



Transforming the Landscape of Leadership in Microfinance: Maintaining the Focus on Women

Women's World Banking

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Credits

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INTRODUCTION

Women's leadership has been central to microfinance from the inception of the industry. Many of the industry's pioneers were women, and as microfinance institutions grew, women were well represented in management. To this day, in comparison with other industries, the representation of women in leadership remains strong in microfinance.¹ In recent years, however, microfinance providers have been strained by unprecedented rates of growth, the increasing need for skill sets from the private sector, and pressure to become more commercially motivated. There is evidence that with these changes in the industry, the percentage of women in leadership positions is beginning to decline. Even within the Women's World Banking (WWB) network—the only global microfinance network expressly committed to women's leadership—there has been a decline in women in board positions (from 66 to 58 percent) and in senior management (from 66 to 51 percent) from 2003 to 2007.²

This paper offers institutional approaches to increase the representation of women professionals in microfinance. Section one shows the importance of women's leadership in microfinance and discusses the business case for gender diversity. Section two offers a case study of Pakistan's Kashf Foundation, a member of the WWB network whose methods of furthering organizational gender diversity have been exemplary. In 2008, WWB worked with Kashf to further strengthen the organization's initiatives to promote gender diversity. Finally, section three presents Women's World Banking's strategies for improving gender diversity in microfinance institutions (MFIs), including WWB's Women's Leadership Development Program and the newly developed Organizational Gender Assessment (OGA) methodology, a tool for diagnosing challenges and identifying opportunities that MFIs face in the attraction, retention and promotion of qualified women staff members.

The Importance of Women's Leadership and Gender Diversity

INSERTING THE GLASS CEILING

WWB's commitment to women's leadership dates to its establishment as a global network in 1979. This commitment is founded in the belief that women leaders make powerful role models for the women clients they serve, and that gender diversity in leadership makes good business sense. Outside of the microfinance sector, North American and Western European corporations have begun to understand the business case for gender diversity in the workplace, and have been slowly making advances in this area. Growing awareness of the importance—both financial and political—of promoting gender diversity and supporting women leaders has led to greater investment and

commitment by many corporations. Even those that have long been male dominated and male led are making efforts to expand the diversity of their staff, and most major corporations now have dedicated offices of diversity and inclusion which work closely with human resources departments and in some cases report directly to the CEO.

In the microfinance sector, however, WWB is concerned that there is a trend in the opposite direction, toward what WWB President Mary Ellen Iskenderian has called the “insertion of the glass ceiling” in microfinance organizations. Institutions that were founded by women and have long had a commitment to serving low-income



women are experiencing declines in the representation of women in management, particularly in senior and mid-level positions. Hypotheses as to the drivers of this trend will be discussed below, but the numbers are clear: an industry that has had traditionally strong representation of women in leadership and management is losing that critical distinction. WWB is working with our network members to implement learnings from the corporate world about how best to stem this tide and put in place responsive policies and practices to ensure that institutions attract, retain and promote qualified women staff members.



BUILDING THE BUSINESS CASE FOR GENDER DIVERSITY

The business case for gender diversity posits that organizations that successfully recruit, retain and promote women will benefit from these efforts, not only in terms of “social returns” but also financially. A study of 226 MFIs in 57 countries published in 2007 demonstrated this correlation for the microfinance industry: when the CEO of an MFI was a woman, the MFI showed a higher return on assets.³ What explains this correlation? Studies have yet to conclusively illustrate the relationship between gender diversity and financial performance in the microfinance sector, but lessons learned from the private sector may hold clues.

Catalyst, the leading non-profit organization working globally to expand opportunities for women in the workforce, has published

numerous studies linking corporate performance and gender diversity in management and governance in North American and European corporations. Catalyst’s reports have consistently shown that companies with higher percentages of women board directors, on average, financially outperform companies with lower percentages of women board directors by significant margins.⁴ The same relationship holds true between the percentage of women corporate officers and financial performance. Prioritization of gender diversity in many institutions can be a proxy for other positive determinants of financial performance, such as innovation, employee satisfaction, customer loyalty and an inclusive and supportive work environment. Gender diversity alone is not a cause for an improved bottom line, finds Catalyst, but rather a symptom of a healthy, vibrant organization.



WHY IS GENDER DIVERSITY GOOD FOR MFIs' BOTTOM LINES?

Attracting and retaining top talent. Attracting and retaining qualified talent is a concern for any organization in any industry. In microfinance, getting and retaining talent is critical because of the labor intensive nature of the business. One current challenge to organizational gender diversity in many labor markets is the smaller number of qualified women than men for some senior positions. This is particularly true in the areas of finance and information technology, traditionally “male” domains in which female university level students are far less likely to specialize. This trend will no doubt begin to shift in the coming decades, and the profile of the “top talent” will begin to change. In markets as

diverse as Bangladesh and the U.S., girls’ education is outpacing that of boys. In Bangladesh, the percentage of girls in school is growing at a higher rate than that of boys and increasing numbers of women are entering universities. In the U.S., more women are earning master’s degrees than men. But these shifts in numbers will not necessarily mean shifts in the gender balance in all organizations. While there may be an increased number of qualified women candidates in coming years, attracting and retaining these women will be the real challenge. MFIs will need to learn from the private sector how to appeal to and retain qualified women. In many organizations, this will require getting rid of the old ways of working, or what has been called the “gender asbestos” that must be cleared in order to create a truly level playing field.⁵



Differentiation. Differentiation is one of the three key dimensions to achieving competitive advantage, as identified by Michael Porter.⁶ Differentiation in the market as a gender diverse organization attracts not only top female talent but can have corresponding benefits in attracting new women clients. Becoming an employer of choice for women can help differentiate the MFI as an organization truly committed to serving women.

