



OPPORTUNITIES TO IMPROVE GENDER BALANCE IN CORPORATE LEADERSHIP IN MENA



2018 MENA-OECD WORKING GROUP ON CORPORATE GOVERNANCE

**Policy options to achieve sound corporate
governance for competitiveness**



Opportunities to Improve Gender Balance in Corporate Leadership in MENA

This report has been developed by the OECD Secretariat and provided background to the discussion on *Opportunities to Improve Gender Balance in Corporate Leadership in MENA* at the MENA-OECD Working Group on Corporate Governance in Lisbon, Portugal on 4-5 July 2018. The content of the report builds on an issues paper developed for the Working Group meeting in Rabat, Morocco in December 2017. It benefits from input by a thematic focus group composed of Lamia El Bouanani (Moroccan Institute of Directors), Iman Al Damen (Jordan Forum for Business and Professional Women), Yehia El Hussein (International Finance Corporation), and Rasha El Hassan (Rami Makhzoumi Corporate Governance Initiative).

The opinions and arguments employed herein are those of the author and do not necessarily reflect the views of the Organisation or its member countries.

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BACKGROUND

The MENA-OECD Competitiveness Programme¹ (formerly the MENA-OECD Investment Programme) was launched in 2016 at the request of Middle East and North African (MENA) governments. The Programme of Work (2016-2020) was agreed at the 2016 MENA-OECD Ministerial Conference, held in Tunis, Tunisia. The Programme provides a platform for OECD and MENA countries to discuss strategic responses to common challenges in the region and explore ways to boost inclusive growth, employment and foster regional and international integration.

The objective of the MENA-OECD Competitiveness Programme is to support reforms by mobilising investment, private sector development and entrepreneurship to boost growth and employment in the region. To achieve this objective, the Programme adopts a horizontal approach of policy dialogue and consensus building through the exchange of experiences and good practices as well as capacity building to identify, implement and monitor business climate reforms. The Programme builds on preceding work conducted under the 2005 MENA-OECD Investment Programme, and includes activities under the auspices of the MENA-OECD Working Group on Corporate Governance.

The MENA-OECD Working Group on Corporate Governance (hereafter Working Group) supports the development of sound corporate governance frameworks which are essential building blocks for MENA countries to boost competitiveness, promote private sector development, and attract capital. This work builds on governance reform efforts and progress made in the MENA region using international standards as a benchmark to support implementation of the region's policy priorities. Through his platform, the OECD provides policy advice underpinned by comparative and analytical work with a view to support policy formation and implementation at national and regional level in MENA economies. Building on a decade of experience, this approach will promote regional co-operation and mutual learning amongst relevant players, including regional and international institutions and the private sector.

Women's economic empowerment and corporate governance are critical policy areas² in the MENA-OECD Competitiveness Programme. In line with this, the Working Group supports sound corporate governance and the increased participation of women in corporate leadership. The work assesses progress, identifies challenges and proposes policy options for MENA economies to increase gender balance in corporate life, in line with the 2013 OECD Gender Recommendation and 2015 G20/OECD Principles of Corporate Governance.

This report provides an overview of women's participation on corporate boards and in senior management positions. Analysis is based on publicly available information, survey responses, as well as inputs from practitioners in the region. A draft of this report was presented and discussed at the meeting of the Working Group, held in Rabat, Morocco on 12-13 December 2017. Building on the meeting discussion, a thematic focus group with representatives from MENA economies was established to further develop the report.

¹ The MENA-OECD Competitiveness Programme covers the following jurisdictions: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Tunisia, United Arab Emirates and Yemen.

² Other critical policy areas included in the Programme of Work are investment and trade, business integrity, SMEs and entrepreneurship, as well as economic resilience in fragile situations. For more information, please visit: <http://www.oecd.org/mena/competitiveness/>

This revised version with policy options was discussed at the meeting of the Working Group in Lisbon, Portugal on 4-5 July 2018, and will be updated in 2019.

The 2018 meeting provided an opportunity for MENA countries to further discuss policy measures to overcome barriers for women in corporate leadership. The next phase of this work will support MENA economies in developing action plans to achieve gender balance in corporate leadership.

The content of this paper builds on desk research performed by Addie Erwin. OECD research, drafting and editorial contributions were provided by Carla Meza and Catriona Marshall, under the guidance of Fianna Jurdant (OECD, Directorate for Financial and Enterprise Affairs). The OECD is most grateful to the Swedish International Development Cooperation Agency (SIDA) for their continued support of this work. Valuable comments were provided by Nicola Ehlermann and Charlotte Goemans (OECD Global Relations Secretariat), and the UAE Securities and Commodities Authority. Policy options were the product of discussions at the 2017 Working Group meeting held in Rabat, with input from a thematic focus group composed of Lamia El Bouanani (Moroccan Institute of Directors), Iman Al Damen (Jordan Forum for Business and Professional Women), Yehia El Hussein (International Finance Corporation), and Rasha El Hassan (Rami Makhzoumi Corporate Governance Initiative), led by Catriona Marshall (OECD).

INTRODUCTION

Sound corporate governance is not only essential to underpin company growth, improve performance and reputation, but it is also a means to support the drivers of economic growth in a country - such as efficient capital markets, quality investment and a prosperous business climate (Isaksson and Celik, 2013).

The G20/OECD Principles of Corporate Governance³ (hereafter the Principles), acknowledge that diversity in the boardroom is integral to sound corporate governance. Diversity in the boardroom takes various forms; encompassing the right mix of skills, experience and expertise relevant to, and representative of, the domain in which the corporation operates. Therefore, diversity on boards and senior management can be demonstrated by having a mix of individuals taking into consideration factors such as age, race, gender, educational background and professional qualifications to create a more independent and less homogenous board. With this in mind, board diversity is vital to avoid ‘groupthink’⁴ and helps to ensure that the board is able to exercise objective and independent judgements on corporate matters.

Gender diversity is a key component of diversity in the boardroom, and is seen as a vehicle to improve corporate governance standards. Increasing gender balance in decision-making roles has been a priority for OECD countries. Most OECD countries have initiated policies to promote gender balance on company boards and in senior management (OECD, 2017c). Recognizing it as a good practice, advancing the gender balance at decision-making levels has become a goal for many companies globally that wish to capitalise on female talent and bring about gains for both the company and overall economy. A growing body of evidence and practical experience shows that increased female presence on corporate boards and in senior management can help achieve this goal. With this in mind, the Principles encourage countries to pursue a range of different policies and initiatives to enhance gender diversity on boards and in senior management. The globally agreed Sustainable Development Goals (SDGs) also recognise the importance of increasing the proportion of women in corporate leadership; defining this as a key target (5.5.2) for achieving gender equality by 2030.

Achieving the economic ambitions of MENA economies and mitigating the challenges they present are contingent upon ongoing improvements in corporate governance practices and alignment with international standards. Some common goals of MENA governments include diversification of capital markets, attracting foreign investment, and growing small to medium sized enterprises (SMEs) (OECD, 2014b). Given that women’s leadership and talent is increasingly seen as a cornerstone for building competitive, value-creating companies – and by extension, resilient, inclusive economies – there is strong impetus for MENA economies to embrace initiatives that empower and promote women in the corporate sphere.

MENA economies have increasingly embraced corporate governance mechanisms to stimulate growth, investment and employment; however, closing the gender gap in corporate decision-making

³ The revised G20/OECD Principles of Corporate Governance provide a non-binding reference for policy-makers to build effective corporate governance processes: <http://dx.doi.org/10.1787/9789264236882-en>

⁴ Groupthink occurs when a homogenous highly cohesive group is so concerned with maintaining unanimity that they fail to evaluate all their alternatives and options. Groupthink members see themselves as part of an in-group working against an outgroup opposed to their goals: <http://oecdinsights.org/2011/05/02/join-the-gang-better-still-dont/>

roles remains a challenge. Against the backdrop of the global financial crisis and 2011 uprisings that spread across the MENA region, many MENA economies are in transition and have embarked upon an era of diversification and reform. In particular, citizens have called for governance reforms aimed at improving government transparency, curbing high unemployment, and extending social and economic opportunities for all (Vishwanath, 2012). As such, women's increased access to, and representation in, corporate leadership is an extension of a much larger debate within the region on women's participation in economic life and society in general (OECD, 2017d).

This Report includes five sections, each addressing a different thematic and regional issue impacting gender balance in corporate leadership:

Section 1 highlights why increased female participation in corporate leadership is important globally and for the MENA region, and draws on available information to outline the positive impact of gender diversity on boards and in senior management on company performance.

Section 2 summarises information from various sources to provide an overview of women's participation in the workforce, on corporate boards, and in senior management in the MENA region. OECD research shows that progress in the MENA region on gender balance in the workplace and women's increased participation in leadership roles (public and private) has been slower than other regions, but is still on par with global trends.

Data on women's participation in corporate life in MENA is limited, due in part to lack of publicly available information and the scarcity of research on this topic in the region. Therefore, this report advocates for the systematic collection of gender-disaggregated data on the composition of boards and senior management. Better quality data is also needed to inform policy design and ensure progress in the implementation of government policies. This is required to ensure that governments remain abreast of successful company policies to support gender balance in corporate leadership.

Section 3 explores the challenges women face in accessing corporate leadership positions in the MENA region. In this vein, this section addresses the potential causes for an insufficient number of women at the top.

Section 4 highlights examples of good practices in OECD and MENA economies. As the greater inclusion of women in the labour force and in corporate leadership in the MENA region is a recent development, OECD country experiences are drawn upon in order to reflect on key lessons learnt. Good practices and initiatives by MENA governments and economies are also featured.

Section 5 incorporates policy recommendations discussed with MENA actors involved in driving change in the region. The policies and strategies outlined draw on good international practices to enable gender balance in corporate leadership. Section 5, translates theory into concrete strategies to improve the implementation of policies in the MENA region. In doing this, the section outlines the main challenges and policy actions with corresponding strategies to address these challenges (see summary in Table 1).

Table 1. Main Challenges and policy actions to promote gender balance in corporate leadership

Summary of challenges, policy actions, and strategies in section 5

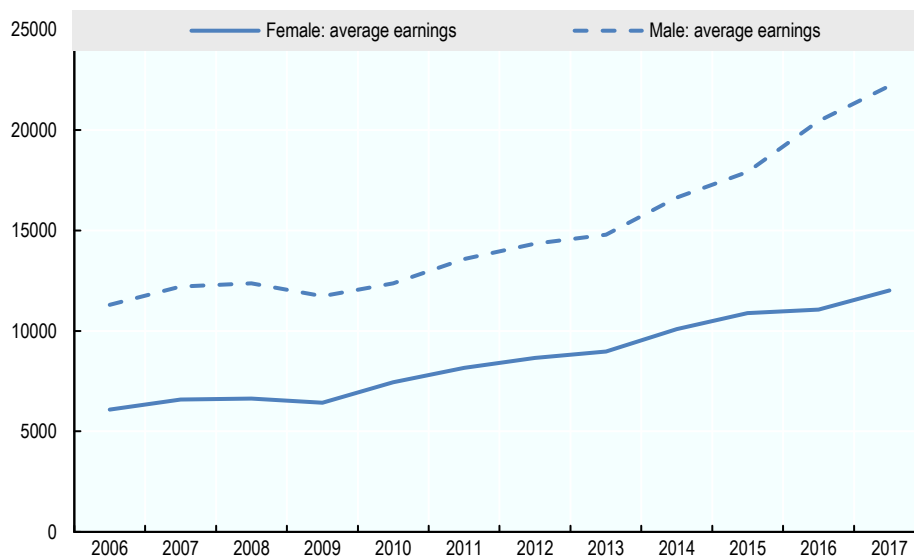
Main Challenge	Policy Action	Appropriate Strategy
Policy Frameworks	Reforming legal and policy frameworks	Revising corporate governance codes and related laws and regulations to endorse gender diversity can provide a first step in creating an environment for gender balance in corporate leadership.
Implementation	Combining measurable national goals with company strategies	Goals, measurable targets and policies should be underpinned by strategies aimed at fostering gender balance throughout the company and the career cycle of women. Results from government policies are more likely to succeed when company leaders are active and involved.
Information	Improved methods of data collection	More quality data is needed both at the regional and national level as well as from individual companies. Sharing good practices and comparing approaches is key to success. Scorecards and Regular Gender Impact Assessments (GIAs), can be used to assess governance practices, show progress over time, and compare different companies within or across economies.
Talent	Attracting talent and limiting pipeline issues	A "whole of company" diversity framework and conducive human resource policies (e.g. recruitment, development of talent etc.) are needed to create an eco-system that is conducive to women's corporate leadership in the region. It would be important that the business community and government coordinate and set goals underpinned by sustainable policies to achieve them.
Pipeline	Facilitating networks and providing support for women in the corporate world	Coalitions and compacts can boost the implementation of core government policies and provide upwards and downwards mentoring to shift values. They help create "gender champions" throughout companies and sectors that advocate for the gender-balance agenda and ensure women feel valued at all levels.
Cultural	Improving image and creating a conducive cultural environment	Cultural change takes time and conscious effort. However, advice, feedback, and education can all help in adapting to new and more diverse corporate paradigms. In addition to this, reference points and models of best practice are important in ensuring governments encourage companies to grow and evolve into vehicles for change.

