remove the constraints that are still imposed on women and allow them to make the fullest possible contribution to the growth of their national economies in the future. Having said this, I remain doubtful that we might see job advertisements in the Gulf States and other countries in the MENA region in the near future that contain statements like this:

The University of Pennsylvania values diversity and seeks talented students, faculty and staff from diverse backgrounds. The University of Pennsylvania does not discriminate on the basis of race, color, sex, sexual orientation, gender identity, religion, creed, national or ethnic origin, citizenship status, age, disability, veteran status, or any other legally protected class status in the administration of its admissions, financial aid, educational, or athletic programs, or other University-administered programs, or in its employment practices . . . Diversity is valued at Penn State as a central component of its mission, and helps create an educational and working environment that supports the University's commitment to excellence in teaching, research and scholarship  
(*University of Pennsylvania, 2015*).

However, it is now at least possible and maybe even conceivable that governments and public- and private-sector leaders in the MENA region could address – in more proactive and systemic ways – the issues of women's engagement in their national economies and also embrace the benefits of gender diversity in organisations; and we look at how they might be able to achieve this in Chapter 9.