



Grant Thornton

An instinct for growth™



Opportunity



Risk



Leadership

# Women in business

New perspectives on risk and reward

March 2017





“Many of today’s companies are still run by male-only teams and they are in danger of myopia when it comes to risk.”

**Francesca Lagerberg**

Global leader for tax services  
and sponsor of women in leadership  
Grant Thornton

# Contents

Foreword from Francesca Lagerberg	5
Executive summary	6
Diversity in leadership	8
Gender and risk	13
Recommendations	20
How Grant Thornton can help	23





# Foreword from Francesca Lagerberg

In 2017, leadership teams are grappling with new conditions of global risk. With few predicting the happenings of recent years, businesses around the world are striving to prepare for the further possibility of inconceivable events.



But businesses should do more than react to the challenges of our time. As they respond to concrete realities, they must also consider opportunities that promote long-term growth. The need to grasp these chances has arguably never been greater.

We have surveyed the role of women in business for the last 13 years and, in this year's report, we look at the issue of risk and reward. We find that men and women see risk and opportunity in different ways, and that they act differently as a result. Recognise, celebrate and seize upon these differences, and companies stand a better chance of seeing the world as it really is and as it could become. Fail to create diverse teams, and companies become susceptible to 'groupthink' – the phenomenon where by engaging only with those who share a similar view of the world, we muffle other perspectives and do not see change coming.

However, despite evidence that links diversity and improved business performance, the dial on gender diversity in senior leadership is shifting at a painfully slow rate.

Research from the Grant Thornton International Business Report reveals that, globally, the percentage of women in senior management teams has risen just one percent in the last year – from 24% in 2016 to 25% in 2017. This contributes to a six percent shift in the 13 years since our research began. Unfortunately, at the same time, the number of organisations with no female participation at a senior level has risen from 33% in 2016 to 34% in 2017. This is a serious weakness.

**Companies today need to be more productive, more innovative and in many ways more open if they are to thrive.**

The reasons for this lack of diversity are many and varied, and they depend on the culture of individual businesses and the broader culture in which they sit. Worryingly, this year we have detected a sense that the issue of gender diversity is beginning to lose its bite.

We simply cannot let this happen while progress is still marginal. Companies today need to be more productive, more innovative and in many ways more open if they are to thrive.

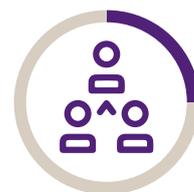
It is why in this year's report we provide a number of recommendations on how to increase the number of women in senior leadership positions for the benefit of businesses as a whole, and risk strategies in particular. Businesses must heed these lessons: many of today's companies are still run by male-only teams and they are in danger of myopia when it comes to risk. As one of our contributors said: "The real risk to business is not getting women involved."

## Francesca Lagerberg

Global leader for tax services  
and sponsor of women in leadership  
Grant Thornton

# Executive summary

Globally, one in four senior roles is now held by a woman. This is a slight increase from last year. But the proportion of businesses with no women in senior leadership positions has also risen. Once again, developing countries are leading the charge on diversity, with many major economies continuing to lag behind.



**25%**  
Proportion of senior roles held by women

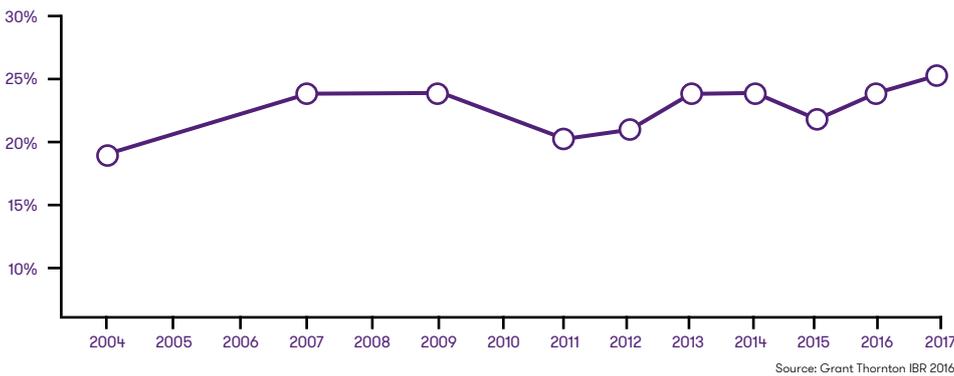


**34%**  
Percentage of businesses with no women in senior leadership<sup>1</sup>

Source: Grant Thornton IBR 2016

<sup>1</sup> Senior leadership refers to chief executive officers, managing directors, chairmen and other senior decision-makers

Figure 1: Proportion of women in senior leadership



## Diversity in leadership

Diversity is key to business success. With a mixture of men and women at the helm, companies are better prepared for all eventualities. And yet, in 2017 the needle has barely shifted. Each year, we seek to add new insights and recommendations that will further our understanding of and solutions for greater gender diversity.

### Recommendations

- 1 Take action to speak up for diversity and embed change throughout the organisation, not just at the top
- 2 Encourage diverse leadership styles and role models
- 3 Invest in sponsorship programmes, not just mentoring

## Gender and risk

Risk management is the process of identifying, evaluating and managing uncertainty. It is vital for business success. Men and women perceive and respond to risk in different ways, contrasting in how they balance speed and decisiveness with careful consideration. Brought together, these strengths facilitate effective risk strategies for the sustainable growth of dynamic businesses.

### Recommendations

- 1 Build mixed gender teams for effective risk management
- 2 Provide women with leadership opportunities that make them familiar with risk
- 3 Create a culture where taking calculated risks is part of successful business strategy, not something to avoid
- 4 Use neutral terms like 'risk aware' rather than 'risk averse' or 'risk loving' to avoid gender stereotyping
- 5 Include opportunities in the company risk register
- 6 Engage in a more collaborative risk management process

# Diversity in leadership

This year businesses arrived at a milestone as the percentage of senior leadership roles held by women reached 25% for the first time since our survey began. But although firms may be doing better, change is slow and uneven.

