“Women on the Verge” Study Shows Latin American Business Women
Are Significant Force in Workplace
By Roberta Martone Pavia

While the glass ceiling has not yet been broken by women managers in Latin America, it has certainly suffered significant cracks, according to the results of a study sponsored by Simmons College School of Management (SOM) and The Inter-American Dialog, the leading U.S. center for policy analysis, exchange, and communication on issues in Western Hemisphere affairs.

The study — entitled “Women on the Verge: Corporate Power in Latin America” — was spearheaded by Sylvia Maxfield, an expert in economic development and a professor of economics and strategy at the SOM. The study is the first and only regionally comprehensive report of women’s roles in corporate Latin America.

The overriding conclusion of the study, says Maxfield, is that women are making great progress in business careers in Latin America, but there is still an opportunity for companies to build competitive advantage by focusing on attracting and retaining female employees. The study draws on interviews and surveys of more than 120 senior business women and 75 firms in seven countries: Argentina, Brazil, Chile, Columbia, El Salvador, Mexico, and Venezuela.

According to Maxfield, the “Women on the Verge” study was initiated to document women’s presence in the Latin American corporate workplace; investigate differences across sectors, functions, and generations; and convey views about obstacles and opportunities for advancement. The goal of the study was to facilitate networking and support in the private sector, collect and publicize data, and disseminate findings to leaders and CEOs who could influence corporate policy as well as the regulatory environment. In addition, Maxfield said an ancillary goal was to remedy the information vacuum about gender diversity in Latin America and help establish strategies to harness the organizational advantage that diversity can create.

Overcoming Traditional Obstacles

Citing numbers that were unheard of ten years ago, the study shows that 35 percent of Latin American executives are women — just slightly behind the 45 percent that comprise the executive ranks of business women in the U.S. What’s even more encouraging is that these numbers apply to both the private and political workplace sectors. In fact, in the political arena the numbers have actually doubled since 1990, increasing from eight to 16 percent. These numbers are also impressive because they signify that women are overcoming traditional obstacles to power in business, government, and the professions.

Yet, adds Maxfield, there is certainly room for improvement, as these impressive gains are somewhat uneven across countries, sectors, and functions and still lag behind.
women’s educational achievements, as well as their overall achievement in the workforce. In addition, the study highlights the fact that, not unlike their U.S. counterparts, Latin American women say the most critical challenge they face is finding a balance between work and family life. The majority of those surveyed said they did not have a balance and spoke often about work-family tensions impeding their career advancement. Some also suggested the tensions jeopardized their family life.

**Glass Walls, as Well as Ceilings, Are Disappearing**

The study also illustrates that inroads have been made not only at the “glass ceiling” level, but also at the “glass wall” level. In other words, while there is still room for improvement — especially at the highest levels of corporations — barriers to advancement have indeed been broken at departmental, as well as functional, levels. Although cluster areas still exist, in general, Latin American women managers are making strides in certain sectors, as well as across a variety of departments and functions.

At the middle management level, female executives are most prominent in health care and pharmaceutical companies, where more than 60 percent are women, yet only 10 percent hold positions at the vice presidential level. However, the study illustrates that those numbers are headed in the right direction. For example, in the finance sector, women represent a healthy 50 percent of the total employee base and are also better represented at the highest levels of management, holding 16 percent of the presidential or vice presidential positions. Although women are underrepresented as a whole in the energy and telecommunications sectors, they rank quite high — 15 and 10 percent, respectively — at the vice-presidential and presidential level in these sectors.

**Latin American Women Managers Gravitate to Certain Functions**

At the functional level, the study shows that Latin American female managers tend to gravitate to and excel in the areas of customer service, marketing, and human resources. Their presence is less noticeable in the areas of finance, engineering, and operations. For example, in Mexico, 21 percent of women at the “director general” level hold positions in marketing, while 15 percent are employed in human resources. Likewise, in Argentina, 30 percent of female managers work in marketing and 25 percent are concentrated in the human resources area.

**Board Level Participation Improving**

The study also points out that representation at the board level is still a rarity, but those numbers, too, are on the rise. While U.S. women hold 14 percent of board seats in Fortune 500 companies, in Argentina the number is at seven percent. In Venezuela, 19 percent of the companies surveyed had boards with more than two female members. In Mexico, that number is at three percent.
While at first glance the numbers might seem a bit low, a look at years past show the numbers have increased significantly. For example, in 1994, 24 percent of the Mexican companies surveyed had at least one female director; in 2001, that statistic rose to 52 percent. In Venezuela, the number more than doubled by the year 2000, from five to 13 percent.