1. THE CASE FOR GENDER BALANCE IN ECONOMIC AND CORPORATE LIFE

Gender gaps persist in all areas of social and economic life, and in economies at all levels of development. Women's labour force participation rates have moved closer to men's over the past few decades, but in every country women are still less likely than men to engage in paid work. When women do work, they are more likely to work part-time, are less likely to become managers, less likely to be entrepreneurs and earn less than men. Globally, the median fulltime female worker earns 15% less than her male counterpart, on average (Figure 1.1). Women are also underrepresented in public sector management and in politics, holding on average only 16.6% of seats in national parliaments in MENA economies. On the whole, however, gender gaps are largest in private sector employment and entrepreneurship.

Figure 1.1. The global gender income gap has widened

Female and male average annual earnings (USD)



Source: Global Gender Gap Index 2017, World Economic Forum.

Women in the MENA region remain an untapped resource for the economy. While women represent around 49% of the total population, their participation in the labour force is significantly lower (World Bank gender statistics, 2017). In Jordan and Algeria, only 16% of women participate in the labour force, whereas in Egypt, Libya, Morocco and Tunisia this ranges from 25% to 32%. The average female labour force participation rate for OECD countries is 51%. In contrast, men's participation in the labour force in the six MENA economies above reached 70% or more in 2014, only slightly below other emerging economies (WDI, 2017).

Gender equality is a fundamental driver for more inclusive and equitable societies. In particular, women's economic empowerment through economic participation as employees or entrepreneurs. Closing the gender gap in labour force participation by 2025 could add USD 12 trillion (26%) to global Gross Domestic Product (GDP) (OECD 2017c). However, recent progress has been slow; research on current trends in 106 economies suggests that it will take 100 years to close the **global** gender gap. In the MENA region, estimates suggest this could take as long as 157 years given current trends (WEF, 2017).

Improving gender balance in corporate leadership supports stronger company performance

Achieving gender balance in corporate leadership implies a larger talent pool, better representation of diverse experiences and competencies, and improved understanding of client and consumer needs. This section discusses several studies that demonstrate from different angles the positive impact gender diversity on boards and in senior management has on company performance. These studies provide an overview of the global trends and challenges associated with the lack of gender balance as well as consider the impact of diversity in today's capital market structure and sound corporate governance practices.

Diversity is a critical pillar of effective board performance. Among the lessons learnt from the global financial crisis is that overly entrenched boards may fail to identify risk factors, protect the interest of all stakeholders and act in consequence. "Groupthink" is more likely to occur among homogeneous groups lacking diversity in areas related to gender, nationality, age, and educational backgrounds. Bringing the experience and perspective of women to the table enhances the decision-making process, helping to avoid groupthink and contributing to better resolution of conflict (Bernardi, 2009). MSCI ESG research in 2015 found that "companies lacking board diversity tend to suffer more governance-related controversies than average" and have "higher environmental, social and governance risk management ratings and strategies across virtually all risk issues." (Lee et. al., 2015).

Studies show a positive impact of increased female participation in corporate leadership in several ways. Gender diversity on boards and within senior management improve employee retention and company reputation by utilising available talent pools more effectively (MSCI, 2016; Catalyst, 2017a; Hunt et. al., 2015). Moreover, boards with three or more women correlate with improved decision-making, can help steer the hiring and promotion of women in a company, and set an example that women's leadership is valued (Thwing-Eastman et. al., 2016; Lee et. al., 2015). Taken as a whole, the trickle-down effect of fostering a stronger gender diversity framework at all levels is highly important for the retention of female talent and engagement of employees.

Gender balanced leadership provides diversity in thinking, ideas and knowledge needed to mitigate risks and strategize in an age of rapid digital advancements, big data analytics, artificial intelligence, and the internet. A diverse board is less likely to come to swift consensus and can "examine a problem from more angles," to reach well-thought out decisions (GMI, 2013). A survey by the Hawkama Institute (2012⁵) shows that in the UAE, women are seen as bringing transformational leadership styles, better team-working and a reduction in aggressive culture. Women are less prone to take risky and unethical ventures, going for steady growth and improvements.

Although causation is not fully established, a growing body of research suggests that firms with strong female leadership enjoy better financial results. MSCI ESG research found that companies with more women on their boards have higher results on same-year Return on Equity (ROE) and Earnings per Share (EPS) (Lee et. al., 2016). ROE for global companies with strong female leadership was 2.7% higher than companies without women represented in the leadership (Thwing-Eastman et. al., 2016; Lee

⁵ An interview survey was conducted with women in board level positions

et. al., 2015). The 2016 Credit-Suisse Gender 3000 report, which covers 3,400 companies, found that over the past decade, those companies with at least one female director generated a compound excess return per annum of 3.5% for investors. Companies with more than 15% of female senior managers had more than 50% higher profitability in comparison to companies with less than 10% female managers (Credit Suisse, 2016).

Recent studies in the MENA region also provide financial arguments for supporting gender diversity on boards and in senior management. IFC research conducted in Jordan (see box 1) show a positive correlation between gender diversity in the boardroom and in senior decision-making positions and higher Return on Assets (ROA) and Return on Equity (ROE) (IFC, 2015). A 2013 study conducted by the Moroccan Institute of Directors across 500 large enterprises (75 of which are listed companies) found that state-owned companies with women on boards had an average 5 billion MAD (USD 533.6 million) higher turnover.

Box 1.1. Impact of Gender Diversity on Company Performance in Jordan

In 2015, the International Finance Corporation (hereinafter, IFC) conducted study of the impact of gender diversity on the economic performance of 237 listed companies in Jordan (52 of which had woman in the board of directors).

From a corporate governance perspective, the results showed that companies with increased gender diversity had experienced a greater improvement in the implementation of good corporate governance practices than companies without gender diversity in the boardroom.

From a financial perspective, the study recorded a correlation between the financial performance of companies and gender diversity in the boardroom and in senior decision-making positions, although no evidence of causation. Companies with women on their boards had an average Return on Assets (ROA) three times higher than those without female participation (0.99 vs. 3.03 in 2012) and an average Return of Equity (ROE) of almost twice the ROE of companies without female representation (17.51 vs. 9.83 in 2012). In 2011, 2010, and 2009 the data showed similar results.

Source: IFC (2015), Gender Diversity in Jordan: Research on the Impact of Gender Diversity on the Economic Performance of Companies in Jordan, International Finance Corporation, Washington D.C.

MENA governments have introduced measures to improve gender balance, but practises lag

Introducing measures to ensure greater gender balance in corporate leadership has helped MENA economies to align constitutional guarantees of equality and equal opportunity with international commitments. However, not all economies have seen the positive spill over and results in corporate practise.

All MENA economies considered in this report have ratified the UN Convention on the Elimination of Discrimination against Women (CEDAW). Article 2(e) of CEDAW requires jurisdictions to take all appropriate measures to eliminate discrimination against women by any person, organisation or enterprise. Article 3 of CEDAW encourages economies to take “all appropriate measures, including legislation, to ensure the full development and advancement of women, for the purpose of guaranteeing

them the exercise and enjoyment of human rights and fundamental freedoms on a basis of equality with men,” especially in “political, social, economic and cultural fields.”

When it comes to corporate board composition and senior management, constitutional measures have not yet translated into company practises (See Table 1.1 and Table 2.3). In making the case for improved company practises, the Office of the United Nations High Commissioner for Human Rights (OHCHR) points out that “the private sector creates and defines jobs, produces growth, sets parameters of income distribution and affects the social and environmental conditions of the communities in which they function. Women’s equal access to business leadership is essential both for women’s empowerment and for their ability to affect economic policy making which determines the quality of life for women and men, their children and communities.”

Table 1.1. MENA economies have introduced constitutional provisions on Equality and Non-Discrimination

Country	Constitution (year instated / revised or promulgated)	Constitutional Provision on Equality and/or Non-discrimination	Ratification of UN Convention on the Elimination of Discrimination against Women
Algeria	1996	Preamble, Articles 29, 31 & 140	1995
Bahrain	2012	Articles 4, 5 & 8	2002
Egypt	2014	Preamble, Articles 4, 9, 11 & 53	1981
Kuwait	1992	Preamble, Articles 7, 8, 29 & 175	1994
Libya	2011 (interim)	Preamble, Articles 6 & 8	1989
Iraq	2005	Preamble, Articles 14 & 16	1986
Jordan	2016	Articles 6	1992
Lebanon	2004	Preamble, Articles 7	1997
Morocco	2011	Preamble, Articles 6, 19 & 35	1993
Oman	1996	Articles 9, 12 & 17	2006
Palestinian Authority	2003 (basic law)	Preamble, Articles 9 & 26	2014
Qatar	2003	Articles 18, 19, 34 & 35	2009
Saudi Arabia	2013	Articles 8	2000
Tunisia	2014	Preamble, Articles 21 & 46	1985
United Arab Emirates	2001	Articles 14 & 25	2004

Source: UN women, Global Gender Equality Constitutional Database (2016)

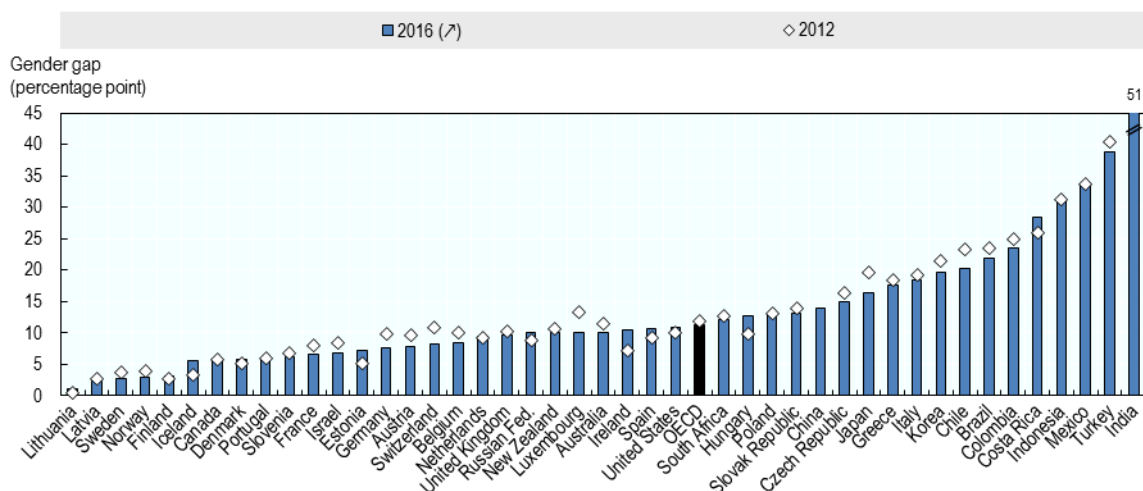
2. WOMEN IN THE WORKFORCE AND IN CORPORATE LEADERSHIP

Progress has been made in OECD countries, but gender gaps remain

In every OECD country, men remain more likely to be in paid work than women. Despite this, gender gaps in employment rates have narrowed in most OECD countries since 2012, contributing to a decrease of 0.6 percentage points in the OECD average gender gap from 2012 to 2016. Women's labour force participation rates have improved and moved closer to that of men over the past decades (see Figure 2.1), but gaps are narrowing at a slow rate.

Figure 2.1. Gender gaps in employment rates have narrowed in OECD countries since 2012

Gender gap (male minus female) in the employment rate, 15-64 year-olds, 2012 and 2016 or latest available year



Note: Data for the People's Republic of China (hereafter PRC) refer to 2010, for India to 2012, for Indonesia to 2013 and for Brazil to 2015

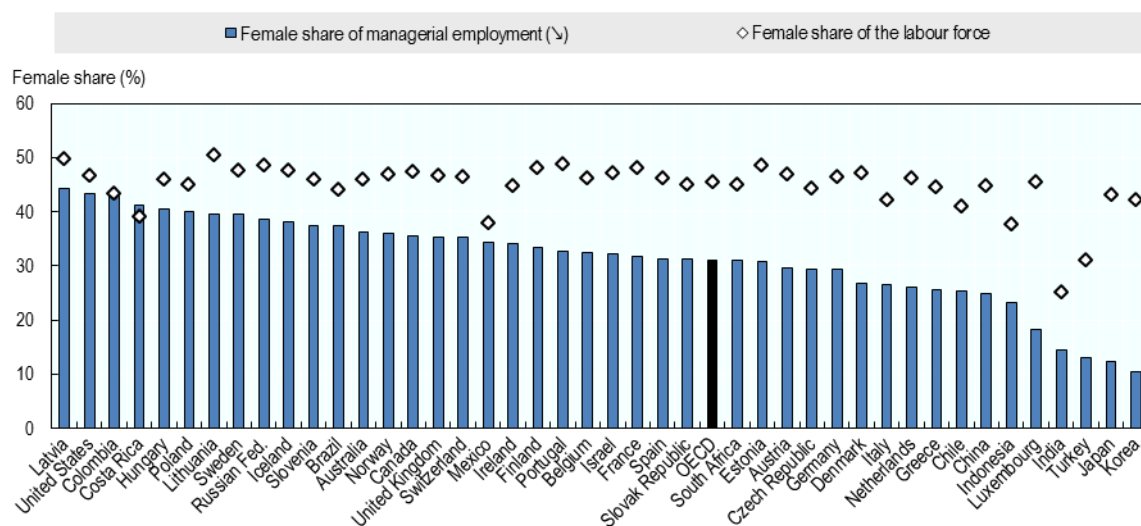
Source: OECD Employment Database,

<http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm>

A recent OECD study highlights the stark gender imbalance in corporate leadership and concludes that the glass ceiling remains intact. Women make up only about one-third of managers in OECD countries and are also far less likely than men to become CEOs, sit on boards of private companies, or hold public leadership positions, although government quotas (and, to a lesser degree, targets) have led to relatively quick changes in the share of private and public leadership positions held by women in some countries (OECD, 2017c).

