

Diversity in Workplaces

I started my career in the early 1990's on Wall Street in New York. Although the presence of women in a largely male dominated environment was not a novelty in those days, seeing women in senior positions was a rarity. The few that did make it up to higher positions within the hierarchical pyramid, had to shed every ounce of femininity to be accepted as one of the guys. A natural corollary was that they could not be seen to be sympathetic to younger women under their charge, let alone act as mentors or role models. Many in my generation who faced this at the start of their careers pledged to ourselves, that if we were ever given the opportunity to lead, we would try to make a difference. A large part of my career has been spent trying to advance the cause of greater diversity within workplaces and advocate a greater role for women in decision making forums.

Diversity can be in many forms; including gender diversity, age diversity, ethnic diversity, diversity in backgrounds, education, experiences etc. However, many studies on diversity point to gender diversity as representing the best form of cognitive diversity. This could be due to different genetic and biological dispositions or societal conditioning between men and women. I will therefore focus on gender diversity when discussing the benefits of greater diversity within the workplace and the ways and means of ensuring the enhancement and retention of greater diversity as a means of attaining the maximum benefit for the corporation. However, encouraging and inculcating other forms of diversity are as important in not just our pursuit of a more equalitarian society but one that is able to maximize its benefit for the community as a whole.

Let us first discuss the business case for greater diversity within the workplace. In my book entitled Corporate Governance Landscape of Pakistan (OUP 2017), I devoted the last chapter to present a business case for the induction of more women on corporate boards. Plethora of international studies backed by solid empirical evidence suggested that having greater diversity within decision making forums led to more optimal decision making. This was for a number of reasons including the following:

- a) **Enhance Professionalism:** Women bring a different dimension to managerial deliberations leading to enhanced strategic formulation for the benefit of the company. Diversity in the boardroom results in more innovative thinking, more objective discussion, improved governance, more diversity in point of view, more appropriate allocation of budget, and better decisions, which lead to better financial performance.
- b) **More responsive to the market:** Women are responsible for 70 percent of household purchasing decisions. Their presence in the corporate hierarchy ensures that there is an improved understanding of customer needs and more informed decision making.

- c) **Women bring a greater ethical consciousness to the workplace** and their focus on non-financial performance ensures that the company remains cognizant of its environmental and social responsibilities.

d) **Improved Company performance:**

Empirical evidence collected interna-

tionally, subsequent to the 2008 economic downturn, suggests that companies with more women on boards/executive management consistently outperformed their rivals in terms of return on equity, return on sales and return on invested capital. These results were reinforced in the case of Pakistan in the study undertaken by the SECP during my tenure and is available for reference in the "Women on Boards" paper available on their website.

Overall, diversity of opinions, experiences, competencies and skills on boards results in effective and balanced board decisions, efficient oversight of financial management and enhanced accountability to shareholders.

Apart from the benefits within boardrooms, many studies suggest that a greater presence of women at every level of the corporate pipeline helps drive a distinctive cultural shift within organizations. Contrary to popular belief, more men indulge in unproductive tea breaks and idle gossip sessions at work than women, who are often up against self-imposed deadlines with competing demands on their time at home. Eager to finish their work so they can take on their second shift at home as primary caregivers in the evenings, women tend to ensure greater productivity in the workplace. This, in turn, generates more competition for men to keep up with their pace of work. Shaken from the comfort zone of being surrounded by like-minded men, they become more conscious of maintaining a professional demeanor in front of their female colleagues. The flip side, of course, is that greater competition can lead to greater insecurity among male colleagues, sometimes manifesting as harassment or bullying of female coworkers. It is no wonder, then, that corporations truly committed to diversity and inclusion start with a robust zero-tolerance anti-harassment policy in the workplace.

Let's therefore discuss some measures that the companies can take to not only encourage but retain diversity within their ranks.



Sadia Khan

Educator and Practitioner of
Corporate Governance &
Former Commissioner, SECP

The tone needs to be set from the top, which is why a comprehensive Diversity Policy must be articulated, approved at the Board level, and embedded into the organization's HR policies. This policy should be informed by detailed data collection on the company's past and present metrics for the induction and retention of female staff, turnover ratios, pay differentials, training statistics, and promotion rates between men and women. It should also consider the current status of facilities such as maternity and paternity leave, daycare centers, and flexi-time arrangements. The policy must outline the organization's vision for greater diversity, along with a concrete action plan that includes timelines and assigned responsibilities for achieving the targets. To foster a sense of ownership, detailed discussions and focused group sessions should be held across the organization to gather feedback from all employees. Their input and concerns should be addressed in the document before it is submitted to the Board for final approval. The real work begins after the policy is approved, with implementation schedules that are regularly monitored by the Board itself.

