How Gender Balance Delivers Better Performance

The smartest businesses today are placing more women in management positions - not simply because it's the right thing to do, but because they know this strategy will attract customers, foster innovation and drive profits.

A growing body of research shows that gender balance in the workplace boosts the bottom line and a range of other performance measures. For example, a 2013 McKinsey report found that companies with a top quartile representation of women executives had an average 47 percent higher return on equity.

Sodexo employs 420,000 people worldwide, providing quality of life services across diverse sectors including healthcare, education, corporate services, defence, justice, and travel and leisure. The nature of our business means that people are our only asset and accordingly, we have placed diversity and inclusion at the heart of our mission. Within our D&I strategy, we have a unique approach to gender balance, aligning our efforts to our strategic business objectives and key performance indicators.

In 2009, we established our SWIFt (Sodexo Women's International Forum for talent) network in order to identify and put in place the right strategy and actions to promote gender into senior roles in the business. The network has focused on fostering women's access to leadership roles. In 2007, 16.5% of Sodexo's top 300 leaders were female; today that figure is 23%, and 43% of Sodexo's Executive Committee is female. As a result we have been named as one of the Times' Top 50 Employers for Women and, in 2014, won the Global Award at the Opportunity Now Excellence in Practice Awards.

As the world's 18th largest employer, Sodexo is a revealing testing ground for observing the impact of gender balance on performance in the workplace. Early this year Sodexo finalised its own Gender Balance Study, with the objective of determining whether gender balanced entities (with 40% to 60% women in management), had higher key performance indicator results than those without the same level of balance.

The study was specific to Sodexo, in that it drew on our business KPIs, as opposed to other similar studies which typically compare data across different organisations. The study also varied from other similar studies in its breadth; the Sodexo research ranged from C-Suite to 'on-the-ground' site management, whereas other comparable studies have focused primarily on board representation or on the C-Suite. In total, the research gathered data from 52,000 Sodexo managers working in over 100 entities across our global footprint.

The results of the study showed an impressive correlation between gender balance and performance indicators across every category, including employee engagement, brand image, client and consumer satisfaction, and growth and profits. It does not mean that "unbalanced" teams do not perform, but the study found their performance is less sustainable and predictable.

For instance, entities with gender balanced management saw an average increase of four per cent in employee engagement compared to only one per cent for the others. Client retention rates showed similar patterns. At the same time, customer satisfaction rises along with the percentage of women working onsite, proving how important it is for a business' staff to mirror the diversity of its customers.

Better employee engagement and consumer satisfaction both translate into real and sustainable growth. Over the past three consecutive years, entities with gender-balanced management were 14 per cent more likely to record consistent organic growth; and 21 per cent more likely to show an increase in gross profit.

These are serious numbers. Sodexo will take this study forward by establishing global targets for gender balance. Currently, 56% of our employees work in an entity considered gender balanced in terms of management. We will work towards bringing more entities into the desired gender balanced management zone. More generally, the results reinforce Sodexo's existing efforts in continuing to leverage gender balanced management as a driving force in recruiting, developing, and retaining talent.

Today, women continue to take a back seat in the labour markets of every country, especially at upper levels. While the average wages of women have risen, in the UK there is still a pay gap of 19.1%, and women make up only 21% of FTSE 100 boards.

Entrenched attitudes, habits and unconscious biases must change. Organisations have to focus on developing and advancing female talent, and business leaders must play an active role in promoting diversity and fostering an inclusive culture where all talent can succeed. They must also be attentive to women's more latticed careers, allowing them to "off ramp", and supporting them when they choose to "on ramp."

Ultimately, it is in our own best interests. Studies prove beyond a doubt that gender equity is better for business, better for society, better for GDP. Treating women as equals and allowing them to flourish will benefit every one of us, male and female alike.

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