Figure 2.2. Women are under-represented in management positions in OECD countries

Female share of management employment and female share of labour force, all ages, 2015 or latest year.



Note: For Colombia, the female share of managerial employment is the female share of the employed that hold jobs classified in International Standard Classification of Occupations 1968 (ISCO 68) major group 2 (administrative and managerial workers); for Canada, Chile, India, Indonesia and the United States, the female share of managerial employment is the female share of the employed that hold jobs classified in International Standard Classification of Occupations (ISCO) 88 category one (as legislators, senior officials and managers). For all other countries (except China), the female share of managerial employment is the female share of the employed that hold jobs classified in International Standard Classification of Occupations (ISCO) 08 category one (as managers) that are female. National Occupation Classification for China. For Colombia and India, data on the female share of managerial employment refer to 15-64 year-olds only.

Data for China refer to 2010, for India to 2011-12, for Indonesia and the United States to 2013, and for Australia, Brazil, Canada and South Africa to 2014.

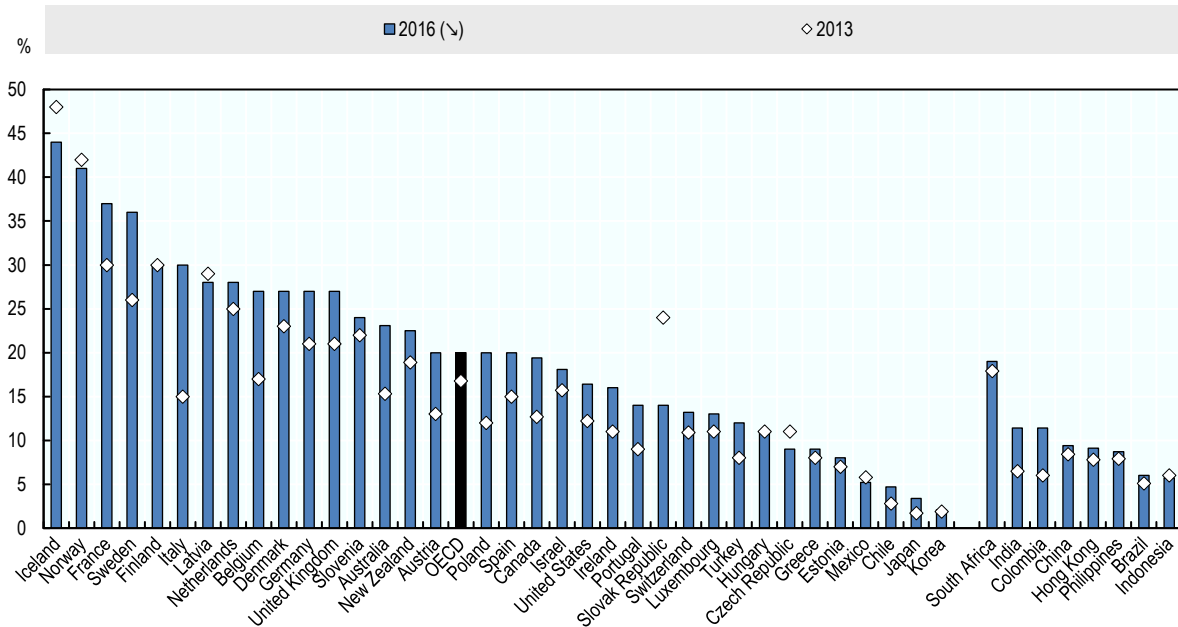
Source: For the female share of the labour force: OECD Employment Database, <http://www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm>, for all countries. For the female share of managerial employment: ILO (2016), ILOSTAT database, <http://www.ilo.org/ilostat>, for all countries except Colombia, China and India; Census data for China; and OECD Secretariat calculations based on the Gran Encuesta Integrada de Hogares (GEIH) for Colombia and the National Sample Survey (NSS) for India.

In the OECD-wide context⁶, the percentage of women on board seats is modestly higher than the global average, reaching 20% in 2016, up slightly from 16.4% in 2013. On average, 4.8% of CEOs were women in 2016, double the 2.4% in 2013 (OECD, 2017c). Most OECD countries have initiated policies to promote gender balance on boards and in senior management. As of 2016, nine OECD countries had introduced gender quotas for the board of publicly listed and/or state-owned enterprises. Other countries have taken an approach involving voluntary targets, corporate governance codes and/or disclosure rules.

⁶ OECD-wide includes South Africa, India, Colombia, People's Republic of China, Hong Kong China, Brazil and Indonesia in addition to the 35 OECD member countries.

Figure 2.3. Women’s representation on company boards in OECD countries is growing

Female share of board seats in publicly listed companies, 2013 and 2016 or latest available year



Note: For EU countries, Iceland, Norway and Turkey, data refer to the proportion of seats held by women on the boards of the 50 biggest companies on those countries’ primary blue-chip index and registered in those countries. “Board members” refers to all members of the highest decision-making body in a company – e.g. the board of directors for a company in a unitary system or the supervisory board for companies in two-tier systems. For countries with data based on Lee et al. (2015), data refer to the proportion of seats held by women on boards of companies covered by the MSCI’s “global director reference universe”, a sample of 4 218 global companies covering all companies of the MSCI ACWI, World, EAFE and Emerging Markets indices – plus an additional 1 700 large and mid-cap developed market companies, 900 of which are either incorporated or primarily traded in the United States.

For Australia, Canada, Chile, Israel, Japan, Korea, Mexico, New Zealand, Switzerland, the United States, Brazil, China, Colombia, India, Indonesia and South Africa, data for 2010, 2013 and 2016 refer to Q4 2010, Q1 2013 and Q3 2015, respectively. For EU countries, Iceland, Norway and Turkey, data for 2010, 2013 and 2016 refer to H2 2010, H2 2013 and H1 2016, respectively.

Source: For EU countries, Iceland, Norway and Turkey, EC Database on Women and Men in Decision Making, http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/index_en.htm; for all other countries, Lee et al. (2015).

Box 2.1. Global trends in gender balance on boards and in senior management

Globally, progress has also been slow when it comes to increasing the number of women on boards and in senior management. The findings from three reports are presented below.

Morgan Stanley Capital International (MSCI)

MSCI (Morgan Stanley Capital International) World Index Research, which includes 4,218 companies around the world, shows that women made up around 15.8% of corporate board members in 2016, up from 12.4% in 2014. The Index shows that women held 19.1% of directorships in 2016, up from 18.1% in 2015.

Deloitte

Deloitte’s analysis covering 64 countries and nearly 7,000 companies found that women

hold 15% of board seats in 2017, up from 12% two years prior.

Credit Suisse

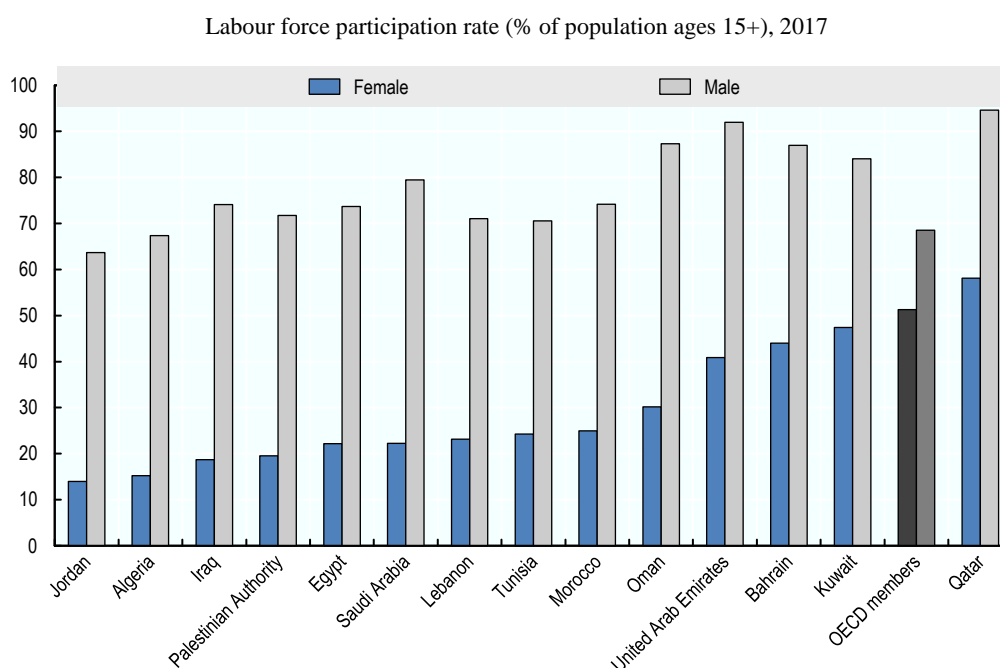
The 2017 Credit Suisse Gender 3000 Survey reviewed gender balance in senior management across 3,400 companies and found that the global average for women's participation has barely improved, growing from 12.9% to 13.8% between 2014 to 2016.

Source: Credit Suisse (2016), Deloitte (2017a), and Lee, L.E. et. al. (2015).

MENA economies fall behind OECD countries with more pronounced gender gaps

Closing the gender gap in economic participation is especially challenging in the MENA region, which has some of the lowest global female labour force participation rates at an average of around 24%, compared to around 50% in OECD countries (Figure 2.4). Moreover, wage gaps between men and women persist in both the private and the public sectors, and vulnerable or informal employment is particularly high among women (OECD, 2017d). Further details and analysis can be found in the Report Women's Economic Empowerment in Selected MENA Economies: The impact of Legal Frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia (OECD 2017d).

Figure 2.4. Female labour force participation falls behind men in all MENA economies



Note: Modelled ILO estimates

Source: World Bank, World Development Indicators (2017)

The causes of low female labour force participation vary across MENA economies. The relationship between legal frameworks and social norms in MENA economies play a role in driving gender gaps in the labour market (OECD 2017d). Restrictive family law provisions impact job choices for women and influence employers behaviour in hiring and promoting. Social norms and attitudes, informed by gender-based labour regulations, including parental benefits, retirement provisions and income taxes, also play an important role in labour market decisions. These factors lead to a large share of women with low wage positions, often with a high level of informality, without access to social protection and pension provisions. Women in MENA economies will often tend towards working in traditionally female roles

such as teaching, social services and nursing (Momani, 2016). Career choices are often based on “societal pressures of what are deemed to be respectable occupations” for women (Momani, 2016). This is partly due to their employability, as shaped by their educational attainments.

The labour force participation rate of women in the Gulf Cooperation Council (hereinafter, GCC) economies⁷ tends to be much higher than other MENA economies, due in large part, to the considerable number of foreign workers (OECD, 2017c; Young, 2016). Disaggregated data shows that the overall percentage of non-national women working far exceeds that of national women in GCC countries (see Table 2.1).

Table 2.1. National vs. non-national female labour force participation rate in GCC countries

	Time period	National Women (%)	Non-National Women (%)
Bahrain	2003-2011	14,9%	39,6%
Kuwait	2012-2013	29,2%	56,0%
Qatar	2010	20,4%	43,8%
Saudi Arabia	2011-2013	6,5%	23,9%
UAE	2016	17,8%	42,0%

Note: Regular data for both national and non-national women was not available for all years and for the same time periods for each country. This table provides a sample of data depicting the discrepancy between the overall percentages of national women vs. non-national women – that make up figures on women’s labour force participation rates in each country – on average.

Source: (derived from Karen E. Young, (2016) "Women's Labour Force Participation Across the GCC," The Arab Gulf States Institute in Washington); Gulf Labour Markets and Migration; Labour Market Regulatory Authority (LMRA) -- Bahraini; Central Informatics (CIO) -- Bahrain; Public Authority for Civil Information (PACI) - Kuwait; Qatar Statistics Authority; Central Department for Statistics and Information (CDSI) - Saudi Arabia; and National Bureau of Statistics -- UAE Ministry of Economy

Female labour force participation in the private sector is often lower than in the public sector in MENA economies. Women in MENA economies state that they prefer to work in the public sector, citing better working conditions and benefits (OECD, 2017c; OECD, 2017d; OECD, 2014). This preference may also be driven by societal pressure to undertake work deemed respectable for women (Momani, 2016). Public sector work which ends early in the day, provides substantial time off, and “oversight by fellow nationals,” is more acceptable to husbands and family, than a private sector job with an uncertain environment, potential work travel and longer work hours (Momani, 2016).

Reaching positions of high responsibility is especially challenging for women in the region. This is not only because of the factors previously identified, but also because of a high drop-out rate from the labour force at a young age and early retirement. The share of total public and private sector executive leadership positions held by women was 14.8% in Tunisia, 12.8% in Morocco, 9.7% in Egypt, 5.1% in Jordan and 4.9% in Algeria (ILO, 2015, quoted by OECD 2017d).

MENA economies vary in their responses to improving female labour force participation. Countries can adopt tools and enablers to boost female labour force participation, including laws that mandate equal pay and labour codes that ensure non-discrimination in hiring. However, not all MENA economies have adopted legislation on equal pay for equal work, or ensure non-discrimination in hiring (See Table 2.2). As of 2016 only two countries (Algeria and Morocco) had legislation on equal pay for equal work;

⁷ The Gulf Cooperation Council states include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE).

in 2018 this grew to three (Algeria, Morocco and UAE). Similarly, in 2016 only one country (Morocco) had laws ensuring non-discrimination based on gender in hiring; in 2018, this grew to five (Bahrain, Lebanon, Morocco, Tunisia and UAE). Despite progress in country legislation, challenges remain in implementing these requirements (see section 3).