## Progress and procrastination

The proportion of senior leadership roles held by women has moved by just one percent in 12 months (see figure 1) - from 24% in 2016 to 25% in 2017 - and four percent in the last five years. Moreover, the percentage of businesses with no women in senior leadership has risen at the same rate - from 33% in 2016 to 34% in 2017 - with no improvement since 2012.

Diversity is a commercial imperative.<sup>2</sup> Broaden the diversity of a group and you widen its peripheral vision. Diverse teams benefit from connections to a wider network, increased legitimacy among stakeholders and better decision-making.<sup>3</sup> But despite a growing consensus among business leaders on this issue, the pace of change is painfully slow.

This is not to say that all efforts are failing. Eastern Europe leads the charge in terms of the percentage of senior roles held by women, while the MINT economies (Mexico, Indonesia, Nigeria and Turkey) have seen the most improvement. But progress in these countries has been tempered by the static performance of developed economies in Asia Pacific, the G7 countries and North America, and a decline in Southern Europe (see figure 2).

Reams of research have sought to uncover the subtle and complex causes limiting women's progress to the top. But diversity is not an issue that stands still,

and we need constantly to update our understanding of the gender barriers to leadership and the solutions for greater equality. This year, we pinpoint three issues that deserve special attention, and add to these an in-depth study of gender differences when it comes to risk and opportunity.

**“From a purely business perspective, at least 50% of the population are female, and if they're not working for me, they're working for someone else. The question I keep returning to is: how do I create an environment that's attractive to women?”**

**Phil Smith**  
Chairman, UK & Ireland  
Cisco

## A creeping complacency

A number of leaders are beginning to worry about 'diversity fatigue'. Lindsay Degouve De Nuncques, head of Middle East at ACCA, fears that the novelty is already wearing off: "Pushing forward the agenda of getting women in leadership positions has lost some of its shine. There's almost a bit of a plateau." Phil Smith, chairman, UK & Ireland, at Cisco, describes the effect this can have

on behaviour: "Once people have done a certain amount, they feel they've done enough and focus on something else."

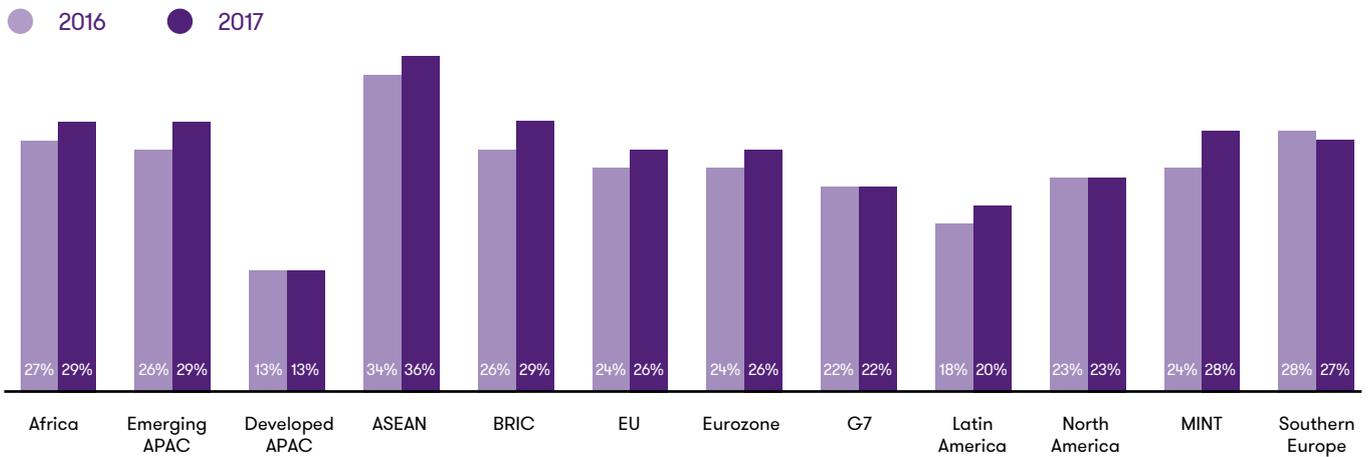
Macroeconomic and geopolitical uncertainty isn't helping. Leaders are concerned with reducing costs and retaining talent, relegating diversity to a nice-to-have rather than a must-have. "I don't feel there's been a decrease in recognising the value of women," says Lindsay Degouve De Nuncques, "but it isn't the priority."

Others recognise that although leadership teams may be committed to gender parity, the middle ranks remain less convinced. Maria Cunha Matos, managing associate at Linklaters Brazil, explains that "the issue of getting women into leadership roles is not about men not working well with women; in my experience, it's partly related to resistance to having more competition for jobs."

Clearly the conversation suffers when it takes place within too narrow a frame. Firms should be aware of the groupthink effect. As Greg Keith, chief executive officer at Grant Thornton Australia, warns: "The conversations being had are often with those already converted. That's the issue. Leaders must have these discussions at all levels of the organisation, and outside of it too."

<sup>2</sup> Women in business: The value of diversity - Grant Thornton (2015) <sup>3</sup> Women as a Valuable Asset - McKinsey & Company (2012)

Figure 2: Proportion of senior management roles held by women



Source: Grant Thornton IBR 2016

Pamela Harless, chief people and culture officer at Grant Thornton US, believes the issue has lost some of its heart. “There’s no shortage of data on the rational business case,” she says, “but leaders are far more effective when they lead the conversation from a place of real passion.” Pamela calls for courageous and committed leaders to set an example by holding themselves accountable for the extent to which they create an inclusive environment.

Greg Keith adds “the issue of gender diversity has to be led strongly and passionately by senior leaders.” Though formal efforts – such as diversity programmes, quotas and resource groups – may help to accelerate behaviour change, such rules cannot work unless change is led from the top.

### Outdated leadership models

Sacha Romanovitch, chief executive officer at Grant Thornton UK, fears that established notions of leadership are letting women down: “The issue is that what women see of leadership isn’t always that attractive.” More women are finding other interesting ways to achieve the balance they want – like working

for smaller start-ups or setting up on their own. Choice is good but larger firms cannot afford to miss out on female talent.

