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Power of parity for APEC

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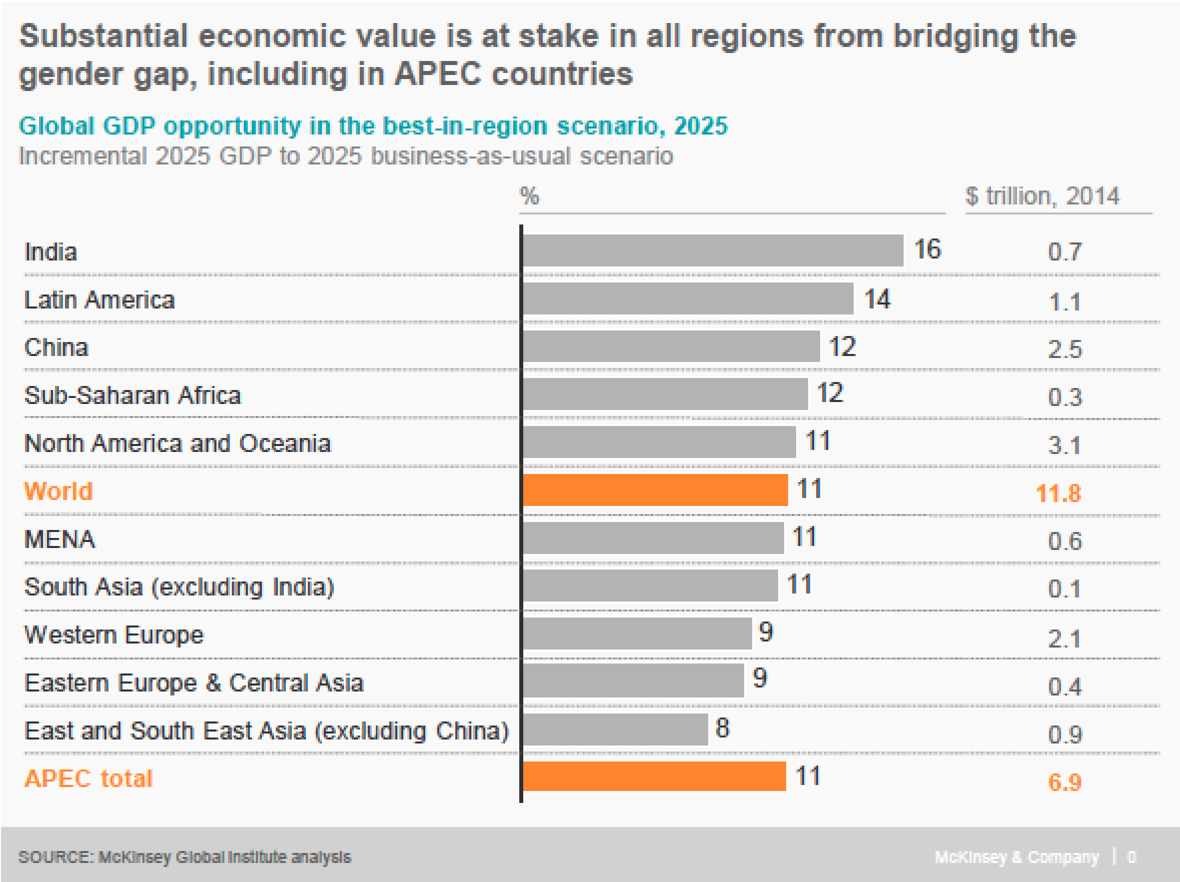
Persistent gender inequality not only stunts women's potential; it is also a huge opportunity cost for the world economy. In an aging world where the labor pool is shrinking in many countries, and countries are striving for inclusive growth and to meet United Nations Sustainable Development Goals, failing to make full use of the hard work and talent of half of the world's population is hugely counterproductive.