Table 2.2. Not all MENA Economies Adopt Laws on Equal Pay and Non-Discrimination in Hiring in MENA economies, but this is improving gradually

	Law mandates equal pay	Non-discrimination gender laws in hiring
Algeria	Yes	No
Bahrain	No	Yes
Egypt	No	No
Jordan	No	No
Kuwait	No	No
Lebanon	No	Yes
Morocco	Yes	Yes
Qatar	No	No
Saudi Arabia	No	No
Tunisia	No	Yes
United Arab Emirates	Yes	Yes

Source: World Bank, Women in Business and the Law (2018)

Women are under-represented on corporate boards and in senior management in MENA, and disclosure remains limited

As there is no requirement to disclose the gender composition of boards and senior management, assessing women's actual participation in corporate leadership in the region is a challenge. Existing data tends to be based on public disclosures of information to stock exchanges and company websites, data from unlisted enterprises is often not available.

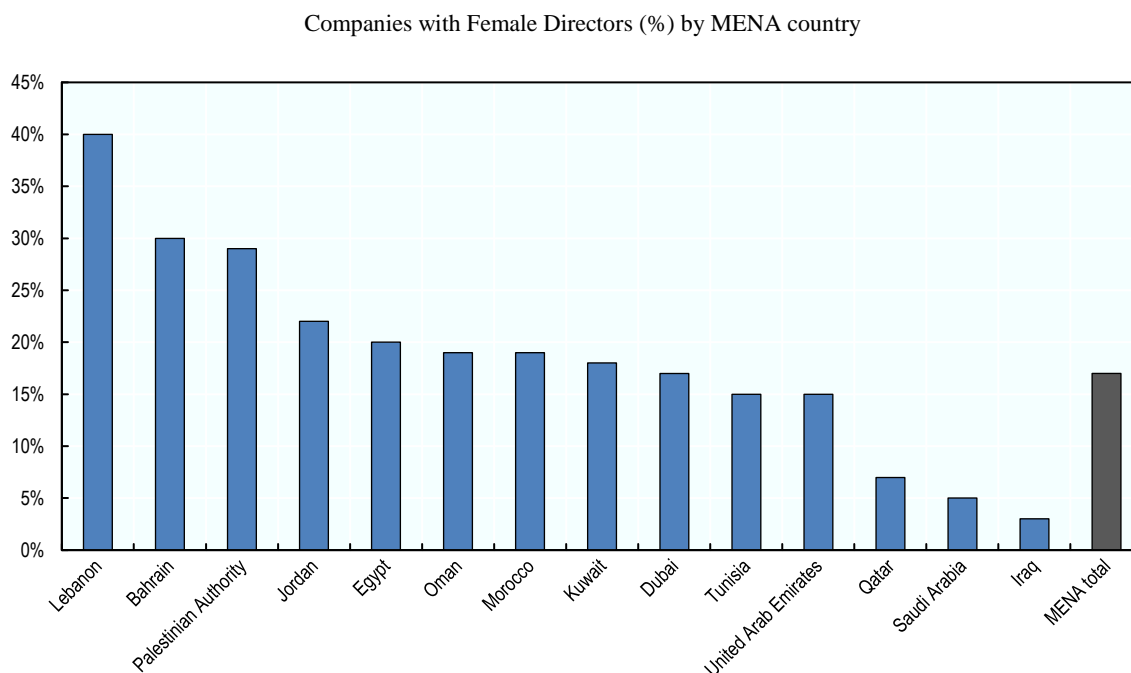
Table 2.3. Women's participation on boards of publicly listed companies, 2016

	Number of Listed Companies	Number of Companies with Board Information (%)	Number of Total Companies with Female Directors (%)	% of Companies with Female Directors, of Companies with Information
Jordan	227	227 (100%)	51 (22%)	22%
Egypt	221	108 (49%)	44 (20%)	41%
Kuwait	203	203 (100%)	37 (18%)	18%
Saudi Arabia	171	171 (100%)	8 (5%)	5%
Oman	116	116 (100%)	22 (19%)	19%
Iraq	107	20 (19%)	3 (3%)	15%
Tunisia	78	19 (24%)	12 (15%)	63%
Morocco	74	31 (42%)	14 (19%)	45%
United Arab Emirates	71	69 (97%)	11 (15%)	16%
Dubai	70	70 (100%)	12 (17%)	17%
Palestinian Authority	49	49 (100%)	14 (29%)	29%
Bahrain	43	43 (100%)	13 (30%)	30%
Qatar	43	43 (100%)	3 (7%)	7%
Lebanon	10	9 (90%)	4 (40%)	44%
MENA total	1483	1178 (80%)	248 (17%)	21%

Source: Research and calculations by Shareholder Rights (2016), "Women's Participation on Boards of Directors on MENA Exchanges," Gender Diversity

The 2016 policy paper by Shareholder Rights provides a comprehensive snapshot across economies, covering 19 sectors and 1,483 publicly listed companies in 13 MENA economies⁸, found that 305 (20.6%) companies failed to disclose any information on the composition of their boards. Of the 1178 companies with full disclosure, only 249 of them had women on their Board of Directors.

Figure 2. 5. The number of MENA companies with female directors remains low



Source: Shareholder Rights (2016), “Women’s Participation on Boards of Directors on MENA Exchanges,” Gender Diversity

Across MENA economies the number of total listed companies with female directors remains low (see Table 2.3 and Figure 2.5), with on average only one-in-five companies having a female director. Among the total number of board members across the 248 companies with available information, women only represent 4% of the total number of board members (Shareholder Rights, 2016).

⁸ Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Morocco, Oman, Palestinian authority, Qatar, Saudi Arabia, Tunisia and the UAE

Figure 2.6. Regionally, women are highly under-represented on corporate boards, 2016

Total Women's Participation on Boards of Directors in MENA listed companies



Source: Shareholder Rights (2016), "Women's Participation on Boards of Directors on MENA Exchanges," Gender Diversity

According to the 2016 Shareholder Rights paper, women's participation on boards can also fluctuate by sector. The total number of companies with female board members was highest in the pharmaceuticals (29%) and education (27%) industries and lowest in the media (0%), chemicals (4%), and food & agriculture (10%) industries.

The 2016 study only pertains to publicly listed companies – therefore, the number of firms varies across country; a small number of firms (e.g. Lebanon) to large (e.g. Jordan, Egypt, Kuwait, Saudi Arabia). This illustrates the need for disaggregated data, more evenly spaced out across sectors and company types (e.g. listed, un-listed, family-owned etc.) to better evaluate women's standing in corporate leadership and hone in on problem areas. Collection of data on the participation of women on boards and in senior management within unlisted enterprises would be useful to draw a comparison.

According to disparate international sources, women make up 23% of senior management positions in Morocco, 16% in Egypt, 17% in the UAE and 7% in Qatar (Deloitte, 2017a; ILO, 2016b). In Jordan, women hold 21% of senior management positions, however, the IFC research recognises that the influence of these positions may vary and many of them are not on a path that can lead to the boardroom (IFC, 2015). In Bahrain's banking and finance sector – women hold 2% of CEO posts, 5% of executive managers positions and 8% of directorships (Intellect Resources Management in Collaboration with the Bahrain Supreme Council for Women, 2015).

In terms of top managers, even less information exists (see Table 2.4).

Table 2.4. Information on female top managers (CEO or equivalent) in large firms is scarce for MENA economies

Firms with Female Top Managers (% of firms surveyed)	
	% Firms Surveyed
Algeria	-
Jordan	2%
Egypt	5%
Kuwait	-
Saudi Arabia	-
Oman	-
Iraq	2%
Tunisia	9%
Morocco	4%
United Arab Emirates	-
Dubai	-
Palestinian Authority	1%
Bahrain	-
Qatar	-
Lebanon	5%

Source: World Bank (2018), Enterprise Survey, 2017 or latest year

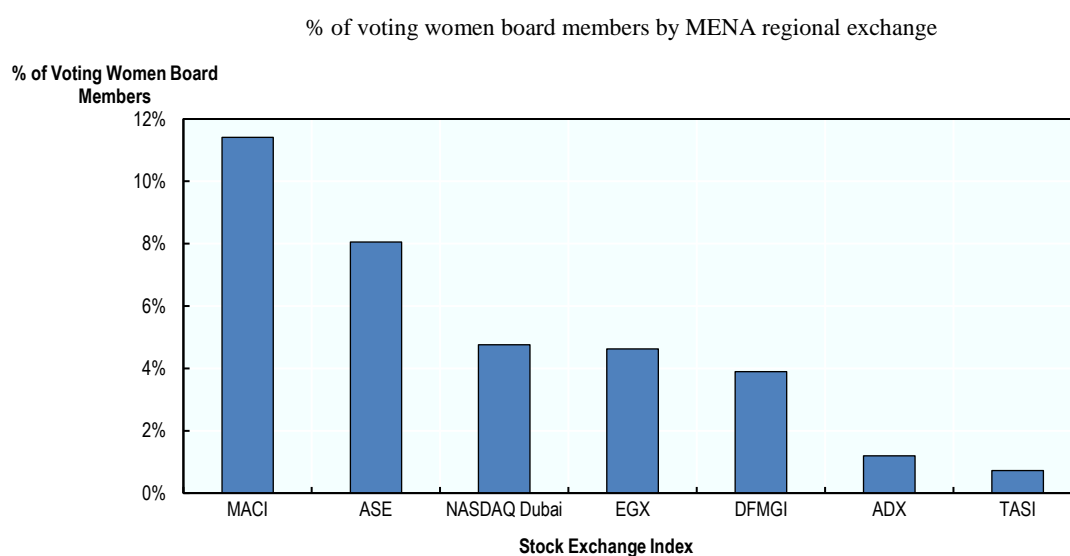
A 2018 survey commissioned by the OECD⁹ finds that despite progress, the average representation of women on boards of the largest 142 public companies in MENA remains modest at 4.8%.

As outlined in this section so far, information on women on boards of public listed companies in MENA is disparate, and often focuses on a specific country, sector or point in time. In order to present a recent picture of the composition of women on boards in MENA economies, the OECD commissioned a study of 142 public companies in MENA.

Of 142 public listed companies surveyed (see box 2.1), women represent 4.8% of total voting board seats (60/1258). 31% of companies had at least 1 women board member, 24.6% had at least 2 women board members, and 7% had 3 or more women board members. Morocco MACI leads, disclosing 11.4% women board members and Saudi Arabia TASI falls behind with only 0.7% women board members (see Figure 2.7).

⁹ Data collection and research provided by Ethics & Boards Governance Analytics, information as of 23 May 2018

Figure 2.7. Morocco's MACI breaks ground, with 11.4% of voting women board members



Source: OECD secretariat analysis, based on data collected by Ethics & Boards Governance Analytics

Box 2.2. OECD 2018 Survey of Gender Balance on Boards of the Largest MENA Listed Companies

Scope and Methodology of the Survey

Public data and information was collected for the largest 142 companies, representing a market capitalisation of USD 776 billion, across six MENA exchanges: ADX 20 (UAE); ASE 20 (Jordan); DFMGI/ NASDAQ Dubai 23 (UAE); EGX 30 (Egypt); MACI 20 (Morocco); and TASI 30 (Saudi Arabia). Data was collected using:

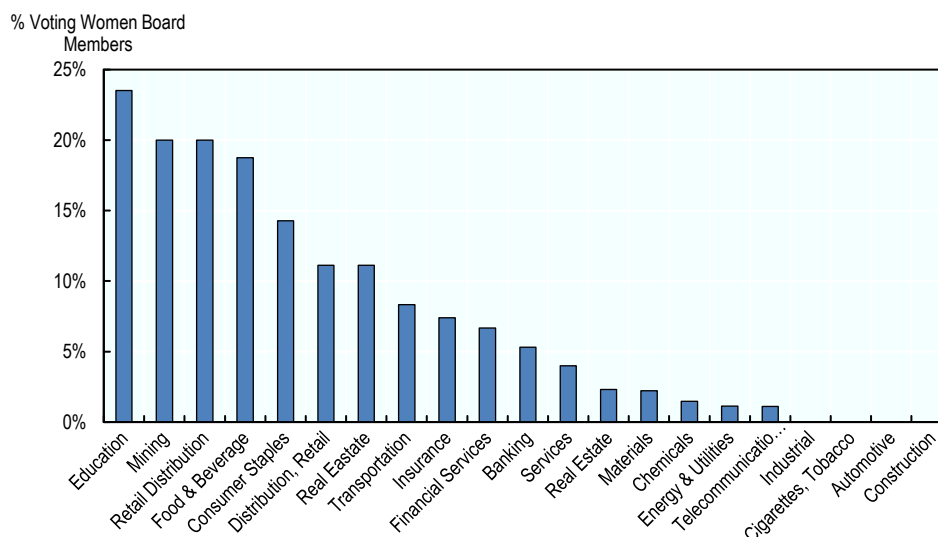
- Information and documents on the official stock exchange website
- Latest company annual reports or registration documents for 2016 and 2017
- Company official websites pages: corporate governance, board of directors, about us, investor relations sections.

Of companies surveyed, 94% (133/142) disclosed at least board composition in English. Of those 133, 56% (79/142) also disclosed recent board committee composition.