In 2008, WWB surveyed 54 women leaders and managers from the WWB network about key issues faced by women professionals in microfinance. In the words of one of the survey participants, MFIs that differentiate themselves with brands based on the empowerment of women are attractive to women seeking employment. Establishing merit-based, gender targets for hiring and promotion would further “encourage top women to join the institution knowing that their sex would not hinder their progress in reaching the top.”⁷

ING U.S. FINANCIAL SERVICES: DIFFERENTIATING THROUGH DIVERSITY

ING U.S. Financial Services (USFS), part of the global financial services company ING, is an example of a firm that understood the power of branding itself as a champion for diversity. In 2001, ING USFS launched an effort to build the One ING brand, a unifying culture that identifies diversity and inclusion as a business imperative. The company used this culture to brand the firm both inside and out. The internal commitment to the One ING brand was used to leverage relationships

with the diverse set of customers and communities with whom ING USFS works.⁸ Since the initiative's inception in 2003, women's representation on ING USFS's senior management team has increased from 25 to 50 percent. ING USFS's initiatives to improve gender diversity garnered it the 2008 Catalyst Award that honors innovative organizational approaches with proven, measurable results that address the recruitment, development, and advancement of all women.



Mirroring the market. Borrowing a concept from corporate marketing strategy, WWB believes that MFIs targeting women customers will be more successful at understanding and responding to customers' needs if they mirror their market. As Catalyst has observed, "in consumer businesses, the more a company mirrors its markets demographically, the better positioned it is to sense and respond to evolving market needs."⁹ This is not to say that men cannot or do not grasp the needs of a female client base, but rather that having women's voices at the tables where decisions are made about which products to offer, and how, will lead to decisions that are more responsive to women clients. As expressed by one of the participants of WWB's women's leadership survey: "we are working to support women from less privileged households. The organization itself should portray this by engaging as many women employees [as possible] to work for our women clients."¹⁰

NISSAN MOTOR COMPANY: DIVERSITY TO REACH THE CUSTOMER

Nissan Motor Company (Japan) is an example of an organization motivated to achieve greater gender diversity due in part to an understanding of its customers. For Nissan, the business case for achieving greater diversity and staffing more women in positions of influence and product design was closely linked to the fact that women influence two thirds of all car purchases in Japan.¹¹ Having women in positions of influence through the production line—setting strategy, planning and designing cars, and selling cars on the showroom

floors—meant Nissan was better able to respond to the needs of its consumers. Since Nissan began its initiative in 2004, the number of women in senior management positions have increased: from 36 in 2004 to 101 in 2008. Percentages of women have also increased in the design and product planning functions. Like ING U.S. Financial Services, Nissan was recognized by Catalyst in 2008 for its advances in gender diversity in one of the least gender diverse markets—in terms of management and leadership—in the industrialized world.

Kashf Foundation: Maintaining a Commitment to Gender Diversity

This section presents a case study of Kashf Foundation, a leading MFI in Pakistan and WWB network member. Kashf has demonstrated its commitment to gender diversity through a clear vision by senior management of what it takes to deliver on its promise of equality for all staff. WWB worked with Kashf in May 2008 to further strengthen the effectiveness of the organization's policies and programs.

BACKGROUND ON KASHF

Kashf Foundation, a WWB network member, is one of the largest microfinance providers in Pakistan, with more than 300,000 borrowers and a portfolio outstanding of over US\$ 51 million. The average outstanding loan balance is US\$ 175 and 95.9 percent of clients are low-income women entrepreneurs. Kashf has a foundational commitment to serve low-income women through an economic empowerment strategy including financial and non-financial services that is at once responsive to client needs and

financially sustainable. The Pakistani microfinance industry has experienced strong growth in recent years, but a large potential market remains untapped.¹²

KASHF'S COMMITMENT TO GENDER EQUALITY AND DIVERSITY

Since its establishment in 1996, organizational gender equality has been at the core of Kashf's mission. Rather than seeing its gender commitment exclusively at the client level (focus on serving low-income women), Kashf has made its gender commitment universal: Kashf supports the empowerment of all women, as clients, as stakeholders, and as employees. Kashf's human resources manual formally reinforces the institution's goal: "Kashf Foundation is committed to provide its employees with equal employment opportunities while having a special focus on women's employment."¹³



Photos: Kashf Photo Gallery 2007

Kashf Foundation staff in 2007 at the headquarters in Lahore, Pakistan

Kashf's workforce statistics illustrate the organization's commitment to gender diversity at all levels. Between March 2007 and March 2008, recruitment rates for men and women were almost at parity: 52 percent of new recruits were men and 48 percent women. But despite active recruitment at all levels for qualified women staff, the gender balance in the head office (34 percent women) lagged behind the balance in the field (49 percent women) for that same time period. This is due in large part to the lack of qualified women candidates for some of the key areas in the head office, namely finance and information technology. Khalid Kabeer, Kashf's CFO, was acutely aware of the limited female labor pool in finance: "We agreed that the finance manager was a key position and ideally we wanted a woman, but could not identify the right person despite searching for nine months."¹⁴ Despite the difficulty in staffing some departments, the organization has maintained significant gender diversity. Attrition rates also tell of Kashf's commitment to maintaining balance: these rates did not vary widely between

men and women, with a turnover of 17.9 percent of the male workforce between March 2007 and March 2008 and a turnover of 20.2 percent of the female workforce over the same period.

