



# LUXURY AND THE GENDER GAP

The 2014 World Economic Forum, Global Gender Gap Report suggests we will have to wait 81 years for gender parity in the workplace. As a young, female professional, this statement somewhat alarms me. By the time we establish gender equality within our industries I will be well over 100 years old and most likely dead. Deceased. Long gone. Therefore, I want to know what are the insights behind the global gender gap? Which countries are flourishing while others are failing? And, most importantly, is the luxury industry placing 'empowering women in the workplace' at the top of its agenda?

## What the Global Gender Gap Report tells us

Released annually in October, the report provides a framework for measuring gender gap disparities in 142 countries around the globe by benchmarking them against criteria such as economical participation, political empowerment, educational attainment and health. This year, experts at the World Economic Forum in Geneva found that after nine years of analysis, the world has seen only a small improvement in equality for women in the workplace. According to the report, "The gender gap for economic participation and opportunity now stands at 60% worldwide, having closed by 4% from 56% in 2006 when the Forum first started measuring it. Based on this trajectory, with all else remaining equal, it will take 81 years for the world to close this gap completely."

In line with the 2013 report, Nordic nations remain the most gender-equal societies in the world. Last year's leading four nations – Iceland (1), Finland (2), Norway (3) and Sweden (4) – were joined by Denmark, which climbed from eighth place to fifth. The high levels of political empowerment for women in these states, and high number women at senior official levels mark them out as clear leaders. Elsewhere in the top 10, Nicaragua hiked up four places to sixth, Rwanda entered the index for the first time at seventh, Ireland fell to eighth, the Philippines declined four places to ninth and Belgium climbed one place to tenth.

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Progress, however, has not been even across all the indicators. In fact, nearly 30% of the countries studied have wider education gaps than they did nine years ago and over 40% of countries have wider health and survival gaps than they did nine years ago. Of the 111 countries that have been continuously covered in the report over the last nine years, 105 have narrowed their gender gaps, but another six have seen prospects for women deteriorate. These six countries are spread across regions: in Asia, it's Sri Lanka; in Africa, Mali; in Europe, Croatia and Macedonia; and in the Middle East, Jordan and Tunisia.

Saadia Zahidi, Head of the Gender Parity Programme at the World Economic Forum (WEF) and lead author of the report said, "Much of the progress on gender equality over the last 10 years has come from more women entering politics and the workforce. More women than men entered the labour force in 49 countries. These are far-reaching changes – for economies and national cultures, however, it is clear that much work still remains to be done and that the pace of change must, in some areas, be accelerated."

It would seem that the power-houses of the world fall under the category of "still have some work to do". The United States managed to climb three places to 20 in 2014, after narrowing its wage gap and improving the number of women in parliamentary and ministerial level positions but still lags far behind expectations. Among the BRICS grouping, the highest-placed nation is South Africa (18), supported by strong scores on political participation. Russia numbered at 75, China at 87 and India at 114.

On the table the UK sits shyly in the US's shadow at number 26, recording its lowest overall score for equality since 2008. Alarmingly, the results show that the gender gap in the UK is steadily rising – in the inaugural league table of 2006, the UK sat at number nine. The WEF commented that "The drop in the UK's overall rating this year was chiefly attributable to a significantly lower score in "economic participation" which measures attributes such as the ratios of women in the workforce, wage equality for similar work done by men and the number of women in senior roles".

Interestingly, while the Nordic nations continue to act as role models in terms of their ability to achieve gender parity, some of the biggest absolute and relative improvements of the past nine years have come from countries that are low in the rankings. For example, the most improved country, relative to its starting point nine years ago, for economic participation and opportunity is Saudi Arabia; Burkina Faso for educational attainment; Angola for health and survival; and the United Arab Emirates for political empowerment.

## Implications for business' that don't invest in gender parity

The report suggests that healthy and educated women are likely to have healthier and more educated children, creating a virtuous cycle for any community or country. When the number of women involved in decision-making reaches a critical mass, their decisions – which take into account the needs of a wider segment of society – lead to more inclusive results. Multiple studies have shown that women are better at considering their families and communities than men, and that a balance of male/ female opinions provides different perspectives that lead to more powerful, successful outcomes. Put simply, companies that recruit and retain women, and ensure that they attain leadership positions, outperform those that do not.