Across sectors, the education sector leads with 24% of women board members; mining, retail and food and beverages all disclose between 19% and 20%, with 0% women represented on boards in industrial, cigarettes, automotive and construction sector (see Figure 2.8).

Figure 2.8. Representation of Women on Boards Varies Across Sectors

% of Voting Women Board Members by Sector of Company Listed on the Exchange



Source: OECD secretariat analysis, based on data collected by Ethics & Boards Governance Analytics

Women are underrepresented in board chair positions across the six stock exchanges, only 2 companies in Morocco and 1 company in Jordan and Egypt disclose that they have a women chair of the board.

Given the unique challenges facing women across economies, market capitalisation of companies appears to have little impact on the number of women board members across the 142 companies (see table 2.5). Companies in Saudi Arabia, have an average market capitalisation of USD 14 218 million, yet on average women represent only 0.7% of total voting board seats. On the other hand, companies surveyed in Morocco have an average market capitalisation of USD 3 967 million, yet on average women represent 11.4% of total voting board seats.

Table 2.5. Despite high market capitalisation, companies in Saudi Arabia fall behind

Stock exchange market capitalisation, number of women voting board members and total number of voting board members.

Country	Stock Exchange Index (Number of Companies)	Index Market Capitalisation (USD, in millions)	Women Voting Board Members	Total Voting Board Members	Women Board Members (%)	Companies with 0% Women Board Members (%)	Companies with 0-10% Women Board Members (%)	Companies with 10-20% Women Board Members (%)	Companies with > 20% Women Board Members (%)
Saudi Arabia	TASI (30)	426 540	2	277	0.7%	93.3%	0%	6.7%	0%
UAE	ADX (20)	122 654	2	167	1.2%	90%	5%	5%	0%
UAE	DFMGI /Nasdaq Dubai (23)	99 565	7	175	3.9%	69.6%	0%	26.1%	4.3%
Morocco	MACI (20)	79 344	21	184	11.4%	30%	10%	35%	25%
Egypt	EGX (30)	28 658	11	244	4.5%	73.4%	3.3%	13.3%	10.3%
Jordan	ASE (30)	20,501	17	211	8.1%	45%	25%	25%	5%
Total	142 Companies	776 208	60	1258	4.8%	69%	6.4%	17.6%	7%

Note: UAE's DFMGI and Nasdaq Dubai have been group to account for the jurisdiction (this differs from separate values in figure 2.7).

Source: OECD secretariat analysis, based on data collected by Ethics & Boards Governance Analytics

Board committees oversee some of the core management functions of the company. Of the 44 companies disclosing women board members, women are better represented on the audit committee (7.0%), compared to the remuneration (3.9%) or nomination (3.8%) committees.

Table 2.6. Women are better represented on audit committees compared to other committees

Percentage of women by board committee

Country	Index	Companies With Available Information	Representation of Women by Board Committee (% of total committee members)			
			All Committees	Audit Committee*	Nomination Committee*	Remuneration Committee*
Morocco	MACI 20	8	11%	17.9% (8)	0% (7)	0% (7)
Jordan	ASE 30	11	7.9%	11.8% (11)	15.4% (4)	15.4% (4)
Egypt	EGX 30	11	6.9%	2.9% (11)	10% (5)	7.7% (7)
UAE	DFMGI / NASDAQ Dubai 23	18	5.7%	7.3% (18)	6.4% (15)	7.5% (18)
UAE	ADX 20	16	2.8%	4.2% (16)	0% (11)	0% (13)
Saudi Arabia	TASI 30	16	0%	0% (16)	0% (14)	0% (13)
Total	142 Companies	79	5%	7% (79)	3.8% (55)	3.9% (61)

Source: OECD secretariat analysis, based on data collected by Ethics & Boards Governance Analytics

*The number in brackets refers to the number of companies declaring a specific board committee: Audit, Nomination or Remuneration Committee in each index.

3. CHALLENGES FACED BY WOMEN IN ACCESSING CORPORATE LEADERSHIP POSITIONS

Underlying causes of gender inequality need to be addressed to improve women's participation

The legal framework underpinning women's rights in MENA economies has a tremendous effect on women's ability to actively participate in the labour force in general. The OECD's Social Institutions and Gender Index (SIGI) is a cross-country measure of discrimination against women in social institutions – both legal and customary practices which can affect the opportunities of women and girls over a life cycle and limit their ability to participate equally with men in economic life. Some common and prominent areas where discriminatory practices occur in the region, according to SIGI, include: household responsibilities, inheritance, secure access to formal financial resources, workplace rights, and access to justice, and political voice.

In recent years, legal transitions especially affecting a woman's role in economic life have begun to take shape. Several MENA economies have ratified international conventions on gender equality and include constitutional provisions that guarantee women's access to equal opportunity and equality with men in economic life. Still, hindrances exist in different types of national legal provisions (OECD, 2017d). The Family Codes of MENA economies tend to assign specific duties to men and women that entrench gender roles and constrain the choices men and women have over how best to organise work and family life. Often, men are not only socially perceived as responsible for providing for their families financially, but they are legally bound to do so. In turn, women are expected to maintain the household, rear children, and care for sick, disabled or ageing relatives (OECD, 2017d). In addition, customary laws (which are often not favourable to gender equality and women's empowerment) continue to exist in parallel with statutory laws. Even when the right legal frameworks are in place, their enforcement and implementation remains a challenge (OECD, 2017d).

Box 3.1. OECD Social Institutions and Gender Index (SIGI): The Economic Cost of Gender Discrimination

OECD research suggests that gender-based discrimination in social institutions has a negative impact on economic growth in MENA economies

Research using the OECD Social Institutions and Gender Index (SIGI) reveals that the current level of discrimination is estimated to induce a loss of up to USD 12 trillion or 16% of global income. Regional income losses associated with current levels of gender-based discriminatory social institutions are significant: about USD 6 116 billion in OECD countries, USD 2 440 billion in East Asia and the Pacific, USD 888 billion in South Asia, USD 733 billion in Eastern Europe and Central Asia, USD 658 billion in Latin America and the Caribbean, USD 575 billion in the Middle East and North Africa, and USD 340 billion in sub-Saharan Africa.

About the SIGI

The Social Institutions and Gender Index (SIGI) measures gender-based discrimination in social norms, practices and laws across 160 countries. The SIGI comprises country profiles, a classification of countries and a database; it serves as a research, policy and advocacy tool for the development community and policy makers. The SIGI covers five dimensions, spanning major socio-economic areas that affect the life course of a girl and woman: discriminatory family code, restricted physical integrity, son bias, restricted resources and assets, and restricted civil liberties. These dimensions look at the gaps that legislation and attitudes create between women and men to impact their rights and opportunities.

Note: figures refer to the results of the 2014 SIGI

Source: Ferrant, G. and A. Kolev (2016), The economic cost of gender-based discrimination in social institutions, OECD Development Centre, June 2016

Indeed, family cohesion is of prime importance in the MENA region – and any strategy to further include women in economic life would be remiss without taking this into account. Nevertheless, women’s increased role in economic life – particularly via corporate leadership – does not have to come at the expense of family cohesion. Rather, it can be an opportunity for both men and women to exercise a stronger sense of agency over work and family life and enjoy the benefits that this freedom of choice and women’s inclusion can bring to society at large. The dual income generated by both spouses working can help families afford greater opportunities for their children and in life too. The remainder of this section will explore the challenges faced by women in the MENA region that hinder gender balance in corporate leadership.

Women in MENA economies face pronounced barriers to corporate leadership positions

Social norms and inclusive workplace culture are important to providing opportunities for women’s advancement. Metaphors such as the “glass-ceiling”¹⁰, “sticky floor”¹¹ and “labyrinth of leadership”¹² have been used to describe barriers to women’s upward mobility in the workplace. Even women who make it to top-tier positions face continual hurdles. Studies show that women in the MENA region are held back by a variety of social, legal and institutional barriers (Deloitte, 2017b).

¹⁰ The expression “the glass ceiling” first appeared in the Wall Street Journal in 1986 in article entitled “Breaking the Glass Ceiling: Can Women Reach the Top of America’s Largest Corporations?” (Economist, 2009) and is defined by Merriam-Webster as “an intangible barrier within a hierarchy that prevents women or minorities from obtaining upper-level positions.”

¹¹ The term “sticky floor” is used to describe a discriminatory employment pattern that keeps a certain group of people at the bottom of the job scale.

¹² See “Women and the Labyrinth of Leadership,” by Alice Eagly and Linda L. Carlin in the Harvard Business Review, published in the September 2007 Issue, <https://hbr.org/2007/09/women-and-the-labyrinth-of-leadership>.

Women in the MENA region face significant constraints, such as the double-burden of balancing work and domestic responsibilities, expectations that women will not work, lack of female role-models, and opportunities to network. Moreover, recruiting and promotion systems can be based on lateral career paths that do not consider potential career breaks – especially for women who take maternity leave. Especially in board selection, women usually suffer from the slow turnover of board seats, non-transparent board selection criteria, lack of female role-models and informal board appointments based on networks.

Networking can be especially challenging for women in the MENA region. For example, in some economies women cannot participate in majlis or diwaniya – social gatherings attended by men only, where they “informally exchange information and expand their professional networks” (McKinsey, 2014).

There are also some restrictive laws that can have an impact on women’s advancement in their careers. Some labour codes in the region restrict women’s activities at night and in hazardous work (OECD, 2017d). There are also some limitations in the freedom of movement (i.e. women’s ability to travel for business without being accompanied by a male companion). In Saudi Arabia, companies are required to invest in creating separate spaces for women and men, which can be a disincentive for hiring women altogether (McKinsey, 2014).

Women make up a disproportionate share of unpaid care-work, which is paired with a lack of family friendly and/or work-life balance policies such as part-time or flex-time arrangements. While globally, women spend more than three times the amount of time on unpaid care work than men; in MENA, women spend more than five times as many hours on unpaid care work than men (McKinsey, 2017).

Labour codes in Jordan¹³, Morocco¹⁴, Egypt¹⁵ and Libya¹⁶ require private-sector employers to provide childcare facilities on site when they employ more than a specific number of women. In Jordan, for example, a private-sector employer with 20 or more married women employees must provide childcare facilities if the women collectively have at least ten children under the age of four. The minimum number of women employees for mandatory provision of childcare facilities is 50 in Morocco and Libya and 100 in Egypt (OECD, 2017d). In practice, the obligation of private-sector employers to provide parental leave and childcare for female employees exerts a negative influence on women’s recruitment and the payment of salaries equal to men’s.

Beyond the factors mentioned, gaining the credentials needed to rise to the top of a company’s board or serve in a management position requires expertise and certain skills development overtime. Entrepreneurship can be a springboard for attaining leadership roles in corporations or a seat on the board. Yet the gender gap between men and women entrepreneurs in the MENA region is the highest in the world – 12% of women versus 31% of men are entrepreneurs (World Bank, 2016; OECD, 2014).

There have been some valuable studies in the region analysing women’s perceptions of barriers in corporate sector leadership roles. A survey conducted by the Hawkamah Institute in 2016 of 160 companies in the UAE found that when asked about what cultural elements were perceived to most impactful on gender parity; most respondents answered: maternity, work-life balance, stereotypes about housewives and working mothers, and lack of self-confidence. The study indicated that women often sacrifice their careers to support their families (Hawkamah Institute, 2016).

¹³ Article 72 of the 1996 Labour Law

¹⁴ Article 162 of the 2003 Labour Law.

¹⁵ Article 96 of the 2003 Labour Law

¹⁶ Article 26 of 2010 Labour Relations Law.

The IFC study of gender diversity in Jordan found a mix of underrepresentation, cultural influences and legal issues that act as barriers for women to reach leadership roles. It is also interesting to note that Jordan's current corporate governance regulations require directors to have a certain level of shareholding to be nominated, which means that only women with shares can be directors. Alternatively, women can be nominated as directors on behalf of corporate shareholders; however, in this case, they would need to be in senior positions (IFC, 2015).

In GCC countries for example, 1 in 10 respondents to an International Labour Organization survey indicated that "biases against women in leadership" was the main barrier to women's progression (ILO, 2016a). A survey conducted by the Pearl Initiative (2015) in GCC countries found that *only* 27% of female respondents agreed that leadership in their organisation was committed to having women in senior roles, and only 25% believed they were treated equally in the workplace. A further 80% believed that gender bias had negatively impacted their career progression and though 62% aspired to move into management roles, only 45% believed that this would be feasible given current policies.

Research by McKinsey in 2014, using a survey of female managers in GCC countries suggested that the main constraints contributing to low female representation in corporate leadership included:

- Family and social expectations of women causing a double-burden;
- Conscious and unconscious biases against women in leadership (by both men and women);
- Infrastructure gaps such as HR capacities and transport services for daily commuting, and;
- Limited networking opportunities and lack of targeted leadership programs for women.

4. GOOD PRACTICES TO INCREASE GENDER BALANCE IN CORPORATE LEADERSHIP

Policies to increase women's access and participation on corporate boards and in senior management positions can be driven by governments, regulators, and companies themselves with measures adapted to specific contexts (e.g. by sector, country etc.). Some policies include quotas, reporting requirements, targets, and voluntary disclosure on the gender composition or gender equality policies of companies. Others can include increasing the size of a board or actively recruiting qualified women to replace outgoing male board members.