Consider gender equality in work. Globally, women spend three times the time that men spend on unpaid care work, an economic contribution conservatively worth $10 trillion, or 13 percent of global GDP—but not recognized in the GDP measure. In the case of paid work, women account for half of the world's population but only generate about 37 percent of global GDP. In 2012, McKinsey found that most Asian countries had fewer than 10 percent of female CEOs, losing the majority of women in the mid-to-senior management level.[1] China, Japan, South Korea, India, and Taiwan, had 1 percent of fewer female CEOs. At current rates of progress in women rising to the C-suite, it will take more than 100 years to bridge the gender gap in the upper reaches of US corporations.[2]

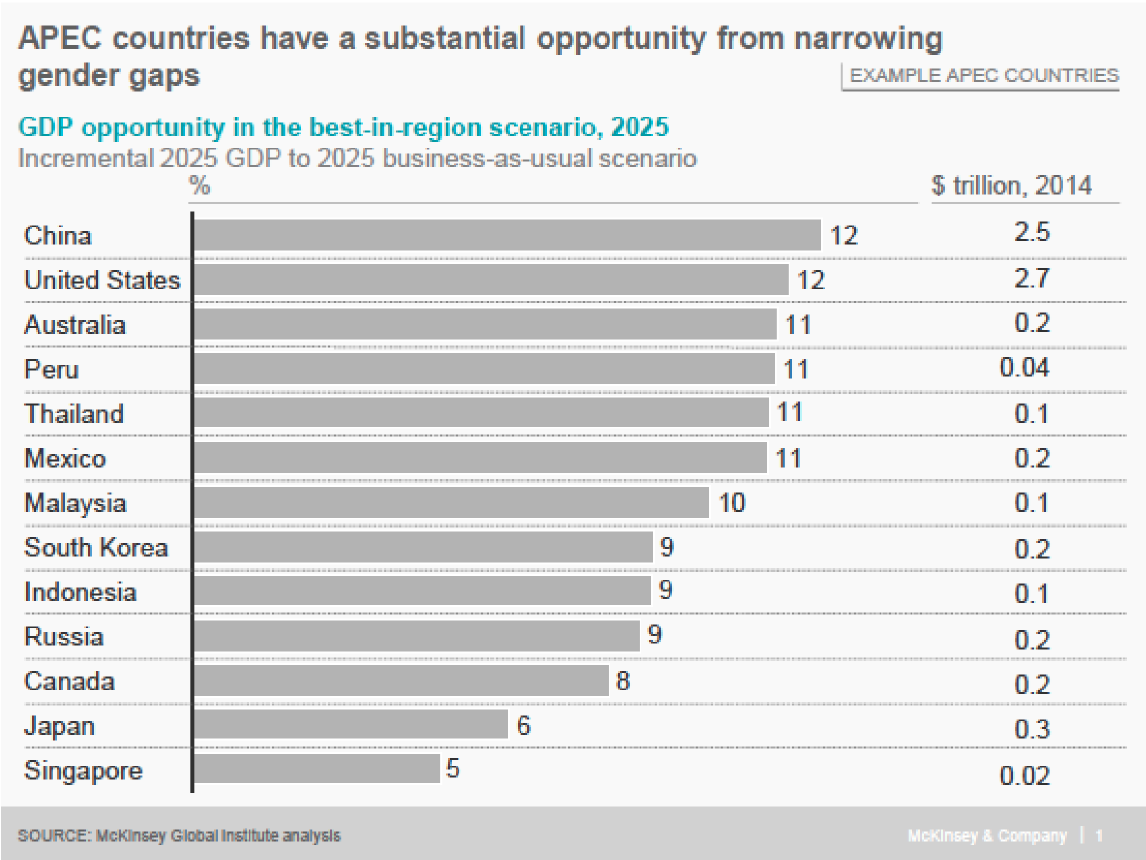
Gender gaps in work are symptoms of deeper gender gaps in society, and indeed exacerbate them. About 195 million fewer adult women than men are literate. Around 190 million fewer women than men have a bank account. For every 100 men, there are only 22 women in ministerial and parliamentary positions. An estimated 36 million girls marry between the ages of 15 and 19, stunting their educational and economic potential. About 30 percent of women around the world have been victims of violence from an intimate partner.

Narrowing gender gaps in work and in society would give the world economy a significant boost. McKinsey Global Institute's (MGI) 2015 research found that if women were to participate in the economy identically to men—a theoretical possibility—$28 trillion or 26 percent could be added to global GDP by 2025. This is roughly the combined size of the economies of the United States and China today.