What could be some of the features of this policy?

Starting with recruitment, a conscious effort should be put in reaching out to potential applicants at colleges and universities. Some corporations offer targeted scholarships to encourage female students to enter STEM disciplines and other areas of expertise which they identify as their core need and in which they have less than proportionate representation of women. This is often supplemented by internships to expose the women to their corporate culture and engender a sense of confidence as well as a sense of comfort in being part of the workforce. The recruitment process itself should be designed to encourage women to apply with interview panels representing both genders and recognizing the fact that women in our society have fewer opportunities for professional interaction and hence often do not come across as confident and assertive as their male colleagues during these interviews. Once the offer is made, it is not just a question of onboarding the women, but also providing a sense of comfort to their families that their daughters/sisters/wives will be entering a safe work environment.

A zero-tolerance policy towards workplace harassment

and bullying is an important step in this direction. It is not just a matter of having a policy in place but ensuring that it is adhered to in letter and spirit. There is no point in encouraging women to speak up and report harassment, if the hearings are conducted by all-male panels and no action taken against known perpetrators. Most harassment takes place by men in a position of power over their female colleagues and confident in their standing within the organization. If timely and appropriate action is not taken, these anti-harassment policies often lose their value for the employees.

In most of the organizations I served in as a board member, I asked for regular retention statistics and exit interview forms to analyze the reason for leaving. Inevitably, most HR managers chose to put marriage or child bearing as a reason

for leaving of their female staff. I asked them instead to justify the reasons in terms of their inability to retain them. Was the organizational culture supportive of retaining these women? Were there provisions of flexi-time, maternity leave, day care facilities within the premises, to allow both women and men the opportunity to strike a better work-life balance? Given the economic conditions we are all faced with, it takes a minimum of two sources of income to sustain a household. I cannot imagine too many women so easily relinquishing a work opportunity they had obtained against many odds in the first place. Retention should not just be a statistic, but an opportunity for reflection for the organization to upgrade its image as an employer of choice for their female staff.

There is an inherent pyramid structure within every organization, but these pyramids get inevitably skewed towards fewer female representation along the corporate pipeline. A deeper dive into promotion statistics and opportunities for growth within the organization again reveal certain inbuilt biases. While maternity leave may be allowed, it is often used as an excuse to exclude the women from the next promotion cycle. Training and development opportunities tend to be inequitably allocated between men and women. The choice of projects assigned are often determined by factors other than competence levels. These inequalities need to be addressed if organizations are serious about retaining their women officers beyond entry levels. The frustrations built up over time often lead women to quit their careers since the perceived gains at work are inadequate to compensate for the sacrifices made at the home-front.

This leads me to address the important issue of work-life balance. As you grow older, you realize that the concept of work-life balance is a myth. To ensure happiness and fulfilment, you need to place life and family center stage in your life and revolve the work around that. Most women understand this much earlier than men, leading men to question their commitment to the workplace. Most women work to live, not live to work, ensuring that their lives do not become vacant and meaningless the moment they retire. With the societal pressures placed on men's shoulders to be the primary bread-earners, they are unable to appreciate the full extent of this advice, until it is too late.

In this pursuit of gender diversity, I believe it is no longer about empowering women; that stage has long passed. It is now about empowering men to take their equal place in the home—supporting their wives by sharing household duties, nurturing their children, and caring for the elderly. This shift in mindset will not only foster greater equality but also sow the seeds for a more content and healthier society.

About the Author: *Sadia Khan is currently based in Dubai, U.A.E., where she is pursuing a portfolio career as an educator and practitioner of corporate governance. She served as Commissioner of the Securities and Exchange Commission of Pakistan (SECP) from 2020 to 2023. Prior to that, she was the President & CEO of the Pakistan Institute of Corporate Governance (PICG). Her book, Corporate Governance Landscape of Pakistan, was published by Oxford University Press in 2017.*