Before turning to the programs and initiatives that Kashf has launched to preserve its commitment to gender equality, it is important to understand the challenging context within which it operates.

GENDER IN THE LABOR FORCE IN PAKISTAN

Pakistan's formal economy is predominantly a man's world, with one of the lowest rates of women's labor force participation in the world.¹⁵ For women in Pakistan, entrance into the formal labor market and occupational choice are highly influenced by traditional gendered attitudes on production and reproduction, socio-economic status, educational attainment, and household dynamics.¹⁶



Photo: Emma Presler

An important organizational feature of gendered social and economic life in Pakistan is the existence of a divide between public (masculine) and private (feminine) spheres, which situates women largely within domestic boundaries. This dichotomy has enormous implications for the potential for women to enter the workforce. Many women from traditional families are unable to work because of *purdah*, or the practice of concealing women from public observation. This is particularly the case in rural areas, where families tend to adhere to more conservative practices. As in many traditional societies, women typically enter the workforce due to economic necessity. (For others, socio-economic status allows them to transgress traditional constraints; of the urban female labor force, 35 percent are at the top of the socio-economic ladder in professional or technical positions.¹⁷)

These trends, however, are changing over time. There has been an increase in women's employment in the formal economy in the past 20 years with more women entering the traditional male domain of the office sector. According to Pakistani researcher Jasmin Mirza, the most movement into the formal employment sector is among women in the lower middle class. Despite being among the most conservative segments of Pakistani society (i.e., most likely to keep women in *purdah*), they are increasingly affected by deteriorating economic conditions and women are therefore seeking employment out of financial necessity. The result has been an increase in the number of women in technical and secretarial office jobs.¹⁸ These shifts, however slow, in the profile of the formal employment sector could have a positive impact on Kashf Foundation's ability to achieve its goals for gender diversity.



KASHF'S INNOVATIVE APPROACHES TO MAINTAINING GENDER DIVERSITY

Kashf's commitment to gender diversity and advancing women in leadership in the institution has resulted in efforts to communicate the ideals to all staff, to deliver on what it takes to encourage and sustain women's employment, and to ensure that all employees feel a part of this institutional goal. The terminology used in the analysis of Kashf's gender policies (setting the vision, building the policies and redefining the culture) comes from WWB's Organizational Gender Assessment methodology, which was designed in 2008 and will be presented in the final section of this publication.

Setting the Vision

Roshaneh Zafar created Kashf Foundation in 1996 with the vision of women's empowerment through access to financial services. Her vision for expanding opportunities for women was not confined to Kashf's clients; instead she understood that the institution itself

could empower women by focusing on women's employment. Zafar's goal has always been to set the bar for the rest of the industry, even if that meant at greater cost. "We combine a social mission at every level. For us, it is really important to [be a] role model. We have always been pioneers, and pioneering is costly."

Zafar continues to champion the institution's commitment to gender diversity. She understands the power of repetition and reinforcement. Outside of the culture, mission and ethics workshops that Zafar runs for all staff, she begins all of her talks with staff with the message of the institution's mission. "This has to come from the top people. They have been taught the mission during induction, but it needs to be reinforced by the top management consistently." As the institution continues to grow and expand its geographic outreach, Zafar is looking to build a team that can reinforce the message and conduct some of this work themselves.



Photos: Kashf Photo Gallery 2007

Building the Policies

To ground the big picture in initiatives and programs that affect all staff, Kashf has been creative in accommodating staff needs and breaking cultural barriers.

Retaining women after marriage or pregnancy

For many single women at Kashf, particularly at the loan officer level, work after marriage is an unknown proposition. Not only do they not consider this a real possibility, they understand the decision of their continued employment to be one that will be made by their in-laws. Kashf's President Zafar: "There is a retention issue when we talk about women and their reproductive roles. When women get married there is pressure to leave the organization. We want to see how we can build the environment so that women who work with us can be good professionals and good mothers."

Organizational response: Showcasing role models

Kashf encourages single women staff to plan for what will happen when they marry, rather than simply reacting to the dictates of their in-laws. "Now we are trying to tell them they need to plan for [marriage]. That's why they need more mentoring and coaching. In focus groups, I bring married women who have continued working after marriage successfully to speak to single women." By illustrating in real terms how working after marriage can be managed, Kashf is enabling women to envision what is possible.

Expansion into rural areas

Kashf's recent growth has included further geographic expansion into rural regions in Pakistan. Conservative religious and cultural practices in these rural areas have created significant challenges to hiring women loan officers. Women's mobility is far more restricted and families are much more likely to keep women in *purdah*.



Photos: Kashf Photo Gallery 2007

Organizational response: Education through entertainment

Kashf's Gender Empowerment and Social Advocacy (GESA) team is tasked with ensuring that the objective of empowerment is at the core of all of Kashf's activities. One of the GESA team's tools for promoting the message of empowerment is theater. The team uses theater to educate clients on themes of gender empowerment, violence and other critical threats to low-income women and their families. Theater is a particularly effective tool for Kashf as it expands into rural regions where the institution is less well known. The live performances are used to educate the local community about the institution, its values and objectives, and what it can offer. It is also a useful tool to inform families of potential women loan officers who would be hired to staff the local branches. Hafsa Sajjad, Assistant Manager of GESA, explains: "Our theater program is a good way to mobilize both clients and new staff. Loan officers' brothers and sisters attend the theater programs and they realize that Kashf promotes good issues, that we are a good organization."