“Achieving gender equality is obviously necessary for economic reasons. Only those economies that have full access to all their talent will remain competitive and will prosper. But even more important, gender equality is a matter of justice. As a humanity, we also have the obligation to ensure a balanced set of values,” said Klaus Schwab, Founder and Executive Chairman of the World Economic Forum.

## The gender gap in the luxury industry

Sadly, the luxury industry is still far from bridging the gender gap. According to Luxury Daily's, 'Women to Watch in 2014', “Women are extremely under-represented at the highest ranks of luxury companies but fill the majority of positions at every other level.”

Men in the luxury industry are currently the top earners and hold the majority of leadership positions, but as Meera Raja, analyst at The Luxury Institute in New York points out, women are providing most of the revenue to fuel the industry. Women make up a higher than average proportion of those working in the luxury business overall but this percentage falls dramatically at higher levels of leadership. In a report published by The Economist on women in male-dominated industries, it was found that while 65% of entry-level luxury positions were filled by women, only 35% of those would rise to the top to become senior managers and leaders within the industry.

Meera Raja commented, “Luxury executives share traits in common: dedication to craft, consumer focus, leadership potential, ambition. And yet, for all the plaudits, these women know that the journey is won step-by-step, with many miles to go before true gender parity is a reality in the luxury business.”

Why is there is such a chasm between entry level and leadership level roles? Suggestions include the lack of support for career growth, leading to individuals creating their own opportunities in entrepreneurial environments; a lack of permanent female role models at the top of the luxury industry; and a lack of flexibility within the industry. In addition, the extensive after-hours duties and travel required make it difficult to balance work and family commitments.

Institutes like the Women's Luxury Guild, an organisation for the advancement of luxury executive women and entrepreneurs, feel that more should be done at the top level of luxury companies to bridge the gender gap. Chairman, Laura Hinds, said, “When we take a look at the luxury industry as a whole, over 50% of the industry is comprised of women. Women most certainly saturate the luxury industry's creative spaces, such as marketing and communications. When we ascend up the ladder to board seats and Chief Executive Officer roles, the percentage falls alarmingly low compared to other industries, making it a pertinent mandate to add diversity initiatives. The luxury industry still has an extensive way to go.”

It's a strange irony that according to some estimates, women now control \$20 trillion in consumer spending worldwide - or about 65% of the world's annual consumer spending - and yet few females lead the industry. The vast majority of new income growth over the next 10 years is expected to come from women, so surely it makes sense to have women in decision-making positions in luxury?

“Focusing on executive women within luxury corporations and the marketplace should be an imperative objective,” says Laura Hinds, Chariman of the Women's Luxury Guild. Companies can do much more to support and empower their female employees. “The key to women thriving in the industry is educating, retaining, promoting and granting

the opportunity for high-potential female executives to collaborate and experience the actual inner workings of luxury corporations. These opportunities should be granted and include practices such as finance, acquisitions and strategy which are more technical divisions. This is where male counterparts have the upper hand, allowing them to soar into senior and board positions over women stuck in the creative space or management positions.”

## What's next for gender parity?

President of the Republic of Lithuania and Chair of the Council of Women World Leaders, Dalia Grybauskaitė, wrote a poignant blog post on the WEF website following the report launch. Searching for a resolution, she suggested that “Closing the global gender gap requires genuine political will to implement structural reforms in labour markets and social security systems. Leaders and decision-makers have a responsibility to ensure not only equal opportunities, but also a possibility of equal choices regarding education, career and family life.”

It is clear that in order to close the gender gap all industries, including luxury, must place gender equality firmly at the top of their 2015 development agenda. However, as Ms Grybauskaitė eloquently summarises, “It is also up to every man and woman to have courage and be part of the change and improve our daily social, political and business practices, so that they are not embedded in gender stereotypes.”

Follow Ms Grybauskaitė's wisdom and with luck we may be able to celebrate gender parity in the workplace before my 100th birthday party.

*By Harriet Constable*