Childcare support and flexible or home working are important factors in attracting and retaining women in business.<sup>4</sup> But Sacha Romanovitch describes a much deeper need: “I think women are looking for a more fundamental shift in what leadership looks like and what is expected of people in senior leadership positions.” She describes the prevalence of the ‘hero model’, where the individual must be perfect and the job all-consuming and this needs to change. Other less self-sacrificing forms of leadership are overlooked.

“Women are not naturally comfortable with self-promotion, so having other leaders within the business promote your skill and expertise is helpful.”

**Maria Cunha Matos**  
Managing associate  
Linklaters Brazil

This is exacerbated by another caricature of a leader who, according to Pamela Harless, “is stereotypically dominant and assertive.” Businesses need to encourage a belief that no single behavioural style is best – controlling or analysing, supporting or promoting. As Pamela Harless says, “it’s the combination of all those styles that leads to better decisions.”

Individuals need permission to ‘bring their whole selves to work’. In so doing, a company creates a more diverse set of role models, allowing individuals to design an authentic leadership style that is in tune with their natural selves.<sup>5</sup>

### Lack of support

A growing area of study also explores the tendency for women to be mentored and not sponsored.<sup>6</sup> Mentoring involves support and advice offered by an employee to another employee a level or more below them in the company structure. It should be a private, developmental relationship between two people. A sponsor, on the other hand, advocates for employees below them at the decision-making table when it comes to staffing high-profile projects and promotions. They have the power to effect change on women’s behalf.<sup>7</sup>

<sup>4</sup> Women in business: Turning promise into practice – Grant Thornton (2016) <sup>5</sup> Ibid  
<sup>6</sup> Why Men Still Get More Promotions Than Women – Harvard Business Review (2010) <sup>7</sup> Women in business: The path to leadership – Grant Thornton (2015)

## Diversity in leadership regional spotlight

Cultural differences play an important part in helping to explain the variation in performance around the world, with emerging and developing regions continuing to outperform developed regions when it comes to diversity in leadership (see figure 2).

“Patriarchal systems are still very strong in a significant number of countries. The pressures of tradition often do not allow women to develop in their profession, and sometimes even limit their access.”

Elena Proskurnya  
Managing partner  
FBK Grant Thornton Russia

Figure 3: Top and bottom countries survey by Grant Thornton’s IBR research programme\*

Proportion senior management team female



\*refer to the methodology section on page 23

Source: Grant Thornton IBR 2016

## High versus low performers

### Eastern Europe

**38% of senior roles are held by women;**  
**9% of businesses have no women in senior roles.**

Eastern Europe continues to top the rankings (see figure 3), with Russia in the lead as the only country in which every business has a woman on its senior leadership team. In Poland, the proportion of senior roles held by women has improved by six percent to 40%. The region owes some of its strong performance to the legacy of communist principles which have placed women as equals for generations.

### Africa

**29% of senior roles are held by women;**  
**18% of businesses have no women in senior roles.**

Botswana has improved significantly in terms of the percentage of senior roles held by women – up eight percent from 2016 at 31% – and has also seen a six percent reduction in the percentage of businesses with no women in senior leadership. Nigeria and South Africa have both seen improvement, with the percentage of businesses with no women in senior roles falling from 15% to 9% in Nigeria, and the proportion of female leaders increasing from 23% to 28% in South Africa.

## Emerging APAC

**29% of senior roles are held by women;**  
**26% of businesses have no women in senior roles.**

China remains above the global average, with a spot in the top ten economies worldwide at 31% of senior roles held by women. Rose Zhou, acting managing partner Shanghai, at Grant Thornton China, comments that the strong performance is partly a product of the one-child policy: “The first generation to emerge from this policy is now in its professional prime. As the only child in the family, these individuals have a responsibility to make something of their career – regardless of gender.” India, however, despite a one percent improvement to 17%, continues to rank in the bottom ten countries.

## European Union

**26% of senior roles are held by women;**  
**36% of businesses have no women in senior roles.**

Following a slight deterioration last year, both measures have recovered to 2015 levels across the region. France and Spain lead in terms of the proportion of women in senior roles at 31% and 27% respectively, with notable improvement in Ireland – up seven percent to 26%. Despite a three percent uptick on last year, Germany trails behind with 18% of senior roles held by women. The UK has failed to repeat the progress made in recent years, with the proportion of women in senior roles falling by two percent to 19%, and the percentage of businesses without women in top positions increasing by five percent to 41%.

## North America

**23% of senior roles are held by women;**  
**31% of businesses have no women in senior roles.**

Canada has the tenth lowest percentage of women in senior roles at 23% – a three percent fall over the year. The US has seen no movement in the past year, with the proportion of senior roles held by women still at 23% and the percentage of businesses without women in top positions remaining at 31%.

## Latin America

**20% of senior roles are held by women;**  
**48% of businesses have no women in senior roles.**

In Mexico, the percentage of businesses with no women in senior leadership has fallen by 14%. But Brazil has seen no change over the past year. Argentina has taken a step backwards, with the proportion of women in senior roles falling from 18% to 15% and a record 53% of businesses with no women at a leadership level. Arnaldo Hasenclever, managing partner at Grant Thornton Argentina, comments: “In Argentina, we have branches of foreign companies where there are women in leading positions but there are a lot of family-owned companies which are typically led by male family members.”

## Developed APAC

**13% of senior roles are held by women;**  
**54% of businesses have no women in senior roles.**

New Zealand ranks in the ten worst performing countries, with only 20% of leadership positions held by women and 63% of businesses with male-only executive teams. Australia fares better, with 23% of senior roles held by women and 20% of businesses with no women in senior positions, but it has seen no movement on last year.