Keeping focused on the goal of diversity

It would be far easier for Kashf to forsake its gender diversity goal given the organization's aggressive growth targets and hiring needs. As mentioned earlier, many women in Pakistan face significant constraints when working outside the home. Pressures such as social advancement and financial need are leading more women to enter the formal workforce, but the challenges remain significant. Hiring and retaining qualified women can be difficult; Kashf remains vigilant to ensure that the institution does not slip in its commitment.

Organizational response: Targets

Kashf has set organization-wide gender diversity targets, with goals for each tier. The human resources scorecard, which includes reporting on gender targets, is reviewed each month by the president. Zafar explains that it is important to review the data broken down by gender. "We take [gender targets] very seriously." Managers are encouraged to meet the targets but formal accountability has



Photos: Kashf Photo Gallery 2007

not yet been set. Despite the absence of a formal accountability system, Zafar uses quarterly management team meetings to review each manager's results on the gender metrics.

Redefining the Culture

Kashf's leadership understood early on that policies and hiring targets alone would simply be cosmetic adjustments and would not address deeper issues. As Zafar explained, "It is about deconstructing myths. We could say women need to be provided transport, for example. We could do this but then we would simply not hire women staff. It would not be practical. We took the route that we need to change mindsets."

Changing mindsets, maintaining fairness

One significant concern in the organization was how to convey the message that improved work experience for women will mean an improved environment for all staff. Additionally how were all staff to understand that no preferential treatment would be given to any individual based on gender? Kashf management explained: "We don't want the men to feel the organization doesn't care about them. And we don't want women to feel they are going to get special treatment. What we have to do is help champion against the setbacks that women face. It has to be done in a way that [shows staff members] what they can do so that they can all succeed." Transparency and fairness are key mechanisms to eliminate biases against women; continued adherence to these principles results in an equal opportunity for all staff, both women and men.



Photo: Matthieu Paley

Organizational response: Gender training

As part of its efforts towards gender diversity, Kashf has introduced a gender training program for all staff. A leading Pakistani gender expert was hired to design and conduct the initial round of trainings. The course is designed to: familiarize participants with the concept of gender and its implications for their work; introduce participants to the principles of gender in development; provide participants the opportunity to undertake a basic gender analysis of selected programs; and brainstorm way of moving the gender equality agenda forward for the institution. By demystifying and depersonalizing the organization's approach to gender equality, the goal is to increase the commitment of all staff.

WWB's Organizational Gender Assessment with Kashf

In May, 2008, Women's World Banking worked with Kashf to conduct an Organizational Gender Assessment (OGA) to help the institution sustain and build on its commitment to gender diversity. The results of that assessment are included in section three of this publication, following an explanation of the OGA methodology.



The WWB Women's Leadership Development Program: Helping MFIs Achieve Gender Diversity

The Women's Leadership Development Program was launched in late 2005 to respond to the declining numbers of women in the senior ranks of WWB's network members. The program focused on training senior women or those who were positioned to succeed into those ranks. WWB and its network members identified highly motivated, high potential women managers from within the organizations. These women were given access to a variety of leadership development, training and exchange opportunities to build their capacities as leaders. WWB partnered with the internationally renowned Center for Leadership and Change Management at The Wharton School of Business, University of Pennsylvania, to design and deliver the Women in Leadership course. The course helps women in senior and middle management in microfinance develop the skills needed to become effective leaders by introducing techniques of leadership development that have been highly successful for managers and leaders of corporations around the world. Program participants

were also given access to WWB's highly acclaimed best practice workshops, policy fora, and global exchanges which provide women leaders an opportunity to build their international networks. From 2005 to 2008, a total of 80 senior and middle level women from 30 institutions in 21 countries have participated in these leadership development opportunities.

In 2008, building on the successful work of the first phase of the program, WWB expanded and strengthened the program's goals to ensure that enabling environments exist for the attraction, retention and promotion of talented women staff at all levels of the institution. With this expanded program, WWB is able to respond to the needs of women in senior management—through personalized leadership development support—while also responding to the distinctive needs of women in front-line management and field staff positions through the provision of management development and other capacity building opportunities.



THE WWB WOMEN'S LEADERSHIP SURVEY

The Objective of the Survey

In order to better understand gender trends in the microfinance industry and the challenges and opportunities women professionals face working in the field, WWB issued a survey to 54 women leaders and managers from the WWB network who are graduates of WWB Women's Leadership Development Program (WLDP). These women were selected for the program by their institutions because they represent current and future leadership. The respondents represent 23 organizations in 17 countries. Their institutions are market leaders, and the women are part of the front-line leadership in a swiftly changing environment.

The Survey Respondents

The graduates represent a broad range of ages and regions. The majority of the respondents were mid-level or senior level managers, and all of them had at minimum a bachelor's degree with more than 50 percent having achieved post-graduate degrees.

The Content of the Survey

WWB's survey was designed to identify the key issues that women professionals face in microfinance. The survey covers three areas:

- 1. Professional development** – respondents were asked to reflect on their own careers and to share what elements of professional development were most useful to them and where there might have been gaps in their access to professional development opportunities;
- 2. Work-life balance/integration** – respondents were asked how well their organizations respond to staff needs to balance work and life, and what policies or programs need to be in place to help women and men more effectively achieve this balance;
- 3. Organizational culture** – respondents were asked to reflect on how their work environments and the attitudes and behaviors of senior staff toward gender diversity support women's professional development and provide opportunities for advancement for all staff, regardless of gender.

Concentration on these three areas reflects the conclusions of WWB's work to date on leadership, management and gender, and the findings of our Organizational Gender Assessment work with Kashf Foundation, Pakistan. WWB sought to test whether these areas resonated as being sources of struggle in the work and career advancement of the women professionals surveyed.

