

# Gender discrimination in business: Hugely costly, yet on the rise

*Gender diversity is a key selling point for companies that want to attract top talent and boost their bottom line, yet a recent study shows gender advancement in South Africa has deteriorated over the past decade.*

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Gender diversity in business could be a key selling point for organisations looking to attract and retain the top talent in their industries, believe researchers. Yet recent research by tax and assurance company Grant Thornton has revealed a steady decline globally in gender diverse business leadership and South Africa is one of the poorest performers.

In South Africa, women hold less than a quarter of leadership positions – and nearly 40% of companies have no women in management positions.

This could spell trouble for the country's competitiveness says Liz de Wet, a leadership development practitioner who runs the Women in Leadership programme at the UCT Graduate School of Business.

"Globally, research has revealed that a more diverse workforce is linked to a company's financial performance," she says. In fact, according to the 2016 Grant Thornton report, companies with diverse boards among the largest listed companies in the UK, US and India are outperforming their male-only peers to the tune of \$655 billion annually.

Studies by Gallup, Harvard, McKinsey have also shown that having a gender diverse executive and workforce is a major advantage in business because it brings different viewpoints, market insights and ideas into the boardroom and enables better problem-solving.

Businesses are under increasing pressure to broaden their talent pools in an increasingly competitive market and smart companies are realising that gender diversity holds the key, says De Wet.

"There's a reason why more and more corporates, along with the global organisation of UN Women, are supporting gender diversity in business and politics. It's because, apart from being the right thing to do, it's also increasingly becoming the only way to thrive," she says.

Gender diversity simply "makes bottom-line business sense", writes Sangeeta Bharadwaj Badal, primary researcher for Gallup's Entrepreneurship and Job Creation Initiative.

[Gallup's study](#) focused on over 800 business units, and found that gender-diverse units had better financial outcomes overall than those dominated by one gender. Gender-diverse business units in the retail companies studied had a 14% higher average comparable revenue than less-diverse business units (5.24% vs. 4.58%) while gender-diverse business units in the hospitality company studied showed a 19% higher average quarterly net profit (\$16,296 vs. \$13,702) than less-diverse business units.

The study further revealed that if the gender-diverse business units are also highly engaged, financial performance improves dramatically. Retail units that are diverse and engaged have a 46% higher increase

comparable revenue, while diverse and engaged units in the hospitality company had a 58% higher net profit than single-gender and less-engaged units.

Meantime, a recent [McKinsey's study](#) found that companies in the top quartile for gender or racial/ethnic diversity were more likely to have financial returns above their national industry medians. Conversely, companies in the bottom quartile in these dimensions were statistically less likely to achieve above-average returns. Similarly, a [Harvard study](#) found that teams with an equal gender mix performed better than male-dominated teams in terms of sales and profits.

And if the profit motive is not enough, De Wet says that the incentive to diversify is also coming from the workforce. The Australian Government Workplace Gender Equality Agency recently noted that employees are no longer accepting sexism in the workplace as readily. In a more competitive market, employers that want to attract and retain the top talent have to be prepared to align with potential employees' moral values

"Research suggests that organisations that respect and value the diversity brought by both women and men are better able to attract and retain high performers and improve operational performance," the Agency notes.

De Wet believes this means that organisations who genuinely respect diversity and make this obvious in their ethos are more likely to build and retain a stronger, more talented workforce. "More skilled staff? Tick. Lower costs associated with training and staff turnover? Tick. More engaged workforce? Tick. Higher performance all round? Tick," she says.

This is certainly the trend observed by the Top Employers Institute, which globally certifies HR best practices in organisations. Its research shows that the top performing companies in South Africa all have gender-friendly employment policies in place including childcare and flexible working conditions.

"A diverse workforce provides wider industry knowledge and allows companies to serve an increasingly diverse customer base," says De Wet. "It also helps companies to attract and retain talent that otherwise would have slipped under the radar."

"Companies cannot afford to ignore 50% of the potential workforce and expect to be competitive in the global economy," she adds.

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