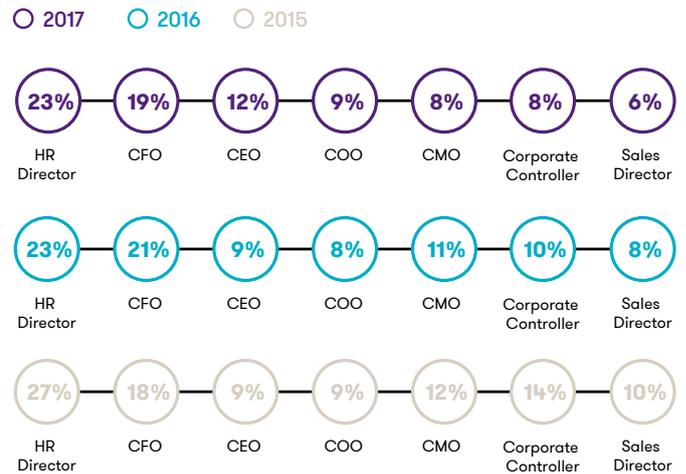
## A rise in female CEOs sparks hope for the future



It is still most common for senior women to be in supporting roles, particularly as human resources directors or chief financial officers. However, it is promising to see a three per cent rise over the last year in the number of women (see figure 4) taking the top C-suite position of chief executive officer, now at 12%. Francesca Lagerberg, global leader for tax services at Grant Thornton International Ltd, comments: “This gives a spark of hope that there is some change coming through.”

There is a recognition that seismic change takes time and female talent needs to be encouraged throughout the ranks. Companies will find it hard to suddenly find women suitable for those senior positions, acknowledges Francesca Lagerberg. But, she says, “we must build for the future now. The thought of these kind of statistics still being relevant in another decade is a disaster.”

**Figure 4: Senior management roles held by women**



“Our efforts include looking at our succession plan and making sure that there are women ready to go into every senior role.”

**Emily Cox**  
 Director of public affairs  
 Virgin Money

# Gender and risk

Research shows that individuals are over-confident about the accuracy of their forecasts and risk assessments, as well as far too narrow in considering the range of outcomes that are possible.<sup>8</sup> It's a timely point.

Businesses face every new year with uncertainty. But the outlook for 2016 was particularly hard to predict, with big political events keeping everyone in a state of suspense for most of the year.

“It's quite simple: diversity of thinking, diversity of experience and diversity of knowledge all help to expand our views on risks and opportunities.”

**Paul Badrick**

Chief executive officer

Grant Thornton Johannesburg

Despite now knowing the results of the UK's EU referendum and the US presidential election, continued unknowns about the pace, breadth and scale of these changes could weigh on economies and firms around the world for some time to come.

Many say that uncertainty is pervasive and has become the 'new norm'. As a consequence, businesses need effective leaderships teams equipped to assess the risks and opportunities associated with change, and then develop and implement inclusive strategies in response. We set out to explore where there are gender differences and how firms can harness these differences for more effective risk management.

## Risk is:

---

### Business critical

Risk taking has statistically and economically significant effects on corporate growth and earnings.<sup>9</sup> Companies that are both 'risk resilient' (able to mitigate risk events) and 'risk agile' (able to more quickly meet new opportunities) will find long-term success.<sup>10</sup>

---

### Male-dominated

A career in risk management has traditionally required a strong technical foundation. Graduates with a background in such subjects tend to be men. But outside a specific career in risk management, all senior leaders must invest in (and be accountable for) risk management programmes. Certain careers expose you to risk more than others, such as the financial industry. This, too, is a sector traditionally occupied by more men than women.<sup>11</sup>

---

### Stereotyped

Media reporting on business is full of common stereotypes about gender and risk. Academic literature also reveals a strong link between risk-taking and masculinity, which further feeds popular notions that men are risk-seeking and women are risk-averse. The media at the time of the financial crash blamed a buccaneering business culture, reckless and overwhelming male. Some even claimed that if women had been in control, the collapse could have been prevented.<sup>12</sup>

---

### Under-researched

Media stories may serve as a useful wake-up call on diversity in business, but do they give an accurate representation of women's strengths and weaknesses compared to those of men? Academic literature is rich with studies on gender differences regarding risk perception, but speaks comparatively little about how men and women manage risk in a business context.

<sup>8</sup> Managing Risks: A New Framework – Harvard Business Review (2012) <sup>9</sup> Risk Taking and Firm Growth – Peng (2015) <sup>10</sup> Risk in Review: Going the Distance – PWC (2016)  
<sup>11</sup> Women in Financial Services – Oliver Wyman (2016) <sup>12</sup> Lagarde: What If It Had Been Lehman Sisters? – New York Times (2010)

## Women see risk differently to men

We asked 5,500 male and female business leaders to indicate on a scale of 1–5 the amount of risk posed by different aspects of organisational and commercial life. Figure 5 shows that they rank risk fairly similarly. Economic change tops the list for both sexes. This is followed by competitor activity, political change and legal/regulatory change. Media activity, social change, technological change and environmental change are seen as areas of lower risk.

Academic literature reveals that women are more pessimistic about relative gains than men.<sup>13</sup> They also reportedly experience emotion more intensely.<sup>14</sup> Together these factors are said to dampen women’s propensity for risky choices.<sup>15</sup> The only domain in which they are perceived to show greater risk-taking tendencies is regarding social risk, where higher social sensitivity encourages

feelings of empathy and honesty in women. In general, men are considered to be more competitive, risk-loving and confident.<sup>16</sup>

Given that women are perceived to be less likely to engage in risky behaviour, we expected our findings to show that women see more risk than men. And yet Figure 5 shows the reverse. In eight out of ten categories, men see higher risk than women. The exceptions are security and, to a lesser extent, competitor activity.

On security, Francesca Lagerberg suggests that “an anthropologist might see this as women’s instinct to look after the home.” Meanwhile, Rose Zhou attributes women’s heightened focus on competitor activity to a sensitivity to what is happening around them. She says: “Men focus on what they themselves are doing, while women also focus on what others are doing.”

“This is not a fix-the-woman issue.”