Survey Results

The respondents were asked to reflect on their experience and that of junior women in their organizations. When asked about their own experiences, their responses were encouragingly positive. On average, they strongly agreed that their organizations supported gender diversity and women's advancement, and that the working environment for women in the organization had improved in recent years. Most of the respondents expressed their satisfaction with the professional development opportunities available to them. It is important to note, however, that WWB's network is composed of some of the top women-led MFIs in the world; therefore this subset is not globally representative but rather a study of exceptionally gender diverse institutions.

The women's attitudes about the reality facing newer generations of women entering the industry were somewhat divergent from their own experiences and illustrate some of the effects of the industry's evolution. Whereas some respondents felt that women were gaining respect and being viewed as leaders on par with men, the majority felt that the pressures and competition were making the industry a more difficult place for women to succeed. Some common responses:

- **Increased commercialization brings increased participation by men:** "The sector has become more commercialized," said one respondent. "There is more money, so men are vying for the same positions. The rules of the game have changed."
- **Changes in the industry have not eliminated gender biases against women:** "Nothing much has changed. Young women will have to work twice as hard as their male counterparts to prove their worth."
- **The increasingly demanding nature of microfinance as a career (long hours and extensive travel) discourages women:** "The work is so demanding and women must sacrifice a part of their family life to work in this sector. Women have to be prepared for extensive field work and travel."

- **Changes to organizational culture may discourage gender diversity:** "Organizations today tend to have a more masculine character, with more emphasis on making profits than on addressing the parallel demands of career women."

When asked to rank what they valued most about their jobs—from intellectual stimulation and potential for achievement to good compensation to supportive work environment—the women ranked intellectual stimulation and potential for achievement as the top two values. This ranking is very important as we strive to break stereotypes of women's professional priorities. Women do of course care about being able to manage work and personal responsibilities, but interestingly the respondents rated a supportive work environment as least important.

It is critical to bear in mind that the women who participated in this survey are women who have already achieved enormous success in their careers and have advanced to middle or senior positions in highly competitive, successful MFIs. In the survey, the women themselves attribute their success most notably to their educational background, the mentoring they received from others, and their own ambition for professional advancement. They represent a select group of women professionals in microfinance whose experiences differ significantly from women at more junior levels in microfinance, who may not have had access to similar levels of education and who may not have individuals in their lives encouraging them to break potentially limiting self-perceptions and social constraints.

Findings and recommendations are presented on page 26.



WWB'S ORGANIZATIONAL GENDER ASSESSMENT METHODOLOGY

As part of the expansion of its Women's Leadership Development Program in early 2008, WWB designed an Organizational Gender Assessment (OGA) methodology to examine gender at the organizational level. The OGA is designed to help institutions like Kashf understand where improvements need to be made at the three core levels required for gender diversity—vision, policies and culture. Drawing on best practices from the corporate and development sectors, including WWB's network member institutions, the OGA helps WWB work with MFIs to diagnose obstacles, challenges and opportunities faced by women staff members and leaders—with an aim to eliminating those obstacles

and creating an enabling and inclusive work environment for all. The methodology focuses on four areas—recruitment, retention, promotion and professional development—where women may be challenged in the workplace. An institution may be able to get women in the door, but how many of them stay, and why do others leave? Why do women crowd the lower ranks with minimal representation in more senior management? Does the real professional development happen outside of classroom training, through more informal relationships between staff and supervisors, and do women staff members have the same access to these relationships as men? These are key questions that an organization must analyze to understand where the pitfalls lie.



This section outlines the OGA approach to improving and maintaining gender equality in leadership and at all levels: setting the vision, building the policies, and redefining the culture.

- 1. The vision:** WWB conducts in-depth interviews with senior leadership and members of the board to understand their vision for gender equality. This includes the organization's motivations, both social and financial, and how leadership sees the link with other objectives.
- 2. The policies:** WWB conducts a full desk review of all written materials—HR manual, training materials, written recruiting material—to better understand the organization's current state.
- 3. The culture:** WWB's research includes in-depth interviews and focus groups with staff at all levels to understand employees' perceptions and experiences.

With the results of the assessment, WWB works together with the institution to:

- Create and monitor gender diversity indicators to make aspirational targets explicit;
- Implement measures to facilitate work-life balance to help all staff manage work and family responsibilities;
- Adapt HR management processes to eliminate bias from hiring, promotion and evaluation (including gender trainings); and
- Help women nurture ambition and envision themselves as future leaders.



1. SETTING THE VISION

Without the vision of its leadership, an organization cannot gain or sustain the commitment to gender diversity. Effective leaders define their diversity vision, illustrate what the institution will look like and how it will get there, and convey through words and actions how it relates to the core principles of the organization. This is particularly critical when the work towards diversity and inclusion requires fundamental change. Change that affects the status quo, or what has been called the “reasonable way to work,”¹⁹ can cause anxiety, concern and even derision from those affected. In organizations that are new to the concept of promoting gender equality, leaders must be extremely consistent in the messaging of the vision.