**The Need for Diversity Programs and Policies**

The overall success of the workplace environment for women executives can often be measured by the existence of its diversity programs and policies, which can include professional development and mentoring programs, work practice programs such as flex time or on-site daycare, and quantitative target programs, or quota programs. Because only 25 percent of the companies surveyed utilized such programs, the study shows this area is a good place in which to focus efforts if businesses want to build competitive advantage through gender diversity.

**Diversity Discrepancies Exist from Country to Country; Types of Business**

While the overall message garnered from the study is that gender diversity is on the rise, the study also shows a wide discrepancy between the participating countries, with Columbia and Mexico checking in at the strongest level, and Brazil and Venezuela coming in at the weakest level in terms of diversity.

Discrepancies are also dependant on the type of business. When comparing government-owned, publicly-traded, or privately-owned businesses, there appears to be a slight rise in diversity in the private sector. According to the study, this phenomenon is probably due to the fact that private companies may allow women to play a more powerful role because of family connections. Gender diversity is weakest in the government sector most likely because of the limited impact of public regulations.

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**Size Matters and Motivators Surprise**

In terms of the size of the company, in general, female managers tend to fare better in larger as compared to smaller firms. As for motivators that drive Latin American women managers, many of the study participants say economic considerations or financial concerns are not primary factors that influence their desire for career advancement.

However, the study also shows a slight difference in motivators when comparing older versus younger female managers. When it comes to challenges and opportunities on the career ladder, the older generation is less concerned with job titles and more interested in accessing networks to facilitate their success, while younger managers are more concerned with the balance between work and family. In addition, younger managers are
more likely to change jobs more frequently, which could explain, in part, why the male/female wage differential is narrowing.

Likewise, the study shows that wage gaps between men and women, while still substantial, are closing. For instance, in El Salvador, women earn 22 percent less than their male counterparts, while in Venezuela, the differential is 17 percent, which is down from 28 percent in 1998.

**Working Harder not Smarter**

The majority of the women surveyed say they owe their success to working harder, not necessarily smarter. “A woman has to do double the work of a man to receive the same recognition,” says a participant from El Salvador. A woman manager from Venezuela adds, “How did I become one of the fortunate few to reach the top? Working at least twice as hard as normal and excelling at every job.”

Yet, some statistics seem to contradict those sentiments, with several study participants saying that gender was *not* a factor in their ability to be promoted. Although evidence shows that biases do exist and cultural stereotypes are one of the biggest obstacles to career advancement in Latin America, some participants also reject the idea of affirmative action policies, insisting that they be measured on their merits as a business person, not as a business woman.

**Next Steps for the Diversity Study**

In general, corporations throughout the world say they are increasingly concerned about retaining and promoting women for several reasons: because women comprise a significant portion of the total customer base; they are an important part of the talent pool; and diversity in the workplace can help businesses in their quest to achieve a competitive advantage. While the participating companies in this survey agree, the study shows Latin American businesses may be underutilizing the female employee base and missing an opportunity to capitalize on this diversity.

Yet, thanks, in part, to this study, and also because Simmons is recognized as an authority on diversity, international companies such as Johnson and Johnson, Ernst and Young, Procter and Gamble, and Deloitte and Touche are now seeking to leverage the competitive advantage of becoming an employer of choice for Latin American women.

According to Maxfield, next steps include a follow-up survey — funded with a $35,000 grant from Ernst & Young — which is now being distributed to human resource managers in Latin America. Maxfield says the timing of the grant, as well as the second survey, couldn’t be better as Simmons inaugurates a new president (Susan Scrimshaw) with a lifelong connection to the Central American portion of the Spanish and Portuguese speaking world.
“I am very excited about our president’s commitment to increase the School’s global integration and am thrilled that this project can play a small role in that effort,” says Maxfield, who applauds the efforts of Ernst &Young. “I am absolutely thrilled to have Ernst &Young’s support to continue this work.”

On a personal level, Maxfield says the project is gratifying because “it allows me to marry a lifelong involvement in Latin America with the SOM mission of educating women for power and leadership.” She adds that the project dovetails with her current research on corporate social responsibility and corporate citizenship.

“At the SOM we feel employees are crucial social stakeholders in the modern corporation. One of the clearest metrics of return on investment in corporate citizenship is improved employee morale and productivity,” adds Maxfield.

Maxfield expects the second report to be available in early 2007, and says that the approach to gathering the information for the second survey is unique: “We are working through a network of business school professors and consultants whose life work is really driven by the diversity mission.”

In addition, Maxfield is hopeful that subsequent funding will occur in support of a third study in 2008, as she says data collection of this kind is most useful if it continues over time. “Together with the Inter-American Dialogue, we are seeking a group of sponsors for a meeting in 2007 that would showcase results of both the first and second reports, and garner even greater visibility for the tremendous opportunity that diversity initiatives can offer companies operating in Latin America.”

Call out: “Research shows that what is good for women is good for business organizations as a whole, especially for organizational leadership.”