**Pamela Harless**  
Chief people and culture officer  
Grant Thornton US

So, despite the common perception that women are more risk averse than men, our findings dissuade a black and white analysis. Emily Cox characterises men and women as “equally good and equally bad at managing risk”. Pamela Harless agrees that “although it may take longer for women to come to a conclusion about whether or not something constitutes a risk, they are equally open to taking such risks.” Indeed, we know from numerous studies that having women on the board does not lead to more risk-averse decision-making. A study of US firms from 1996 to 2010 shows that a board with a higher proportion of female directors is no more nor less risk-taking than a more male-dominated board.<sup>17</sup>

Risk aware, diligent, detail-driven – these were some of the preferred terms for the qualities that women bring among our interviewees. Pamela Harless explains that “women tend to operate more in the grey than their male counterparts”. By this she means that women do not rush to label a situation as a risk. They consider context and nuance to fully understand the implications first. Phil Smith agrees that “women steer through a broader sense of reality, whereas men have a simpler acceptance”.

Figure 5: Gender differences in perceptions of risk

Business impact	% women voting high risk	% men voting high risk
Political change	30%	34%
Economic change	40%	45%
Social change	14%	20%
Technological change	17%	22%
Legal/Regulatory change	30%	32%
Environmental change	18%	19%
Security	26%	23%
Personnel	25%	30%
Competitor activity	36%	35%
Media activity	13%	14%
<b>Total</b>	<b>249%</b>	<b>274%</b>

Source: Grant Thornton IBR 2016

<sup>13</sup> Analyzing and Managing Risks: On The Importance of Gender Differences in Risk Attitudes – Schubert (2006) <sup>14</sup> Risk as Feelings – Hsee, Loewenstein, Weber and Welch (2001)

<sup>15</sup> Gender Differences in Risk Assessment: Why Do Women Take Fewer Risks Than Men? – Glaser, Harries and Jenkins (2006)

<sup>16</sup> Men, Women and Risk Aversion: Experimental Evidence – Eckel and Grossman (2008)

“While women may be taking as many risks, they do so in areas that aren’t as visible.”

**Pamela Harless**

Chief people and culture officer  
Grant Thornton US

## Out with old labels

The impact of biases is important in this context. We all use stereotypes as mental shortcuts to speed up decisions. Intuition kicks in and we succumb to unconscious bias to reach closure on an issue.<sup>16</sup> This can lead us to focus on the wrong things or fail to seek out relevant information, which results in poor decision making.

Characterising women as risk averse leads companies down a path with many traps. Greg Keith believes “there’s a need for businesses to adapt their language right across the organisation, including around risk ... Language often supports unconscious bias and can impact women in a way that was not intended by the speaker at the time.” As Phil Smith describes: “labels shape our perception but they also determine what we see. And they’re very often exaggerated or completely inaccurate.” Gillian Saunders, head of advisory services at Grant Thornton South Africa, wonders if the labels we apply to men and women are “a left-over part of our primal conditioning to see men as the protectors”.

Men suffer from stereotyping, too, as Gillian Saunders explains: “There is a construct of what masculinity should be and many women buy into that construct too.” Emily Cox worries that this can result in a “focus on and a concentration of alpha-male characteristics. That’s why balance is important.” However, Pamela Harless says that over time, “I’ve witnessed a growing number of men embracing a more collaborative approach. The traditional paradigm of what a male leader looks like is shifting, along with the definition of what it means to be a man.”

Pamela Harless also offers a further reason for our tendency to associate risk-taking with men: “Men tend to consider if taking a risk will facilitate strategic growth; whereas women focus more on the wider environment and the impact on people.” She explains that strategic risk is often better publicised and more highly regarded so “while women may be taking as many risks, they do so in areas that aren’t as visible”.

“If you already have women in your leadership team, you’re more likely to recognise bias and therefore reduce the risk of it becoming self-perpetuating.”

**Greg Keith**

Chief executive officer  
Grant Thornton Australia

<sup>17</sup> Women on Board: Does Boardroom Gender Diversity Affect Firm Risk? – Gonzalez, Hagendorff and Sila (2016)  
<sup>18</sup> Women in business: Turning promise into practice – Grant Thornton (2016)

## Women see opportunity differently to men

We also asked respondents to indicate the level of opportunity posed by different aspects of organisational and commercial life. Again, Figure 6 shows that men and women rank opportunity in a similar way. Economic change tops the list for both sexes. Other areas of opportunity to consider are competitor activity, personnel and technological change. Again, media activity, social change and environmental change appear low down.

Effective risk management has always been a hallmark of successful companies. But in today's more uncertain environment, large strategic risks affecting the entire business are ever-evolving and accelerated by social media, mobile devices and big data.

It can be easy to forget that risk and opportunity are a duality. Companies can lose substantial sums of money and damage their reputation if they fail to identify and avert risk in time. But they may also forgo beneficial opportunities arising during the course of these efforts. Firms need to consider on both sides of the coin, as Sacha Romanovitch advocates: "In our organisation, the conversation focuses on opportunity as well as risk, and we try to view things from an outside perspective." Francesca Lagerberg agrees that risk and opportunity should be part of the same process. She suggests that firms could encourage individuals to submit their thoughts on both areas before attending a risk committee, so that when the group comes together, the discussion is not taken over by the most dominant person's agenda on risk.

Consistent with the risk findings, Figure 6 shows that women tend to see less opportunity than men across various aspects of business life (the only exceptions are security and personnel). There are theories that this is connected to self-assurance, with many suggesting that a confidence gap separates the sexes.<sup>19</sup> Research shows that while the majority of women consider themselves equally capable as their co-workers, the majority of men consider themselves more capable than their co-workers.<sup>20</sup>

**"Men will put themselves forward for new things, even when they're not really qualified. Women tend to wait until they can tick every box."**

**Nicole Vanderbilt**  
Vice president, international  
Etsy

Female hesitancy regarding opportunity is partly a product of culture and upbringing. Phil Smith says that "boys are taught to be courageous and girls are taught to be cautious." But leaps into the void can be a good thing, as Maria Cunha Matos explains: "I see the way men behave and I'm encouraged by them to see the opportunities."

Companies need to help individuals learn to tackle risk and spot opportunities. Maria Cunha Matos describes the benefits of experience: "As a lawyer I'm engaged in helping people to take on and manage risk, so in this way I've learnt how to deal with it. Experience is essential in building a woman's confidence. It makes the monster of risk less scary."