Part of the communication of the vision is to frame the cause for advancing women as part of the broader objectives—financial and social—of the organization. Communicating the business case can depersonalize what some staff may feel is a process of disempowerment. As Catalyst explains, communicating the business case for gender diversity “provides hard evidence for changing the status quo.”²⁰

Leaders can be extremely effective at leading campaigns, but a leader is only a single voice. Other influential voices must join the chorus, particularly in larger organizations where more than one champion is needed to spread a message. “In addition to the CEO’s support and involvement, pioneering organizations often designate an influential senior leader to champion an effort or initiative.”²¹

2. BUILDING THE POLICIES

Any program of change needs concrete actions, policies and initiatives to give it life. Policies to improve gender diversity must address existing systems that are disadvantageous (in most cases unintentionally) to women staff members, launch new efforts to retain or increase percentages of women, and create responsive programs to improve the employee experience for all staff members. Examples of such policies, and WWB recommendations, are presented in the following pages.





Policies that encourage women to nurture their ambition

Ambition is born from within, but can be catalyzed by external support. Initiatives and policies that reinforce messages of women's capacity to achieve and excel can have enormous impact on self-perception and vision of one's own professional future. The respondents of WWB's women's leadership survey understood the power of developing women's confidence. When asked about the potential effects of a fast-track program for high-potential women, responses included: "this would give women chance to develop their confidence"; "it is always true that access to technical know-how gives women confidence to compete against male colleagues"; "this would support women to explore their talent and unlock their potential."

Findings from the WWB Women's Leadership Survey:

Male Dominated Discussions in Meetings

On the topic of organizational culture, survey respondents were asked whether they felt their institutions supported women's advancement and women in leadership positions. There was strong agreement among all respondents to this statement (8.6 score). When asked whether men tended to dominate discussions in meetings, the average response indicated mild disagreement (4.0 score), but the regional differences were significant. In the case of Eastern Europe, respondents from this region strongly disagreed with the statement (1.4) whereas for Sub-Saharan African women there was greater resonance and a stronger sense of being crowded out of discussions by male colleagues (6.5).

WWB Recommendation:

Showcase successful women within the institution

This can be a highly effective way to inspire women within an organization. Similar to a mentoring program, showcasing the stories of successful women that other women staff members can relate to is a powerful way for an organization to convey the message: you can do this too. It is important that these success stories reflect a range of experiences to ensure that they will resonate with as broad a group as possible. Of course these kinds of motivational efforts must be made in parallel to structural changes that break the old ways of working that may be the most significant barriers for women's advancement (see "Redefining the Culture," page 32).

Findings from the WWB Women's Leadership Survey:

Women Role Models

In the section of the survey on professional development, respondents were asked to reflect on the presence of women role models in the field as they began their careers. As the global WWB network can attest, there have been strong women leaders in this industry in every region and every market from its early days. Interestingly, however, there were significant regional differences, with women from Southeast Asia (Philippines) agreeing most strongly that there had been women leaders to inspire them (7.8), whereas African respondents ranked their disagreement at 4.1 out of 10. These ranges are not surprising, given the gender context in these regions. The Philippines has long enjoyed a strong presence of women in management and leadership, not only in microfinance but in most of the country's industries. In a 2008 Catalyst report, the Philippines ranked—at 58 percent—as one of the highest countries in the world in terms of percentage of women in the legislature, senior political office and management.²² Across Sub-Saharan Africa, women have historically not been well represented in management and leadership in most industries. The International Labor Office, which reports on those countries in Sub-Saharan Africa for which labor data is available, finds that on average women represent 31.8 percent of legislators, senior officers and managers.²³

WWB Recommendations:

Create an in-house mentoring program

Envisioning the possible is one of the most powerful gifts a mentor can give to a mentee. MFIs can design mentoring programs for both women and men as a means to identify and encourage the advancement of high potential staff. As a recent publication on mentoring explains, such a program “acts as an organizational catalyst for learning, personal and professional growth, and positive change.”²⁴ The challenge is to set up a program that has senior management's explicit support and that is well defined, with clear guidelines and instructions for both mentors and mentees. The most successful mentoring programs are those in which the mentee is empowered to drive the relationship, but is also responsible for having explicit goals at its outset. In many institutions, there are few examples of women's success in the higher ranks of management. Mentors, whether men or women, can help shed light on the realities of more senior careers, and discuss mentees' career needs and challenges.

Develop a fast-track program for high-potential women

For some institutions, programs can be specifically designed for high-performing, high-potential women staff, giving them access to technical training, leadership skills development, career advisors, and opportunities for exposure to other departments within the organization. In many MFIs, women are crowded into the more traditional “female” roles, such as HR, and are unable to envision career paths for themselves in other departments. An inherent cost of this kind of gender segregation is that highly talented women are unable to achieve their full potential within the organization. This type of program may raise concerns about perceived preferential treatment based on gender, but an organization must be able to demonstrate the opportunities available for all qualified staff. The goal of any of these programs is to create a truly meritocratic organization. In many cases, this means leveling what has to date been an unfair playing field.



Measures that support work-life balance or integration

Much has been written about the double burden faced by women competing in the workforce while remaining solely responsible for household obligations. This burden is observed across a wide range of working women: from microentrepreneurs in developing economies to salaried professionals in Western Europe and North America. Corporations in the United States and Western Europe have in recent years become more responsive to both men's and women's needs for greater work-life balance and integration. Studies now demonstrate the bottom-line return for companies that invest in helping employees manage personal and career responsibilities, resulting in attraction of a higher quality talent pool and lower rates of attrition.²⁵

Findings from the WWB Women's Leadership Survey:

Managing work and personal responsibilities

WWB's survey sought to test to what extent work-life imbalances and personal demands affect women professionals in microfinance, and how well they feel their institutions respond to these competing demands. When asked how difficult women found balancing work and personal responsibilities, the average response was 7.3. Not surprisingly, when analyzed by age group, those women over 50 found this significantly less challenging (6.0) than those between 40 and 49 (8.3). In a regional comparison, respondents in Latin America and the Caribbean (LAC) struggled the most with this balance (9.3) versus those from Sub-Saharan Africa who felt less strongly about the burden of this challenge (5.8). It is difficult to uncover from these numbers the causes behind these differences; however, further research on work-life balance for women professionals in microfinance could examine how women in different regions manage child and family care while working full time.

