

TOOL 1.2

Develop a Business Case for Gender Diversity

- » **GOAL:** Build support for gender-smart solutions
- » **TARGET UNITS:** HR, Gender Champion, or other relevant staff³⁷

A strong business case for gender diversity—presenting a clear picture of how increasing gender diversity will improve business outcomes as well as support women employees and strengthen community relationships—is key to unlocking corporate support and resources. Gender diversity business cases are not static. An initial outline of the business case can help to unlock resources for gender-focused assessments, the results of which can then be used to refine and strengthen the business case. But even as a live document, a clear, evidence-based argument for how increased gender diversity and equality can make your company better is essential for getting buy-in from both senior management and more general staff.

The business case should build initially on any evidence available—both drawn from within the company, or if that is not yet available, from comparable companies. Highlighting known areas where gender could improve outcomes in your company or showing how other companies are benefitting from increased gender diversity can help to galvanize support for gender equality activities.

The business case can include the operational reasons that gender diversity will make the company more profitable, innovative, and better integrated into the community. It can draw on industry and legislative commitments or requirements, such as the Women’s Empowerment Principles,³⁸ corporate social responsibility commitments, and any applicable local and national laws and regulations.

The following steps are based on the IFC publication, *Investing in Women’s Employment: Good for Business, Good for Development*.³⁹

Companies may develop business cases at different stages of engagement on gender equality. For companies at the earliest stages of trying to mobilize funding to begin work on gender equality, Step 1 will help to present the benefits that can come from gender diversity, customized for your specific corporate environment. For companies who have already conducted a gender audit (**TOOLS 1.3** and **1.4**) or other assessments (**TOOLS 1.5**, **1.6**, and **1.7**), these findings can provide valuable information on how gender inequities

³⁷ At the very beginning of a company’s gender journey, work like developing the gender business case may be undertaken by a wide variety of people, depending on who is spearheading these efforts within the company. There is no ‘correct’ person—the work should be initiated by whoever has recognized and is acting to address a company’s gender equity issues.

³⁸ The Women’s Empowerment Principles are a set of principles, developed by UN Women and the United Nations Global Compact, that provide guidance to the private sector on empowering women. More information on the WEP can be found [here](#).

³⁹ IFC. *Investing in Women’s Employment: Good for Business, Good for Development*. 49-50

are impacting the company and opportunities for improving gender equity. Steps 2 and 3 provide additional guidance on how to use this information to develop a business case.

Step 1. Identify the drivers for gender diversity and equality.

What are the key drivers for improving gender diversity and equality in your company? Here are several common reasons for undertaking a gender diversity improvement initiative:

- **Performance and profitability opportunities:** A more gender-diverse workforce has been shown to increase innovation, productivity, and the condition of equipment and materials. Enacting policies that help to bring more women into the workforce and incentivize them to stay there (reducing turnover and building an experienced workforce) by providing equitable opportunities for advancement, benefits, capacity building, gender-responsive equipment and workplaces, and flexible work are essential to achieving a strong, diverse workforce.
- **Sustainability:** Has the company made commitments to diversity in the workforce or for local hiring? Increased gender diversity can help meet these commitments and improve company integration within the community.
- **Industry commitments:** Has the company signed on to industry or other initiatives with commitments on gender diversity, such as the Women's Empowerment Principles? Developing a gender diversity strategy and targets will help companies meet these commitments and improve their competitive ranking compared to other industry players.
- **Legislative requirements:** Do the laws in the host country require a certain level of gender diversity or local employment? A proactive gender diversity strategy can help companies stay on top of both required and voluntary commitments.
- **Comparability:** Presenting what other similar companies are doing to increase gender diversity and equality, especially where there is evidence of how these measures have caused or even been correlated with improved performance, can be effective in highlighting the importance of acting on gender equality.

Step 2. Develop a business case.⁴⁰

For companies that understand the general need for gender equity, but where gender champions are now proposing specific initiatives and need to catalyze support and resources, a more specific business case is required. The following steps outline how to develop an intervention-focused business case, by presenting how changes in specific gender metrics could impact core business outcomes.

⁴⁰ The information in Step 2 draws on IFC, Investing in Women's Employment, 49-58.