**Figure 6: Gender differences in perceptions of opportunity**

Business impact	% women voting high opportunity	% men voting high opportunity
Political change	20%	22%
Economic change	35%	40%
Social change	13%	17%
Technological change	26%	31%
Legal/regulatory change	24%	25%
Environmental change	17%	18%
Security	23%	19%
Personnel	29%	29%
Competitor activity	29%	31%
Media activity	15%	16%
<b>Total</b>	<b>231%</b>	<b>248%</b>

Source: Grant Thornton IBR 2016

<sup>19</sup> The Confidence Gap – The Atlantic (2014)

<sup>20</sup> More Women at The Top: The Impact of Gender Roles and Leadership Style – Eagly (2003)

## Women react to risk differently to men

Figure 7 shows that men and women prioritise similar risk management methods. Globally, both genders are primarily focused on running the company smoothly. Convening a meeting of the board and analysing the commercial impact of the risk also rank in the top three priorities for both men and women.

The fact that men and women choose similar methods comes as little surprise to Pamela Harless, who believes that “by the time you’ve become a seasoned member of the senior leadership team, you’ve learned how to balance different ways of evaluating and managing risk”. But beyond these similarities, men and women do strikingly diverge. Our findings show that women are far less likely to say they will act in response to a business risk.

Research showing that men and women differ in their impulsive base-reaction provides insight for our findings. Literature shows that where men are most likely to respond through action, women are most likely to respond through feeling.<sup>21</sup> Moreover, when confronted with uncertainty, women tend to report fear, whereas men report anger. These emotions have different effects on our behaviour: where fear diminishes the risk response, anger increases it. Research also shows that stress amplifies gender differences in strategies used during risky decisions. Men allegedly take more risk under stress, while women take less risk in the same conditions.<sup>22</sup>

Pamela Harless agrees that there’s an element of nature to gender difference, but she also attributes part of its effect to nurture.

Because women are more exposed, she says, “if something goes wrong, we’re really in the spotlight, and so we sometimes pull back a bit.”

All of this affects the speed and nature of decision-making. Men are more inclined to jump to a yes or no decision, which facilitates action. But by the same measure, men can act too quickly because they feel something has to happen fast. Here women can provide checks and balances to encourage the right risks and opportunities to be pursued, as Phil Smith describes: “Not only do women bring strength to the group, but men are deterred from getting caught up in quick thinking.”

Women tend to approach risk and opportunity in a holistic, detail-driven way. Lindsay Degouve De Nuncques says that “women require more analysis compared to their male counterparts because they have a greater need for a balanced and complete view before taking action.” Nicole Vanderbilt also comments that “I have found that women do extra preparation for a decision, including asking for others’ input, whereas men often just rely on themselves to figure it out.”

Figure 7: Tools and techniques for responding to risk

Risk management technique	% women voting low likelihood	% women voting high likelihood	% men voting low likelihood	% men voting high likelihood
Refer to risk mitigation plan	40%	35%	29%	43%
Convene meeting of board	30%	48%	18%	62%
Establish working group	29%	43%	20%	54%
Ask the experts	32%	44%	21%	52%
Engage comms team	36%	36%	30%	40%
Analyse commercial impact	26%	49%	18%	59%
Consider new opportunity	29%	41%	20%	49%
Release additional funds	37%	32%	28%	41%
Alert staff and customers	32%	37%	19%	52%
Run company smoothly	26%	54%	13%	66%
<b>Total</b>	<b>314%</b>	<b>419%</b>	<b>216%</b>	<b>518%</b>

Source: Grant Thornton IBR 2016

<sup>21</sup> Inside Her Pretty Little Head – Cunningham and Roberts (2012)

<sup>22</sup> Risk and Reward Are Processed Differently in Decisions Made Under Stress – (2012)

## Diverse teams balance strategies of risk

Our research has revealed differences in men and women's approach to risk and opportunity. Risk-taking role models of both genders are important in an increasingly complex world. Risks do not unfold in a predictable way and, especially since the financial crisis, regulatory and commercial imperatives have expanded the risk portfolio.

Men may be more inclined to take risks and this can bring high rewards in the form of growth. But big bets can also go wrong. The risk awareness of women might be a significant factor for success. Not only do women tend to moderate extreme behaviour, they can possess a higher social sensitivity and take time to listen and acknowledge feelings such as danger and fear before carefully assessing the business risk and devising a strategic plan.

Francesca Lagerberg sums it up: "The old-world order is being challenged in a way that it's never been challenged before, and risk has become a much more significant factor in decision-making. A mixed gender team brings a broader range of input, help and consideration to bear on big, strategic issues. It's a vital part of putting your team in a position of strength."



# Risk and opportunity regional spotlight

Latin America and North America go against the global trend completely. Here, not only do women see higher risk and opportunity than men (see figure 8) they are also more likely to act. Women in Eastern Europe also see more risk and opportunity than men, though they are less likely to respond to risk. In Africa, women see higher risk than their male counterparts and are more likely to respond to it, but in keeping with the global trend they see less opportunity. Cultural environment determines to a certain extent how men and women see and respond to risk.

## Latin America

Leaders in Latin America perceive high levels of risk in the region (see figure 8). “It is a part of daily life and also a part of business,” says Arnaldo Hasenclever. He also suggests that “if you’re a woman in a leading position in Latin America, you’ve already jumped over a lot of hurdles to get there.”

## Africa

Gillian Saunders explains that gender diversity came into play with economic development much later in Africa. Corporate structures are newer and were less sensitive to traditional ways of doing business. She says: “In Western Europe, men were entrenched in the economy long before women even got the vote. Women therefore had to contend with older, systemic factors.” She also comments that “African men, whether innately or not, feel they need to be the breadwinner, to work, to provide. And I think this makes them more risk averse because they don’t feel free of societal pressure. Some of us women are breadwinners but the pressure isn’t felt in the same way, so we are open to taking more risk.”