WWB Recommendations:

Offer on-site or facilitated childcare

One of the most critical constraints for women working all over the world is how to manage childcare while on the job. In most countries, childcare is a family affair, with relatives caring for children in lieu of formal services offered by private companies or the public sector. But this pattern is breaking down as families become mobile and, particularly, as MFIs' women staff members are transferred away from home regions. It is very expensive for an MFI to set up on-site childcare for families (of both male and female employees). Other options include mobile crèches and allowances for staff with young children to pay for alternative childcare arrangements. For MFIs with broad geographic reach, the problem of how to make the service available throughout the network of regions and branches becomes massive. Despite the challenges, it is increasingly important for MFIs to find creative, workable solutions to the problem of childcare, particularly for female field staff.

Grant flexible work schedules and responsive leave packages

The concept of flexible work schedules is based on the idea that outside of a core daily period when all staff are required to be at work, employees should be able to determine the most convenient schedule for themselves. This may mean beginning work earlier in the day in order to be home to care for children in the evening, or coming in later to manage other responsibilities before work. Flexible work programs can have particular impact on women employees who typically have primary responsibility for the household. Studies in the U.S. have demonstrated that “offering flexible work arrangements increases employee productivity, work quality, morale, commitment, and client service standards.”²⁶ For MFIs it may not be possible to offer truly flexible options to field staff in particular, and even to some head office staff. The critical piece is finding the appropriate level of flexibility that is responsive to employees' needs and is manageable for the organization. Examples range from the most customized (flexible work schedule) to responsiveness on an as-needed basis (supervisor approval for unexpected personal emergencies). As for responsive leave packages, it is important for an MFI to respect and respond to the needs of its employees. Maternity leave is commonplace, though some institutions offer more generous packages than others. Paternity leave is a new phenomenon in most parts of the world, reflecting the evolving views of fatherhood and parenting roles.²⁷ MFIs must ensure that their leave offerings are responsive and respectful of all employees' personal responsibilities.



Accountability systems to create internal champions

Taking a step back from programs and initiatives, it is important to remember that the broader goal of increasing women's advancement in the institution means changing mindsets and the status quo. With any change agenda, it is important to ground it with targets and metrics, and clear accountability for all those involved. This can help establish a connection between tasks and initiatives on one end of the spectrum with the organization's strategy for gender diversity on the other. It helps people understand why they are doing what they are doing, and what is expected of them. Accountability can be achieved through setting clear targets, assigning those targets to specific people or teams with explicit deadlines, maintaining senior leadership support and review, and creating awareness in the institution of the gender diversity initiative's goals. One significant risk in establishing accountability systems is the potential for misinterpreting targets as quotas. Accountability and targets must always clearly be differentiated from quotas, which have the negative connotation

of sacrificed quality. A CEO cited in a McKinsey & Company report noted: "Recruiting women under an obligation would be disastrous."²⁸ A meritocracy committed to gender diversity translates into an organization willing to invest the extra effort and attention to hiring, retaining and advancing qualified women without sacrificing the quality of its human talent.

WWB Recommendation:

Establish gender diversity targets

Successful MFIs regularly measure financial and operational performance against targets. Building gender diversity into existing monitoring systems is one effective way to legitimize this work as part of the overall success of the institution. MFIs can incorporate explicit gender diversity targets into existing performance scorecards, with reasonable targets set for individual departments and divisions.



Reforms that break old mental models about the way to do business

The largest microfinance institutions in the world are those that have maximized efficiency and standardized processes which in turn have simplified replication. But many of the processes were designed without consideration for a diverse workforce. In most regions, MFIs staff their front line with young loan officers willing to work extraordinarily hard. They manage large portfolios and in the case of some institutions in South Asia for example, live in the branch and have limited contact with their families or home regions. WWB's Organizational Gender Assessment methodology is designed to work with institutions to analyze where there is flexibility within the existing business model to redefine the ways of doing business. What elements of the methodology are critical to its success and where can adaptations afford to be made? Are branch manager transfer policies the most effective approach

to fraud prevention, or are there other policies that would not place as heavy a burden on field staff, both men and women? Each institution's assessment will uncover different approaches to improving the employee experience without forsaking excellent portfolio quality.

WWB Recommendation:

Use process mapping as a tool for improving staff experiences

Most processes that improve the quality of the employee experience for women improve the experience of all staff. Process mapping can be an effective tool for understanding current workflows, where improvements can be made without sacrificing portfolio quality, and what impact such improvements would have on women and men staff.



3. REDEFINING THE CULTURE

An organization's culture is reflected in its symbols, images, social interactions, and what is implicitly understood as "the ways things get done around here." These informal, unseen structures and assumptions can create barriers for those who do not fit the traditional profile. Changes to what Rao, Stuart and Kelleher call the "deep structure"²⁹ of the organization can be the most profound, challenging but ultimately permanent work that an organization can undertake towards achieving gender diversity.

But what does it mean to redefine the culture of the organization? How can an organization unearth implicit, unspoken and in some cases unconscious ways of working that are discriminatory? WWB's Organizational Gender Assessment methodology examines an institution from the perspective of how things should be done (i.e., sections of the staff manual prohibiting discrimination and bias) versus how they are experienced by staff (i.e., whether women feel they are denied promotion because of assumptions

about their future plans such as marriage and maternity). By identifying gaps between an organization's values and its culture, management can work to realign or redefine the cultural system that underpins "the way things get done."