Policies in OECD countries provide some good practices to increase gender balance

On the whole, OECD countries follow 4 main policy approaches:

- Laws that set a minimum quota for women on boards with differing enforcement mechanisms;
- Disclosure rules that compel companies to disclose the gender make-up of their boards and/or their gender diversity policies. Whether policies are encouraged or mandated, companies based in OECD countries widely implement them;
- Comply or explain provisions on gender in Corporate Governance codes, which listed companies may either comply with, or if they do not comply, explain publicly why they do not.
- Voluntary targets that encourages gender diversity on boards and/or senior management but leaves companies to self-govern.

Quotas and numerical targets can be effective to encourage increase in the number women on board in the short-term. The mere expectation that mandatory measures will be implemented can spur companies into action. The anticipation that a quota would be introduced incited companies in both France and Italy to proactively take measures to increase the proportion of women on boards through hiring practices, setting numerical targets and/or adopting recommendations on board composition in their company corporate governance codes (Deloitte, 2016).

5 largest European countries have seen their women representation on the boards of the largest listed companies jumping by 15-20 points or more, in a short period of 5-6 years, after the implementation of a quota Law or Soft Law, with the only exception of Spain, which voted a Law in 2007 without any sanction (see Table 4.1.).

Table 4.1. Impact of Legislative / Regulatory frameworks on Gender Balance on the Boards of the largest European listed companies

Country	Law or Soft Law	Date of the Law or Soft Law	Law or Soft law deadline	Law or Soft law threshold	Index	Women on Boards before the Law / Soft Law*	Women on boards at the deadline**	Women on boards in 2018**
France	Law	2011	2017	40%	CAC 40	15.3% in 2010 (1)	41% (43.2%) in 2017	42.5% (44.1%)
					SBF 120	12.5% in 2010 (2)	41.9% (43.5%) in 2017	42.8% (44.1%)
Italy	Law	2011	2015	33,3%	FTSE MIB	3% in 2009 (3)	26,8% (27,5%) in 2015	35,3% (35,7%)
Germany	Law	2014	2016	30%	DAX 30	15.7% in 2011 (4)	30.3% in 2016	33.4%
			2020	40%				
UK	Davies Review non-binding target Law without sanctions	2011	2015	25%	FTSE 100	12.5% in 2010 (5)	28,6% in 2015	29.8%
			2015	2020				
Spain	Soft Law	2007	2015	40%	IBEX 35	n/a	20% in 2015	23.9%
			2015	2020				

Note: * Women Representation data after the Annual General Meeting

** The number in brackets refers to the % of women on boards of the companies of the Index's Nationality

Source: Ethics & Boards, except for Women Representation data before the law / soft law: (1) Ethics & Boards; (2) Action de Femmes; (3) CONSOB, 2011; (4) DIW Economic Bulletin, 2013; (5) Deloitte, 2011; (6) Deloitte, 2015. Policies that combine targets with strong monitoring and accountability mechanisms have proven effective (OECD, 2017c). European countries lead the charge in terms of progress made and the overall participation of women on boards. Studies attribute this to European countries' introduction of quotas and targets, that when combined with the averages of countries outside of Europe, increase the global average (Credit-Suisse, 2016; Deloitte 2016). The overall top five performing countries are all OECD members: Norway, France, Sweden, Italy and Finland, all of which have implemented mandatory quotas. In North America, where board diversity is advancing slowly, advocates have preferred investor pressure and voluntary initiatives over regulation.

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In general, disclosure driven policies – as adopted in North America – can be ineffective without the necessary market dynamics needed to drive desired changes, such as investor and shareholder activism (Kamalnaath and Peddada, 2012). Quotas have remained unpopular in the United States and while regulators and legislators have been slow to demand great gender diversity of boards, investors have been the most active proponents (Deloitte, 2017). The assets of institutional investors have more than doubled since 2000, reaching USD 84 trillion in OECD countries in 2017 (OECD, 2018). Therefore shareholder activism can help galvanise change. Companies such as State Street and Blackrock have taken steps to promote greater board diversity. Blackrock, for example, successfully voted against the re-election of directors at more than 400 companies who fail to encourage diversity¹⁷. The results are good for business

¹⁷ Wall Street Journal, February 2018: [5. https://www.wsj.com/articles/blackrock-companies-should-have-at-least-two-female-directors-1517598407](https://www.wsj.com/articles/blackrock-companies-should-have-at-least-two-female-directors-1517598407)

- companies with more than 15% female senior managers have on average 50% higher profitability compared to companies with less than 10% (Credit Suisse, 2016).

In the United Kingdom, increasing the share of women in corporate leadership has been the result of a combination of policy initiatives. For example, requirements for mandatory gender pay gap reporting has named and shamed companies that do not promote pay transparency and has forced companies to acknowledge the size of their own gender pay gaps. Measures also taken to improve the availability of flexible working arrangements (e.g. extending the ‘right to request’) and reduced childcare costs for parents (the expansion of the free childcare hours programme and the introduction of the new “tax-free childcare” scheme) have all fared well in combination (OECD, 2017c).

Corporate governance codes have become a popular method of improving corporate governance in OECD countries. Countries, such as the UK and Australia, use ‘comply-or-explain’ mechanisms in their codes to encourage greater gender balance on boards. In the case of Australia, there has been a steady increase in the number of women on Australian corporate boards from 8.4 per cent of board positions on the ASX 200 index in 2010 (when code recommendations were first introduced) to 22.7 per cent in February 2016 (Clarke et al, 2016). In 2018, the UK updated their corporate governance code to include specific provisions regarding women on boards. Notable UK companies are required to report on the gender balance of senior management in their annual reports, and provide details of company practises to encourage greater diversity (including gender) on boards.

The commitment to gender balance in MENA economies needs to be galvanised

MENA economies show a commitment to improving gender balance across the public and private sector; with all MENA country constitutions advocating for equality and non-discrimination between sexes. However, policies implemented to increase women’s participation in corporate leadership differ across MENA economies. Some economies implement policies such as quotas, reporting requirements, and targets; while others opt for voluntary disclosure on gender composition or gender equality policies and programmes within companies. In implementing these policies, results vary across economies.

This section will highlight good practises and discuss the implementation of the following approaches in MENA economies:

- Laws that set a minimum quota or target for women on boards;
- Disclosure driven policies, including rules that compel companies to disclose the gender make-up of their boards and/or their gender diversity policies;
- Company level gender diversity programmes, and;
- Comply or explain provisions on gender in Corporate Governance Codes,

The UAE is the only country to formally mandate a quota requiring state-owned enterprises to have one female on their boards (Deloitte, 2017a). The use of quotas and targets in the corporate sector remains controversial in MENA economies. A 2015 survey by the Pearl Initiative in GCC countries found that only 24% of respondents believed in the practice of using quotas. Business leaders in GCC countries interviewed in a 2017 Deloitte study had similar views. Though some were in favour, typical reasons given as to why quotas or targets should not be used included: reverse discrimination, that men are hostile to them, they lead to tokenism, that market forces will correct gender balance and that alternate routes should be explored first (Deloitte, 2017b).

The Deloitte study revealed that respondents felt there was “more talk than action” on increasing women’s corporate leadership and that more pressing issues – such as oil prices and geopolitics – took priority over fostering gender diversity (Deloitte, 2017b). While similar arguments have been made in

other countries against quotas, evidence shows that those “that have introduced quotas have seen more immediate increases in the number of women on boards, while those that have taken a softer approach, using disclosure or targets, have seen a more gradual increase over time,” (OECD, 2017c).

In terms of tokenism, there is evidence of a single woman or a few women being appointed to several boards, which gives the skewed impression that women’s overall representation has increased on corporate boards (Staley, 2016; Winters & Sharma, 2016). These women have been referred to as “golden skirts.” However, evidence shows that this behaviour is not limited to women and “golden trousers” – men who sit on multiple boards – far outweigh golden skirts (Besley, et.al., 2017). An argument responding to the notion that quotas undermine meritocracy has also gained momentum, in that quotas increase competence levels of boards by displacing “mediocre men” (Besley, et.al., 2017).

As discussed in section 3, cultural norms in MENA make it difficult for quotas and targets to impact outcomes. Promotion to high-level positions in business and in politics is often already beholden to meritocracy. Suppressing social norms in the MENA region and quotas could actually serve to counteract such practices (Ramady, 2015). A patronage-like system is not uncommon in both the corporate and political realm in the MENA region. Given this similarity between the corporate and political world – it is worth considering measures that have been adopted for political decision-making bodies to increase women’s representation that might render similar results in corporate leadership.

Lessons from the public sector could help guide policies for the private sector. Some MENA economies have adopted quotas, reserved seats or special electoral measures to increase women’s political participation at the national and local level which have resulted in increased numbers of women in parliaments and in local councils (e.g. Egypt, Jordan, Morocco, Tunisia, Algeria, Libya, Saudi Arabia etc.). With each new election, the overall number of women that gain election outside of the quota system grows – giving credence to the notion that quotas are a first step to give women an opportunity to get their foot in the door. Thus, MENA economies instituting quotas or targets to increase the number of women on corporate boards and in senior management could be a viable part of a wider approach. With this in mind -- quotas – a more hard-lined measure – are seen as temporary and can be implemented until goals have been met and social norms have evolved to allow for more equal representation between men and women in decision-making.

Though the corporate world differs from the political world – there are notable similarities in that board positions and those in high political office both involve pressure, being in the limelight, high-level decision-making and can have a role-model affect. Internal governance structures are similar too – e.g. both parliaments and corporate boards have committees and Chairs and both interact with executives, i.e. Ministers in the case of parliaments and or the C-suite in the case of corporate boards. A number of measures can be implemented by companies and economies within the MENA region to meet the objective of increasing women’s representation in corporate leadership before taking the stop of implementing quotas.

Given that companies in the MENA region commonly have a controlling shareholder – either family or government – disclosure driven policies would likely be less potent in advancing change without controlling shareholders’ willingness to promote women in leadership themselves. It is important to note, however, that an increase of women on boards may not directly translate into an increase in women’s participation in Executive positions. While quotas, for example, have boosted the number of women on boards in many economies, the gains have not been reflected below board level (OECD, 2017c).

Box 4.1. Dell EMEA: Men Advocating for Real Change (MARC) Campaign

Men are an often an untapped, yet critical, resource in diversity and inclusion efforts aimed at eliminating gender bias. Men Advocating for Real Change (MARC) recognises that and has developed in company training at all levels to help eliminate the natural biases women face in the workplace. It is as much about training men as it is about training women. The program features half- and full-day training courses you conduct with your peers. Throughout the training each participant is guided through a number of exercises to make them aware of the societal and cultural influences that impact their natural biases. The aim of the training is to sensitize both men and women to unconscious bias. As of March 2018, Dell EMEA has trained 2 423 staff across 21 economies (including Egypt, Morocco, Saudi Arabia, UAE and Qatar). Of the 2 423 staff that have received training, 82% report that MARC has changed the way they think and behave, and 68% report that they have seen a change in their leaders behaviour and progress. By 2020, Dell EMEA have committed to train 100% of their executive level staff and would like all staff to take unconscious bias e-learning.

Source: Presentation at the OECD on 9 March 2018 by Stéphane Reboud, VP at Dell EMEA.

The Hawkamah Institute for Corporate Governance 2016 survey of companies in the UAE asked respondents what methods they thought would be most useful in achieving gender diversity on boards and in top management. Responses suggested that the most effective methods were:

- Targeted training and development programs;
- Leadership and mentoring programmes;
- Company quotas and targets;
- Involving top management in setting targets, and;
- Following up on gender diversity and transparency in the hiring and promotions process.

All economies in the region, except Iraq, have corporate governance codes (OECD, 2017). However, the explicit mention of the importance of encouraging gender diversity on boards is rare and is mentioned in only 2 of 27 codes, guidelines and Ministerial resolutions reviewed for this report, across 12 economies (Algeria, Bahrain, Egypt, Jordan, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, the UAE and Yemen). None mention that gender or diversity is important within a company's senior management or for the composition of board committees.

Morocco and Jordan are the only economies that mention gender diversity on boards within the Corporate Governance Codes. Jordan's 2012 Code¹⁸ includes a principle on the composition of Boards of Directors where size, competencies, and balance of age, gender and experience should be considered (ECGI, 2017a). The 2008 Moroccan Code of Corporate Governance Practices and the 2011 Code of Corporate Governance Practices for Establishments and Public Enterprises state that "the composition of the governing body is essential to enable it to best fulfil its role. It must be composed of members who are honest, competent, informed, involved, ensuring diversity (training, career path, gender balance, age, nationalities, etc.) to provoke real debate and avoid the systematic search for consensus"¹⁹ (CGEM,

¹⁸ The 2012 Jordanian Corporate Governance Code covers private shareholding, limited liability, and non-listed public shareholding companies

¹⁹ Original French text: 2008 Code Marocain de Bonnes Pratiques de Gouvernance d'Entreprise, section 3.4.1. Composition de l'organe de gouvernance: "La composition de l'organe de gouvernance est essentielle pour permettre de remplir au mieux son rôle. Il doit être composé de

2008). Morocco's 2008 code covering SMEs and family businesses, and 2010 code covering credit institutions do not mention gender or diversity (ECGI, 2017f; ECGI, 2017g).

Other economies have Corporate Governance Codes that promote diversity on boards, but with no explicit mention of gender. For example, Lebanon's 2010 Guidelines for Listed Companies (Article 10); Tunisia's 2008 Code of Best Practice for Corporate Governance, and; Egypt's Code of Corporate Governance include broad diversity provisions. Qatar's 2009 Corporate Governance Code²⁰ and Lebanon's 2006 Corporate Governance Code include an explicit non-discrimination clause to ensure that company employees are treated fairly regardless of "race, gender, or religion" (Deloitte, 2017a; ECGI, 2017b; ECGI, 2017c).