## North America

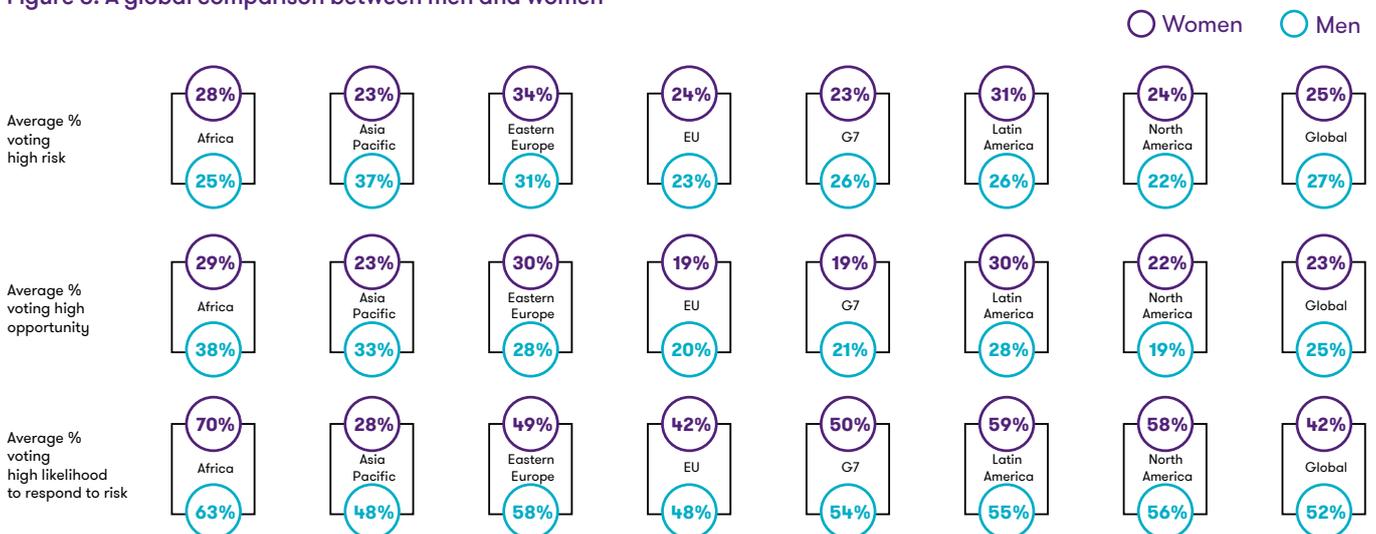
Women in North America are more likely to respond to risk compared to their global peers. This is possibly a function

of self-confidence. Pamela Harless explains that “there are still some women who feel a pressure to conform to the male prototype, but I do think it’s a dying paradigm”. This is encouraged by the fact that “girls are told at a very young age ‘there is nothing you can’t accomplish; you’re just as good as men,’” she says.

## Eastern Europe

Women see both higher risk and higher opportunity than men, which Elena Proskurnya, managing partner at FBK Grant Thornton Russia, believes is connected to the region’s strong performance on gender diversity. She says, “I belong to a society which has made it a priority to maximise every person’s potential for growth. Both women and men are supported to take risks and seize opportunities.” It’s why, across Eastern Europe, women are taking leading positions even in areas that were previously perceived to be “men’s business”.

Figure 8: A global comparison between men and women\*



Source: Grant Thornton IBR 2016

\*Average percentages across business impacts and risk management techniques from figures 5, 6 & 7

# Recommendations

For 13 years, we have sought to uncover what more can be done to improve corporate culture to accommodate and nurture female leadership.

At the same time, we have shared the commercial benefits of diversity and made these transparent.<sup>23</sup> Each year we seek to draw out new insight that builds on our previous analysis. Drawing on this year's research, our report makes recommendations in two main areas. Firstly, we address how

companies can increase female participation in senior business leadership. Secondly, we address the benefits of mixed gender teams managing risk and make recommendations on how to maximise the contributions of women to this pressing business issue.

## Diversity in leadership

### 1 Take action to speak up for diversity and embed change throughout the organisation, not just at the top

Many companies are striving for gender diversity at leadership level. But there is a need to consider how individuals further down view the issue. Leaders should not assume everyone understands or supports the argument. Continue to articulate the commercial need to inspire those not convinced of the need of take significant steps across the organisation. Leadership teams must also understand how issues such as unconscious bias play into different settings, and then educate employees on their effects. Keep refreshing your approach, so that men and women alike continue to step back, think and act.

“In some firms, men are open to female leadership and really embrace it. Unfortunately, there are places where men don't embrace it and women could be sitting at the table but not feel able to voice their opinion.”

#### Gillian Saunders

Head of advisory services  
Grant Thornton South Africa

### 2 Encourage diverse leadership styles and role models

The diversity agenda is not about giving women the confidence to operate like men; it's about creating an environment that is conducive to all. This starts with the individual. The benefits of diversity will not surface if people's differences aren't allowed to actually come out in their job. Leadership styles do not need to conform to predetermined moulds; nor must leadership be all-consuming. Demonstrate that there are multiple models of a successful leader and encourage people in your organisation to consider what kind of leader they want to be.

“Firms need to re-balance what leadership is to make it attractive to future leaders who expect the role to be interesting, meaningful, flexible and with reasonable reward too.”

#### Sacha Romanovitch

Chief executive officer  
Grant Thornton UK

### 3 Invest in sponsorship programmes, not just mentoring

Women downplay their success to others. The emotional support offered through mentoring is extremely valuable. But recognition and encouragement from the right sponsor can have a dramatic impact on an individual's career advancement. Not only will a sponsor champion the prospects and skills of women in the workplace, but they will also protect them enough to take risks and make mistakes without these hampering an individual's career.

“Mentoring is one thing; sponsorship and shared accountability – being elbow to elbow – is another thing. And I think the latter is far more impactful.”