In reality, full gender parity in the world of work remains a distant aspiration. But in a relatively conservative scenario in which all countries in a region were to match the neighbor with the fastest progress toward gender parity—MGI's "best-in-region" scenario—as much as $12 trillion could be added to global GDP in a decade. All regions of the world would reap substantial rewards in terms of additional growth. For APEC countries, we find that about 11 percent could be added to their collective GDP by 2025 (Exhibit 1).

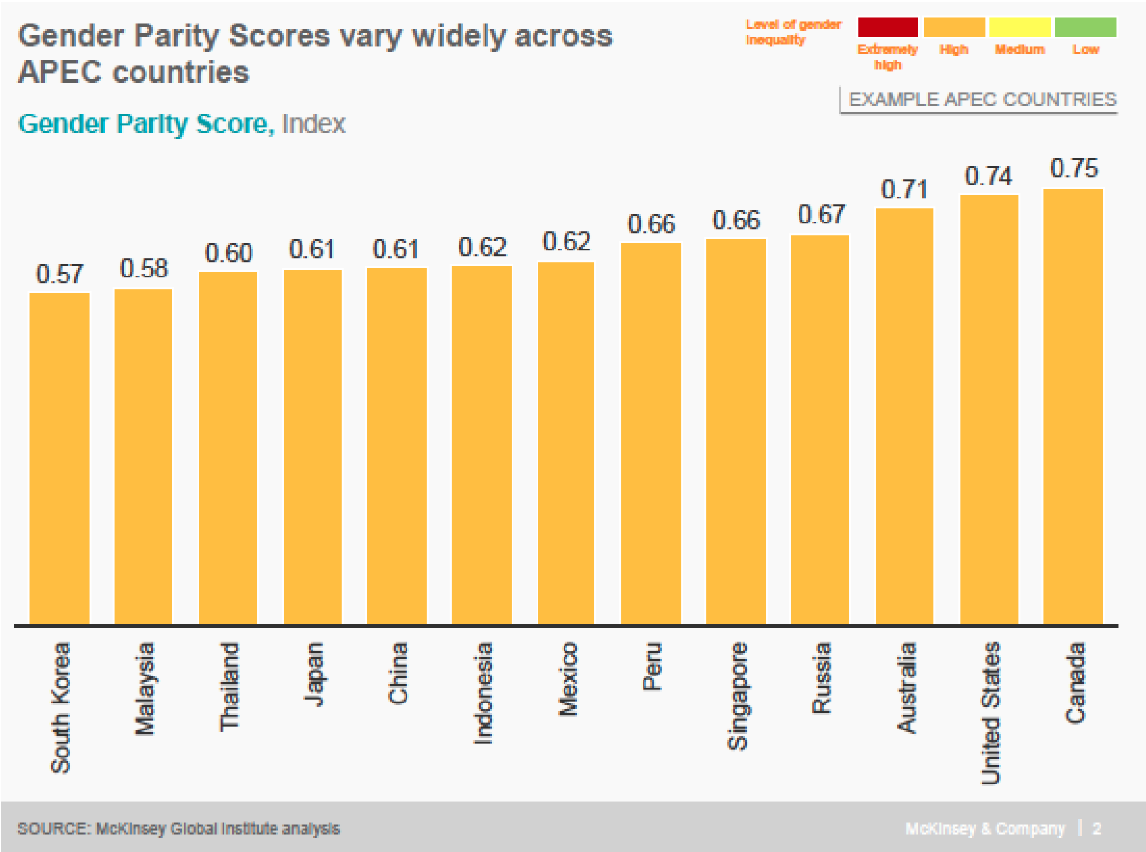


All APEC countries would achieve additional growth but to varying degrees from an additional 5 percent on GDP in Singapore to an additional 12 percent in China (Exhibit 2).



MGI's 2015 research unveiled a new measure called the Gender Parity Score or GPS, made up of 15 economic and social indicators of gender equality. The GPS measures the distance that 95 countries (home to 93 percent of the world's female population and generating 97 percent of global GDP) have to travel to reach gender parity. Using the GPS, MGI has for the first time established a strong link between social and economic equality. There are virtually no countries that have high equality on social indicators but correspondingly low equality on indicators related to work.

Globally, 40 of the 95 countries analyzed have high or extremely high levels of gender inequality on at least half of 15 indicators, both economic and social.3 APEC countries with the single exception of New Zealand that has medium gender inequality, all other members have high gender inequality readings on average across indicators (Exhibit 3).