Corporate Governance Codes set the rules, standards and priorities on how companies should operate for optimal performance. Using the relevant vocabulary signals that gender diversity is important and without acknowledging it, there is less impetus for reform. Important key words, such as "diversity," "inclusivity," "non-discrimination" and "gender," are absent from the majority of MENA country corporate governance codes. Guidelines can even differ within economies that have adopted more than one code that have specific jurisdiction (e.g. for financial institutions, state-owned enterprises, SMEs and family businesses, privately held or public listed companies etc.).

The *Muscat Declaration on Effective Implementation of Governance Frameworks in the Middle East and North Africa Region*²¹, issued in November 2010 provides an opportunity for MENA economies to reform policies to improve corporate governance. It encourages "policy makers and regulators to focus on improving the transparency and disclosure of enterprises, both in terms of financial and non-financial elements, including, inter alia, disclosure on related party transactions, conflicts of interest, executive compensation and board structures." The declaration could be taken to mean that gender composition of boards is also a factor to be disclosed.

Though not incorporated into corporate governance codes yet, gender diversity has started to gain a place on the corporate agenda – especially in GCC countries, as a means to increase organisational effectiveness (McKinsey & Co., 2014). There tends to be greater awareness at the company level of the importance of gender balance in decision-making and improving women's access to corporate leadership. However, attitudes differ on increasing gender diversity of corporate leadership depending on the type of company. Multinational companies are more open to the concept, but companies owned by family-groups are more traditional in their view of male and female roles and are conservative when it comes to change (Deloitte, 2017b).

membres intègres, compétents, informés, impliqués, apportant une diversité (formation, parcours professionnel, équilibre hommes-femmes, âge, nationalités, ...) de nature à susciter de vrais débats et à éviter la recherche systématique du consensus."

²⁰ Applies only to companies listed in markets regulated by the Qatar Financial Markets Authority

²¹ Policy makers, representatives of stock exchanges, not-for-profit organisations, insolvency profession and business leaders from the countries of the Middle East and North Africa, including Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the Palestinian National Authority, Tunisia, Syria, Saudi Arabia, Qatar, Yemen and the United Arab Emirates, gathered with international and regional experts on the occasion of the 5th Regional Annual Corporate Governance Conference organised by the Hawkamah Institute for Corporate Governance, the OECD and the Oman Capital Markets Authority and endorsed the Muscat Declaration.

Box 4.2. LafargeHolcim Gender and Inclusion Programme

LafargeHolcim values diversity and promotes a workplace that is inclusive and fair and which fosters respect for all employees. Since 2015, LafargeHolcim has implemented a number of company policies to improve gender balance in corporate leadership.

Companywide, the share of senior managers that were female increased from 15% in 2016 to 18% in 2017. By 2030, LafargeHolcim aim to achieve a minimum of 30% of gender diversity at all management levels across all sites. This includes over 10,000 employees across more than 200 locations in MENA economies.

In the company's 2017 annual report, programme achievements were:

- Establishing 2020 and 2030 targets and action plans at country and regional levels covering gender balance and inclusion;
- Developing an Inclusion Index to measure the extent to which our employees feel they are valued by the company and are committed;
- Creating a global and multi-functional task force to contribute to our Diversity & Inclusion programs;
- Starting to roll-out Inclusiveness programs to raise awareness of unconscious bias starting at the top of the company.

Source: LafargeHolcim 2017 Annual Report, 'Building For Growth':
https://www.lafargeholcim.com/sites/lafargeholcim.com/files/atoms/files/03022018-finance-lafargeholcim_2017_annual_report-en.pdf

Accelerating progress and sustaining a stable pipeline of female talent to fill leadership roles in the future requires a comprehensive approach. The “leaky pipeline” is a well-documented phenomenon both in OECD and MENA economies and tends to occur at crucial times in women's careers – in middle management before advancing on to more senior roles (ILO, 2015; PCW, 2008). This leads to a shortage of women in senior management posts that can serve as role models (ILO, 2016a).

Table 4.2 provides a brief overview of some initiatives already in place in some MENA economies and companies in the region to address the challenges outlined above and to increase the number of women in corporate leadership.

Table 4.2. Overview of selected policies and practises in MENA economies to increase gender balance on corporate boards and/or senior management

Policies at the country, regional and company level in MENA

COUNTRY LEVEL	
Egypt	<p>The National Global Compact & Corporate Social Responsibility Centre (ECRC) in collaboration with the American University in Cairo (AUC) & and International Finance Cooperation (IFC) have developed a “Women on Boards” initiative (WOB) to improve the gender balance on corporate boards in Egypt through multiple interventions, ranging from awareness raising, networking, coaching and facilitation, to direct training for certification and lobbying for legislative and policy reform.</p> <p>The programme is divided into two sections, a Corporate Governance Module which focuses on “providing a general understanding of corporate governance concepts, board structure and responsibilities as well as basic understanding of financial statements, internal planning, family business governance, etc” and a Leadership Module, which focuses on “developing leadership identity, practicing leadership skills and managing vision and voice.” The initiative also works toward sensitizing male board members to gender issues and qualifying women within and outside of the corporate mainstream to be appointed to boards.</p> <p>Source: http://www.eg.undp.org/content/egypt/en/home/presscenter/articles/WOB-Programme-2014.html.</p>
United Arab Emirates (UAE)	<p>Established in 2015, the UAE Gender Balance Council is a federal entity responsible for developing and implementing the gender balance agenda in the United Arab Emirates. The Gender Balance Council was created with the overall objectives of enhancing women’s participation and achieving gender balance across all sectors as well as to promote the UAE’s status as a benchmark for gender balance legislation. Notable measure includes 1) the launch of a Gender Balance Index for the government sector, which can also be emulated by the private sector, 2) the creation of a ‘UAE Gender Balance Guide’ with the OECD to provide organisations and companies with guidance on creating a gender sensitive work environment and increasing women’s participation in upper echelons of power, and 3) introducing an awards system for organisations and companies that reach milestones in fostering greater gender balance. Additionally, the UAE launched the National Strategy for Empowerment of Emirati Women for 2015-2021.</p> <p>The Securities and Commodities Authority (SCA) UAE recently signed an MOU with the Gender Balance Council to achieve the UAE’s target of a 20 per cent female participation in the corporate boardrooms of listed companies by 2020.</p> <p>An important government-driven initiative launched by the Dubai Women Establishment (DWE) is the Woman in Boards Initiative, a three-phase collaboration with the Hawkamah and Mudara Institute of Directors to identify barriers that are restricting the participation of more women at senior executive levels; advocate changes to remove barriers; increase awareness on gender diversity in local and regional boardrooms; train women leaders in preparation for taking on board roles; and mentor the next generation of women leaders.</p> <p>Sources: http://www.oecd.org/gov/gender-balance-guide-actions-for-uae-organisations.htm https://government.ae/en/about-the-uae/strategies-initiatives-and-awards/federal-governments-strategies-and-plans/national-strategy-for-empowerment-of-emirati-women http://www.dwe.gov.ae, https://www.hawkamah.org/</p>
REGIONAL LEVEL	
Hawkamah Institute for Corporate Governance	<p>The Institute supports “institution building, corporate sector reform, good governance, financial market development, investment and growth in the region.” and was “created for the region, by the region, and of the region to advance corporate governance reform.” The Institute has undertaken studies on gender diversity on boards and in senior management.</p> <p>Source: www.hawkamah.org/</p>
The Pearl Initiative	<p>Developed in cooperation with the United Nation’s Office for Partnerships, and with nearly 50 partner companies, this initiative is “a regionally-focused growing network of business leaders committed to driving joint action, exhibiting positive leadership and sharing knowledge and experience in order to positively influence the entire regional business and student community towards implementing higher standards in areas such as corporate governance, anti-corruption, codes of conduct, integrity and reporting.” Core activities include regional research-based insight reports, business dialogue forum and university programs with gender diverse leadership considered a core tenant of corporate governance.</p> <p>Source: www.pearlinitiative.org</p>
The 30% Club	<p>A chapter of the 30% Club was established in the GCC in 2015 which supports a business-led approach to increasing women’s participation in corporate life – not just on boards and in senior management – but at all levels.</p> <p>Source: https://30percentclub.org/about/chapters/gcc</p>

COMPANY LEVEL

Glowork An organisation with the aim to bring more than half a million women into the MENA workforce in the next five years and leverage the talent of highly-educated women to strengthen the MENA region's workforce. Glowork matches women with jobs by creating opportunities in sectors previously inaccessible to females (Forbes, 2015). As of 2015, Glowork had placed more than 3,000 women in the workplace (Forbes). Glowork's vision is to be the "leading E-portal career gateway for females and enabler for women throughout the region."

Source: <http://www.glowork.net/>

Saudi Aramco Paying attention to the fact that retention of female talent was a problem for the company (due to work-life balance) the company setup two programmes: Women in Business, which targets younger people starting their careers and Women in Leadership, for senior employees. The first teaches basic soft skills to build young women's confidence, ensure their contributions are noticed and teach them to navigate the waters of a male-dominated business world. Young women are also paired with a mentor – which can be either male or female. The second programme combines self-awareness diagnostics, guided discussions, lectures, and interactive exercises (McKinsey & Co., 2014). Since the programme began, the number of women leaders has risen from 3 to 84, and in April 2018, Saudi Aramco appointed the first women, Lynn Laverty Elsenhans, to the board.

5. POLICY OPTIONS AND WAY FORWARD

Summary of main findings

This report finds that differences persist between economies in not only the level of gender balance in corporate leadership but also in their approach to addressing imbalances. Existing studies present contrasting views on the foundations of inequality in the corporate sphere. The multifaceted dynamics that impact the participation of women as employees, managers, and leaders, are both external and internal. Externally, the broad range of economic, legal, political, and social factors brings complexity to the role of women in the region. Internally, complexities inherent to women driven by culture, traditions, religion, values, backgrounds, education, work–family situation, expectations, are also equally important (Kemp et al., 2015). This report highlights that these internal and external factors overlap; for example, culture influences women at the individual level, and influences cross-cultural management practices in companies, as well as national policies within economies.

Increasing women in corporate leadership roles will not only contribute to improved performance of companies in MENA, but are a cornerstone of the inclusive economic growth needed to boost the competitiveness of the region. With the proven benefits that increased gender balance in corporate leadership brings – not undertaking measures to ensure it, would be a missed opportunity. Despite progress, there remains a lack of targeted measures to encourage gender balance in the MENA region – including quotas, disclosure requirements, company policies, corporate governance codes. In general, company and securities laws do not acknowledge the importance of gender diversity or mandate disclosure of board composition and senior management by gender.

Good practises in MENA economies focus on encouraging a culture that sees the value of female leaders (see box 4.1 and 4.2). In some cases, women feeling undervalued can contribute to them dropping out of the workforce (WEF, 2017). This can be underpinned by a built-up weariness of lack of work-life balance, unequal pay in comparison to male colleagues and grim prospects for promotion in an environment where executives promote successors who are like themselves (i.e. other men).

A pipeline of talent and identification of the next generation’s female leaders is key to increasing women’s participation on corporate boards and within senior management. A “whole of company” diversity framework and adopting new human resource policies (e.g. recruitment, development of talent etc.) is needed to create an eco-system that is conducive to women’s corporate leadership in the region. It would be important that the business community and government coordinate and set goals underpinned by sustainable policies to achieve them. Revising corporate governance codes and laws regulating company and securities laws and State-Owned Enterprises (SOEs) to endorse gender diversity can provide a first step in doing this.

Governments and corporations in MENA economies need to improve the collection and dissemination of gender disaggregated data to inform policy decisions

The lack of gender disaggregated data on education and economic participation makes it difficult for governments to enact informed policies that support female employment and entrepreneurship and to monitor these policies on a systematic basis. There is a need for data on women’s presence and absence

in the labour force to support effective cross-cultural management in the private sector. There is also a lack of data on women in senior leadership in different business classifications or according to company size.

It is important to highlight two elements when analysing data on women in the workforce in MENA economies. First, the population and employment figures can be skewed due to the high number of expatriate male workers that impact the equal weighting between men and women. Second, lack of disaggregated data makes it difficult to decipher the cause of increased female participation in the workforce in the case that government policies are aimed at increasing the total numbers employed in both the public and private sectors (Kemp et al 2015). Therefore, better quality sectoral data is needed on the composition of company boards and senior management as well as measures to increase gender balance in corporate leadership in the MENA region.

Data fortifies an evidence-based approach for informing policy by identifying bottlenecks to progress and monitoring the effectiveness of initiatives over time. Though there are commonalities between MENA economies when it comes to corporate makeup and how the private sector operates – each country has its particularities. Therefore, sharing good practices and comparing approaches is quintessential to success and a timesaver for companies (and economies) who can adopt already tested practices.

Policies need to be combined with wider strategies to facilitate change in MENA economies

Section IV above, outlines the plethora of approaches and policy options available to economies around the world and summarises a selection of policies already in place in MENA economies. Earlier sections of this report outline the theoretical value of ingraining gender diversity into the business culture in MENA. This section aims to translate this theory into possible strategies and actions for governments and companies in the MENA region. As noted throughout, removing the barriers to entry and retaining female talent in corporate leadership requires efforts at multiple levels, including broader societal and cultural change.