#### Stephanie Hasenbos-Case

Global leader, people and culture  
Grant Thornton

<sup>23</sup>Women in business: The value of diversity – Grant Thornton (2015)



## Risk management in leadership

### 1 Build mixed gender teams for effective risk management

Men and women perceive and manage risk differently. It's not that one approach is right and the other wrong. But we need to break with the assumption that risk requires quick thinking and swift action. Clearly companies that hesitate for too long will miss vital opportunities. But the international business environment has become more volatile, and the ability to manage uncertainty is becoming more important. Dynamic, resilient companies will navigate the extremes with a calmer, more balanced assessment of the risks and rewards. Women are vital to this endeavour, but over a third of companies don't have women in senior positions. Companies that fail to bring women to the table will jeopardise their long-term growth.

**“Teams without diversity are at a much greater risk of going down a path without considering all the options or coming up with other more complex solutions.”**

#### **Greg Keith**

Chief executive officer  
Grant Thornton Australia

### 2 Provide women with leadership opportunities that make them familiar with risk

The majority of leadership positions involve risk management. Experience and leadership bring confidence and familiarity. But to nurture diverse future leaders requires confidence-building early in people's careers. Companies should not rely solely on technical training, but provide young women with on-the-job experiences too, exposing them to the process of risk management and – where appropriate – involving them. This creates a virtuous circle: the more you're familiar with considering risk, the more capable and confident you will become.

### 3 Create a culture where taking calculated risks is part of successful business strategy, not something to avoid

Individuals and teams need to feel supported, not penalised, when making decisions about the risks their companies encounter. Creating cultures that clearly communicate the organisation's risk appetite and avoid blaming people can help bridge the confidence gap, and allow people to 'lean in' and embrace risk.

Companies need to provide training and allow more room for women to experiment and 'fail well', as Google calls it. This can be done by establishing a growth mindset where individuals and collective teams of decision-makers can learn from their mistakes and actively seek out new challenges. A number of businesses in this report run what Nicole Vandervilt calls 'blameless post-mortems'. This analysis of past decisions to establish a fact-based account of what happened when something goes wrong, and what goes right on other occasions, empowers people to take decisions. External facilitators can help run such sessions and build trust in the process.

#### 4 Use neutral terms like ‘risk aware’ rather than ‘risk averse’ or ‘risk loving’ to avoid gender stereotyping

Whether you’re male or female, it’s incredibly difficult to break with established norms. Companies need to be aware that language carries hidden messages. Accepting the prevailing narrative that women are risk averse and men are risk loving inaccurately characterises both sexes. Instead there should be a neutral conversation about different ways of thinking about risk. Recognise the terms used to frame discussions around risk; assess whether they’re appropriate, and be mindful of unconscious bias.

How to un-bias our biases? It helps to know such biases exist and to make time to redress them. Seeking advice and getting an outside view on an issue also broadens our awareness.

“The word ‘averse’ definitely has a negative connotation. It sounds like you don’t want to take action.”

#### **Phil Smith**

Chairman, UK & Ireland  
Cisco

#### 5 Include opportunities in the company risk register

Risk and opportunity are different sides of the same coin. Avoid referring to risk exclusively as a threat, and include opportunities for growth. One idea that surfaced through the research was to allow mixed leadership teams to contribute ideas and observations about threats and opportunities anonymously to risk registers in advance of discussions. These submissions can then be considered without bias and encourage participation that will maximise the benefits of diversity and welcome a wider spectrum of views.

“If you turn risk on its head you have good sustainability and the right decisions for your business.”

#### **Gillian Saunders**

Head of advisory services  
Grant Thornton South Africa

#### 6 Engage in a more a collaborate risk management process

The research in this report demonstrates that when women hold senior leadership positions they are most often in finance and HR. Companies should facilitate the involvement of these positions in discussions around risk as business opportunity and threat. The benefits of this are two-fold: firstly, women have greater exposure to this increasingly important management and strategic role, boosting their potential for career growth. And secondly, it acts as a mechanism to incorporate greater diversity into the process of identifying risky but important business decisions.

“When the team is balanced, more debate happens, more voices are heard, more facts and perspectives are incorporated... and this leads to really comprehensive solutions.”

#### **Stephanie Hasenbos-Case**

Global leader, people and culture  
Grant Thornton

# How Grant Thornton can help

In today's globalised and volatile business environment organisations need to be able to take a balanced approach to exploring risk and opportunities to create sustainable growth.

Leaders also need to ensure they can bring a balance of perspectives to the table to take decisions. Grant Thornton engages with business leaders to build and foster a resilient and collaborative workforce equal to the task.

We help you create, transform and protect value. From exploring your strategic growth options, understanding how to manage risk and opportunity, to getting the best from talent, our global network provides the specialist support you need to thrive in a fast-changing world.

## IBR 2017 methodology

The Grant Thornton International Business Report (IBR) is the world's leading mid-market business survey, interviewing approximately 2,500 senior executives every quarter in listed and privately-held companies all over the world. Launched in 1992 in nine European countries, the report now surveys more than 10,000 businesses leaders in 36 economies on an annual basis, providing insights on the economic and commercial issues affecting the growth prospects of companies globally. The data in this report are drawn from 5,526 interviews conducted between July and December 2016 with chief executive officers, managing directors, chairmen and other senior decision-makers from all industry sectors in mid-market businesses in 36 economies. A further 15 in-depth interviews were conducted with business leaders from inside and outside Grant Thornton. The definition of

mid-market varies across the world: in mainland China, we interview businesses with 100-1,000 employees; in the United States, those with US\$20million to US\$2billion in annual revenues; in Europe, those with 50-499 employees. For the purposes of this research senior management is defined as those holding C-suite jobs, such as chief executive officer (CEO), chief operating officer (COO) or chief finance officer (CFO), managing directors or partners.

### More information:

**Publications:** [grantthornton.global](http://grantthornton.global)

**Methodology:** [grantthornton.global](http://grantthornton.global)

**Andrew Brosnan**

Insights and thought leadership manager  
Grant Thornton International Ltd

T +44 (0)20 7391 9613

E [andrew.brosnan@gti.gt.com](mailto:andrew.brosnan@gti.gt.com)



**Grant Thornton**

**An instinct for growth™**

**grantthornton.global**

© 2017 Grant Thornton International Ltd. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

CA1701-10