Some aspects of gender inequality are global blackspots: political representation among women, for instance. Globally, there are 22 women in ministerial and parliamentary roles for every 100 men. All APEC countries have extremely high inequality on this indicator. The picture varies on other indicators. Mexico scores poorly on work indicators with extremely high inequality on perceived wage gap for similar work, leadership positions, and the share of unpaid care work. China has extremely high inequality on the second and third of these. On violence against women, Chile, Mexico, Thailand, the United States, and Vietnam, all have extremely high inequality.

The pressing question is how best to accelerate progress toward gender parity. There are best practices around the world to build on. MGI has identified around 75 interventions that have already been implemented. Taking action to change attitudes is an important part of the mix, whether that's through engaging in dialogues within communities, promoting role models, or launching national social-media campaigns.

An MGI analysis of correlations between gender inequality indicators that suggested action should be prioritized in four areas: education; legal rights; access to financial services, the Internet, and digital technologies; and unpaid work.

At the highest level, governments can create an enabling climate through legislation. Financial mechanisms, such as cash transfers targeting girls, can give incentive for changes in behavior within families and communities. And infrastructure can help make a difference, too; this includes both physical infrastructure, such as providing sanitation facilities for girls in schools, and digital solutions, such as offering apps designed for female entrepreneurs or mobile-based emergency services for female victims of violence.

In 2016, MGI followed up on its research and homed in on what needs to be done, focusing on six areas to unlock economic opportunities for women: education, family planning, maternal health, financial inclusion, digital inclusion and assistance with unpaid care.[4] The research found that addressing these areas would require incremental annual spending—globally—of $1.5 trillion to $2 trillion in 2025. This is 20 to 30 percent more than business-as-usual looking at current population and GDP trends. But this investment could deliver six to eight times more than the initial outlay.

But delivering the power of parity is not all about money invested for a particular return. Programs need to be effective. Successful programs around the world share elements in common. For example, they tackle many barriers simultaneously. Turkey’s Garanti Bank, for instance, not only offers products and services targeted at women entrepreneurs (including a goal loan that enables women to use gold as collateral) but also funding, education, and training. Effective initiatives also involve women in diagnosing issues and suggesting solutions. British supermarket chain Asda engaged directly with its employees to tackle a situation in which 70 percent of its hourly sales force was female but only 30 percent suitable were suitable for management positions. Engaging the right stakeholders—whether employees of community elders or even influential mothers-in-law in some cultures is important. Increasingly, using digital technologies is part of the answer. And it is vital to track and measure outcomes, and codify best practice.

It is increasingly acknowledged that dynamic partnerships—public and private—need to drive change. Indeed, the 17th Sustainable Development Goal focuses explicitly on increasing the number of multi-stakeholder partnerships.

Because gender inequality is such a multidimensional issue, it is ripe for this approach. Governments, corporations, and nongovernmental organizations (NGOs) all need to make a contribution. Take efforts to increase the number of women entrepreneurs as just one example. To achieve progress requires governments to remove policies that inhibit women's property rights or impede their access to markets; companies need to design financial products for women; and NGOs can play a useful role in raising women's awareness of opportunities for self-employment, and helping them to develop their professional capabilities.

Partnerships are challenging; there are many pitfalls. But there are certain characteristics that define successful ones including driving commitment from senior leaders in each partner organization; having a single measurable goal; establishing a value proposition at the start for each member so that they have the motivation to put the necessary hard work in; identifying and then using the unique strengths of each partner; clearly defining how the partnership operates; and, last but not least, scrupulously monitoring and evaluating what works and what doesn't— money is too precious to devote to interventions that don't work or have enough impact.

Given persistent gender inequality in virtually every country in the world and the very powerful social and economic benefits of tackling this complex issue, the case for new coalitions that push for more aggressive change is compelling.

1 Women Matter Asia, McKinsey & Company, 2012.
2 Women in the workplace, LeanIn.org and McKinsey & Company, 2016.
3 The power of parity: How advancing women's equality can add $12 trillion to global growth, McKinsey & Company, September 2015.
4 Delivering the Power of Parity: Toward a more gender-equal society, McKinsey Global Institute discussion paper, May 2016.