For some initiatives, showing a causal and specific relationship between a specific gender activity and business outcomes can be difficult, especially when other variables are in play, such as expanding or contracting markets or commodity prices, or changes in resources or the operating environment. It can be particularly difficult to make short-term attribution (for instance, that a change in senior management or expanding the number of female hires had an immediate effect on profit), or to demonstrate longer-term impacts (for instance, how a strengthened gender diversity policy impacts reputation). And yet, developing a strong business case is important both for building buy-in and for demonstrating the importance of making gender equity a core business principle rather than a standalone initiative.

Of note: Demonstrating the value of women's participation should not be about comparing men's and women's performance. Rather, it should focus on the benefits of gender equity and diversity—how creating equal opportunities for women and men can benefit the company.

To develop an effective business case focused around a specific intervention or suite of interventions, the following process is recommended:

- **Identify the intervention:** Based on the gender assessment, identify specific areas or initiatives to be considered. This could include, for instance, increasing the recruitment of women, improving workplace safety, or changes in family leave policies. The more specific the initiative being examined, the easier it will be to determine the potential impact of changed policies.
- **Develop a baseline:** For each initiative, develop a baseline—where the company is now—and determine how the business case will be presented. Options include a before-and-after approach looking at a change in performance over time or a with-and-without approach that looks at the performance of various business units that have adopted the proposed initiative compared to those that did not. If such initiatives have not yet been trialed within a company, comparable companies with similar experiences can also provide useful data.
 - Developing the baseline and collecting relevant data will require the buy-in of various business units. Depending on the intervention, this could include finance and HR, among others.
 - Determine how the initiative will be measured, using employment and business metrics. For instance, an initiative focused on increasing gender diversity in employment should feature employment metrics on the number of women and men employed in various job families and at various levels. Business metrics will be determined based on the company's core business objectives but should be tied to quantitative or qualitative indicators that demonstrate a change in its ability to meet key business targets. Part of this effort involves identifying the availability of relevant

information, such as gender disaggregation of jobs at various levels—or whether work to gather data is required.

- Identify relevant costs and benefits. Determine the anticipated costs of implementing an intervention compared to doing nothing, as well as the potential benefits it may bring. For instance, for a proposed intervention to provide on-site childcare, identify the costs of not implementing it, such as loss of productivity when staff need to care for their children, potential attrition as employees who need to care for children quit, and the cost of recruiting and training replacement staff. Compare these implications to the costs of implementing the initiative, such as the cost of facilities and childcare staff, as well as the benefits of the proposed intervention, including improved productivity, increased employee satisfaction, and reduced turnover.

“Companies with the best record of promoting women to high positions enjoy 18–69% more profitability.”

—ROY ADLER, “Women in the Executive Suite Correlate to High Profits”

- **Develop an evaluation methodology and conduct analysis:** Determine how costs and benefits will be measured. Options include using currently available data and conducting staff surveys or interviews, among others.
- **Compare costs and benefits:** Once costs and benefits have been identified, collected, and quantified, determine the return on investment of a particular initiative:

$$\frac{\text{Benefits} - \text{Costs}}{\text{Costs}} \times 100 = \text{Return on Investment}$$

A positive—or even neutral—return on investment can be a powerful tool in negotiating for gender diversity and equality initiatives.

- **Compile the business case:** A presentation-ready business case should include discussion of the proposed intervention and its objectives, any assumptions or estimates for the proposed program, discussion of methodology, ROI analysis, and any case studies or examples to support the case for proposed interventions. Also include recommendations on ways to move forward, whether additional assessments might be needed, and implementation options.

Step 3: Use the business case to mobilize support.

Once the business case has been developed, it should be shared and used to gain management and stakeholder commitment and buy-in for the next steps in the process.

- **Mobilize management support:** Support from the CEO and the senior management team is essential for a successful gender diversity strategy. They will set the tone for how the strategy is received and implemented. It is important that they share their commitment publicly. They must send the message to all staff that gender diversity is both the right thing and the smart thing to do for the business. They also must let everyone know that managers and all staff will be held accountable for gains in gender diversity. In addition, the management team has to back up this verbal commitment with tangible engagement in the gender diversification process.
- **Communicate strategy to stakeholders:** Ultimately, CEOs and executive boards answer to their shareholders. The support of shareholders and other stakeholders (such as the community and local unions) is therefore critical to the success of gender diversity initiatives. Once the business case for gender diversity has been developed, the process of communicating with stakeholders can begin. News about upcoming activities such as the gender audit and progress on the gender diversity strategy and targets will keep them informed. Be sure to include tie-ins to ways these initiatives will help the company meet its performance, profit, legislative, and industry objectives.