Unearthing beliefs, assumptions and experiences

The first step is to understand employees' experience at work and their attitudes towards colleagues, supervisors, and subordinates. As mentioned above, this can be accomplished through interviews and focus groups with staff. WWB has designed discussion guides to explore perceptions and experiences of staff at all levels.

Analyzing the impact of beliefs and assumptions

Once a picture has been painted of the assumptions and beliefs individuals have of themselves and others, particularly as they relate to gender, the next step is to objectively assess the potential impact of those beliefs and assumptions. Through a facilitated workshop using group exercises, role-playing scenarios and

Annet Nakawunde Mulindwa,
of Uganda Finance Trust, gives
her speech after accepting the
Financial Women's Association of
New York's Leadership Award
on July 10, 2008.

discussions, staff can begin to understand issues of gender and how they may impact the performance of the organization.

Defining new beliefs

The desired outcome of any efforts to change “mental models,” to use the term coined by Peter Senge, is to create new models for the organization based on gender equality and merit.³⁰

It is important to return to the theme of equality. To redefine the culture of an organization is to effect deep change. It is critical in the midst of this change that senior management reinforces the ultimate goal: equality. To address potential concerns over preferential treatment arising from gender equality efforts, senior leadership must regularly communicate the message of meritocracy—the institution's commitment to supporting women's employment and advancement means providing equal opportunity to all staff to perform and excel.





Photo: Kashf Photo Gallery 2007

WWB'S ORGANIZATIONAL GENDER ASSESSMENT WITH KASHF FOUNDATION

To illustrate how an Organizational Gender Assessment (OGA) is used at an MFI, we return to our case study institution, Kashf Foundation. Kashf's example shows that even MFIs that have already made gender diversity a part of their institutional culture can benefit from OGA methodology. When WWB arrived in May 2008, Kashf was a leader in the Pakistani market and in the broader microfinance industry for advancing gender diversity. WWB worked with Kashf to conduct an OGA in order to understand where the institution could build on the strength of existing efforts to sustain and leverage its commitment to gender equality. WWB's OGA led to the following recommendations:

1. Build a reputation for Kashf in the market as a good place for women to work. One way to continue to attract qualified women staff members is for the organization to market itself as a good place for women to work. This is particularly true in more traditional regions where barriers against women working outside the home are still significant. Efforts include a consistent

marketing approach to its recruitment material, and a program to send Kashf Ambassadors, or highly qualified women staff, out to communities to serve as public spokeswomen for the organization and assist in recruiting efforts.

2. Strengthen and standardize special programs to support women staff members through the promotion pipeline.

Kashf's attention to gender diversity and women's leadership has resulted in a broad range of innovative approaches. The next step for the institution is to standardize these programs across the growing institution to ensure quality and consistency. A talent inventory is one mechanism for the organization to keep track of high potential women staff members and to ensure they receive adequate support and training.

3. Create accountability systems that empower managers at all levels to be champions of gender diversity. Building formal accountability can create a stronger sense of ownership of gender metrics by the broader management team. Accountability can be established through identification of responsible parties, a variety of short and long term deadlines, and a combination of implementation and outcome measurements.

“I have been working in Kashf Foundation for the past four years, first as a loan officer and now as a branch manager. Everyday, I come across women of extraordinary courage and strength. They are my teachers; through interaction with them, I have understood the meaning of hard work, perseverance, and believing in one’s dreams.”

Abid Majeed,
Branch Manager, Jorapull Branch



Photo: Matthieu Paley

CONCLUSION

The promise of microfinance is one of empowerment—empowering low-income women and men through access to credit to invest and grow their businesses, provide for their families, and support their communities. WWB believes there is another aspect to that promise of empowerment: empowering women staff members and managers through the removal of organizational and cultural barriers to perform, excel and lead.

WWB believes that women will continue to play a critical role in the leadership and delivery of financial services for low-income entrepreneurs, but organizational efforts must be made to ensure that equal opportunity exists for all qualified staff. WWB will continue to work with its network members to improve gender diversity at all levels of these institutions. WWB's ultimate vision is for every institution engaged in microfinance to build high-performing, meritocratic organizations that are committed to training effective managers at all levels.

WWB's Prescription for a Healthy, Gender-Inclusive MFI

- Showcase successful women within the institution
- Create an in-house mentoring program
- Develop a fast-track program for high-potential women
- Offer on-site or facilitated childcare
- Grant flexible work schedules and responsive leave packages
- Establish gender diversity targets
- Use process mapping as a tool for improving staff experiences



Endnotes

- 1 According to a May 2007 study conducted of 226 microfinance institutions (MFIs) in 57 countries, 25 percent of CEOs were women. See Roy Mersland and Reidar Øystein Strøm "Performance and Corporate Governance in Microfinance Institutions" MPRA Paper No. 3888, May 2007, p. 14. In comparison, Fortune Magazine's 2008 ranking of the top 1,000 companies in the U.S., showed that only 2.4 percent of CEOs are women.
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- 15 Jasmin Mirza, "Accommodating Purdah to the Workplace: Gender Relations in the Office Sector in Pakistan," *The Pakistan Development Review*, 38:2 (Summer 1999), pp. 187-206.
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- 18 Ibid.
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- 24 McGraw-Hill, *The Power of Mentoring: Stories to engage and encourage, strategies to lead*, McGraw-Hill, 2008.
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