Measurable goals and policies should be combined with strategies for companies to ensure the reinforcement of female participation in corporate leadership

Goals, measurable targets and policies as outlined throughout this report can be underpinned by strategies aimed at fostering gender balance throughout the company and the career cycle. Results from government policies are more likely to succeed when company leaders are active and involved. Therefore several key tools and strategies can be used to help galvanise change. These involve, ensuring new standards within traditional company practises such as Human Resources; mentoring and collaborative career mapping through coalitions and compacts, and; scorecards and impact assessments to ensure that targets are being met at the company and national level.

Revised Human Resource Management (HRM) guidelines create a clear standard for gender-sensitive techniques and criterion used for recruitment, hiring and promotion across companies. The introduction of mentorship and sponsorship programmes cultivate talent and create a successive pipeline for female talent at all levels of business. Engaging top tier management and support for a diversity agenda within the largest companies in each country is a critical starting point, especially at the Board and C-suite level. The creation of regular training programmes and leadership networks within and across companies, sectors and regions are effective in driving real change, especially in economies with stricter societal norms and biases.

Coalitions and compacts can boost the implementation of core government policies and provide upwards and downwards mentoring to shift values. They help create “gender champions” throughout

companies and sectors that advocate for the gender-balance agenda and ensure targets are met. Global examples are the 30% Club, launched in the UK in 2010 with a goal of achieving a minimum of 30 percent women on FTSE-100 boards. The compact has helped to accelerate progress: at 27.9 percent female representation following the initiative, FTSE-100 boards improved from 12.5 percent representation prior to the initiative. Signatories include CEOs and chairs of some of England's most prominent companies.

A similar initiative in the US is Paradigm for Parity. The coalition of businesses is dedicated to addressing the leadership gender gap in corporate America, with more than 60 signatories across the range of product and services industries, from advertising to food processing, from finance to mining. The coalition sets a target for companies to achieve 30% female board seats by 2030. In 2017, 19 Paradigm for Parity member companies were recognized by the Women's Forum of New York as Corporate Champions for having at least 25% of board seats held by women.

Scorecards and Regular Gender Impact Assessments (GIAs), such as the EDGE certification²², can be used to assess a company's governance practices, show progress over time, and compare different companies and even groups of companies within or across economies. These are especially effective in ensuring the implementation of family-friendly and work-life balance policies such as flexi-time, teleworking, paternity and/or parental leave. This is also true in providing support for succession models that allow for paid or unpaid leave for life-cycle needs (e.g. emergency family needs, childcare etc.) and that do not penalise employees in their career progression. In this regard, rewarding and acknowledging performance and workable methods used by companies to reach gender targets is complementary.

Company boards should regularly carry out evaluations to appraise their performance and assess whether they possess the right gender mix (OECD, 2015). These can be implemented at a company level on a voluntary basis or at a national level, whereby the national authority encourage companies to engage in board training and voluntary board evaluation that meet the needs of the individual company. Economies may wish to combine these with company measures such as voluntary targets, disclosure requirements, boardroom quotas, and private initiatives that enhance gender diversity on boards and in senior management.

Though these measures are essential to confronting lingering gender discrimination, shifting negative attitudes surrounding women's ability to lead, and accelerating a women's path to leadership – they must also be sustainable. Policy dialogue is required between business and government to underpin objectives and is an important vehicle for sharing knowledge and experience.

At a national level, disclosure mechanisms within Corporate Governance Codes such as 'comply or explain' approaches are especially effective in highlighting problem areas and providing data to guide policy implementation. For instance, analyses might show that women are better represented in some sectors, as opposed to others or reveal stopgaps for women's upward mobility. Accurate information guides implementation and allows companies to tailor practices to ensure that they are most effective for that stage in their business cycle. What is disclosed matters too – the more, the better. Going beyond board composition, material should and can also cover remuneration packages, family-friendly and work-life balance policies, mentorship and sponsorship programmes, recruitment procedures, sexual harassment policies/complaints etc. Cross-referencing of this information can be more revealing in why qualified women may not be advancing to decision-making positions at the same rate as their male colleagues. In the case of increasing women on boards, disclosure allows for the creation of national

²² The Economic Dividends for Gender Equality (EDGE) Certification is a global assessment methodology and business certification standard for gender equality. EDGE Certification has been designed to help organizations not only create an optimal workplace for women and men, but also benefit from it. EDGE Certification is currently working with nearly 200 organizations, in 50 countries and 23 industries.

databases with information on qualified female board candidates to immediately address the lack of female corporate visibility.

Cultural changes take time and conscious effort. However, advice, feedback, and education can all help in adapting to new and more diverse corporate paradigms. In addition to this, reference points and models of best practice are important in helping companies grow and evolve into vehicles for change. There is a strong momentum for change in the MENA region, and the OECD is committed to supporting policy dialogue between governments, authorities, companies and business association to accelerate the pace of change for gender balance in corporate leadership. Good practise as outlined in this report can help guide policy options but galvanising change will require increased engagement between government and the private sector to facilitate an environment capable of increasing the number of women on boards and in top-level executive positions.

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ANNEX 1

Selected policies and practises in OECD countries to increase gender balance on corporate boards and/or senior management

Country	Description of policies, programs and good practises
Australia	<p>The Australian Stock Exchange (ASX) recommends that listed companies establish and disclose board diversity policies. Moreover, the Australian Institute of Company Directors (AICD) announced in 2015 a voluntary target of 30% for all boards (Deloitte 2017a). The AICD began a mentoring programme for women in 2010 where female aspirants sign up to a Director's course in either "Mastering the Boardroom," or an "International Company Director's Course" to make them board ready (Kamalnaath and Peddada, 2012). Successful candidates are paired with a mentor that takes them under their wing for one year and after the programme, mentors place them on public company boards. Following these changes, the participation of women on boards for ASX 200 companies has nearly doubled, from 11% in 2010 when the regulation was passed to 25.1% in 2016 (Catalyst, 2017c). In the largest listed companies, women's participation is even higher – at 29.1% on ASX20 company boards, 27.4% on ASX50 company boards, and 25.7% in ASX100 company boards (Deloitte, 2017a).</p>
France	<p>France enforced a mandatory quota of 40% for both genders on boards for companies whose shares are traded on a regulated market and for companies (listed or not) whose revenues or total assets exceed EUR 50million and employ at least 500 people for three consecutive years. It was an increase of a previous quota of 20% set by France's National Assembly in 2010. The changes were ushered in under the 2014 Gender Equality Law, effective as of 1 January 2017, which amended France's Code of Commerce (Article L225-18-1). As of 1 January 2020, the same conditions apply for companies who employ at least 250 people. If a company's board of directors is composed of eight members or less, the difference between the numbers of directors of each sex may not exceed two. Any appointment made in contravention is considered null and void. Fines are applicable for non-compliance and director appointments not made in line with the law can result in the withholding of all director fees until there is a resolution (Deloitte, 2016). As of March 2017, women fill 40% of seats on CAC 40 boards, 42% of SBF 120 boards, 34% of board seats for all companies that fall under regulation, and 37% of board seats of France's largest listed companies (Deloitte, 2017a).</p>
Germany	<p>A 2015 law – affecting around 110 companies – requires the introduction of a fixed women's quota of 30% on non-executive supervisory boards. The law also introduced a "flexi-quota" for smaller companies requiring them to set their own targets for women on executive and supervisory boards and for senior management – affecting around 3,000 companies in total (Hans Böckler Stiftung, 2015). An expectation that mandatory targets would be set led companies to begin appointing more women to supervisory board posts, resulting in women accounting for 23% of supervisory board members in a sample of 160 public traded companies, where women's participation previously hovered around 10% between 2005-2010 (Rayasam, 2016). Companies were required to meet the 30% quota by 1 January 2016, but have yet to do so (Rayasam, 2016). No fines exist for non-compliance. Instead, larger companies must keep a relevant board seat empty until it is filled by a female and smaller companies cannot set a quota less than their current status quo (Hans Böckler Stiftung, 2015). Women represent 19.5% of board members in Germany (Deloitte, 2017a).</p>
Italy	<p>Since 2011, companies listed on regulated market are subject to Italian gender quota legislation. The law requires that the underrepresented gender holds at least one third of board seats (reduced to one-fifth for the first term). Additionally, the government has made efforts to support families with childcare through a voucher system. Improving access to childcare should help more women enter work, given that Italian women do more than three-quarters of all unpaid work (e.g. care for dependents) in the home (OECD, 2017c). In recent years, Italy has significantly increased women's participation on boards of directors. Italy introduced quotas for listed companies to have at least 33% of board members be women, and the percentage of women on boards doubled from 15% in 2013 to 30% in 2016 (OECD, 2017c).</p>

Japan	<p>In 2015 the Japanese Diet passed the Act of Promotion of Women's Participation and Advancement in the Workplace. The law requires companies with over 300 employees to collect and analyse data on women's participation in the workforce, especially regarding the ratio of women in recruitment, average tenor of male and female employees, working hours, and the ratio of women in management. The law further requires these companies to formulate and make public an action plan to close gender gaps, inclusive of numerical targets – as well as disclose gender-related statistics to the public (Abe, Javorcik and Kodama, 2016). Companies with less than 300 employees are not formally required to comply, but are encouraged to do so (Sanford, 2015). Having a single female director in Japan has corresponded to a higher percentage of women in middle and senior management and new females hires (Thwing-Eastman et. al., 2016). Japan's Gender Equality Bureau statistics show that women make up 6.2% of managerial positions and 3.4% of executive level positions in private corporations (2017).</p>
Norway	<p>Norway was the first country to introduce a quota (40%) for women on company boards in 2005 via the Norwegian Public Limited Liability Companies Act. Norway's law covers public limited companies, state and municipality owned companies, as well as cooperative companies with a strong incentive to comply: those who do not are delisted (Shareholder Rights, 2016). Norwegian boards are close to gender parity, with 46.7% of board seats held by women – an increase of 7 percentage points since 2013 (Deloitte, 2017a). Considering the largest listed Norwegian companies, women represent 41% of board members (Deloitte, 2017a).</p>
United Kingdom	<p>In 2010, the "30% Club" initiative was launched in the UK with a target of increasing the proportion of women on FTSE-100 boards to 30% by 2015. Rather than mandatory quotas, the 30% Club aims for "meaningful, sustainable, business-led change," where members "complement and amplify individual company efforts and existing initiatives through collaboration, sharing of best practice, measurable goals and joined-up actions." The initiative aims to create a balance of men and women at all levels of businesses and as of 2016, expanded its 30% target to FTSE-350 boards (currently at 24.1%) and to senior management of FTSE-100 companies by 2020. This initiative has led to a doubling of female directors on FTSE-100 boards from 12.5% in 2010 to 26.6% in 2016. Success of the initiative has led to the launch of 30% clubs in the United States, Hong Kong, Ireland, Southern Africa, Australia, Malaysia, Canada, Italy, Turkey and within Gulf Cooperation Countries (GCC). Women make up 22.8% of boards seats in the UK and fare even better in a sample of the boards of the largest listed companies, occupying 27% of board seats (Deloitte, 2017a).</p>

Source: OECD research, 2018

ANNEX 2

OECD GENDER RECOMMENDATIONS

- **2013 OECD Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship²³** - recommends adopting practices that promote gender equality in education, promoting family-friendly policies and working conditions which enable fathers and mothers to balance their working hours and their family responsibilities and facilitate women to participate more in private and public sector employment. It also recommends increasing the representation of women in decision-making positions, eliminating the discriminatory gender wage gap, promoting all appropriate measures to end sexual harassment in the workplace, reducing the gender gap in entrepreneurship activity, and paying attention to the special needs of women from disadvantaged minority groups and migrant women.
- **2015 Recommendation on Gender Equality in Public Life²⁴** - promotes a government-wide strategy for gender equality reform, sound mechanisms to ensure accountability and sustainability of gender initiatives, and tools and evidence to inform inclusive policy decisions. It also promotes a “whole-of-society” approach to reducing gender stereotypes, encouraging women to participate in politics and removing implicit and explicit barriers to gender equality.
- **Reports:**
 - OECD (2017), *Women’s Economic Empowerment in Selected MENA Countries: the impact of legal frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia*, OECD Publishing, Paris.
 - OECD (2017c), *The Pursuit of Gender Equality: An Uphill Battle*, OECD Publishing, Paris.
 - OECD (2017), *Gender Balance Guide: Actions for UAE organisations*, OECD Publishing, Paris, <http://www.oecd.org/gov/gender-balance-guide-uae-2017.pdf>.
 - OECD/CAWTAR (2014), *Women in Public Life: Gender, Law and Policy in the Middle East and North Africa*, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264224636-en>

²³<https://www1.oecd.org/els/2013-oecd-recommendation-of-the-council-on-gender-equality-in-education-employment-and-entrepreneurship-9789264279391-en.htm>

²⁴<http://www.oecd.org/gov/2015-oecd-recommendation-of-the-council-on-gender-equality-in-public-life-9789264252820-en.htm>

The MENA-OECD Competitiveness Programme is a strategic partnership between Middle East and North African (MENA) and OECD economies to share knowledge, expertise and good practices. It aims to contribute to the development of inclusive, sustainable and competitive economies across the region. The Programme fosters co-ordination between the different stakeholders committed to improving the living standards of MENA citizens: national and local governments, international and regional organisations, civil society and private sector representatives.

The Programme supports reforms to mobilise investment, private sector development and entrepreneurship as driving forces for inclusive growth and employment in the MENA region, building also on the need to mainstream the region's increasingly well trained youth and women. The Programme covers Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Tunisia, United Arab Emirates and Yemen.

