



WOMEN'S **LEADERSHIP** IN A CHANGING WORLD



Reflecting on Experience in
Latin America and the Caribbean

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Women's Leadership and Glass Ceiling Barriers in Brazil and Mexico

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"Untested assumptions about women's commitment and abilities underlie corporate culture, policies and practices, and create a work environment that reduces women's opportunity for the practical experiences necessary for advancement.."

Women in Latin America and the Caribbean have made impressive gains in both education and employment since the 1970s. In line with international trends, female economic activity rates increased, as did the ratio of women to men in the economically active population. In the 1990s, women have actually outnumbered men in higher education in many countries, as shown by the average rate of female enrollment in tertiary education (51.4 percent). And in the last two decades women have also increased their numbers in traditional male domains, such as university enrollment in science and technology, and in law and business careers (44.4 percent and 53.4 percent, respectively).

In the business world, the representation of women in management has grown steadily, rising to 45.9 percent in 1990 (from 33.3 percent in 1970), and according to a UN survey on the role of women in development, the region had on average the highest rate of women in administrative and managerial jobs in the 1980s.¹ Moreover, women make up an increasing percentage of small-business owners and employers, a fact of economic life that is only beginning to be acknowledged. The sense is that in the universe of micro/small businesses, women may comprise nearly half of the entrepreneurs. As they have increased their participation in income-generating activities, moreover, women have come to constitute a large share of the consumer markets in the region as well.

However, despite these significant gains, the playing field is still far from level for women in competing for opportunities and access to resources. The wide gaps between women's educational achievements and

large-scale entry into business careers on the one hand and their status in management and in business ownership on the other points to sharp inequalities in opportunities and treatment. Throughout the region, although women are moving into management and entrepreneurship at a faster pace than men, they are rarely found in the upper strata of managerial occupations or on corporate boards. They tend to cluster in low and mid-level administrative positions, to predominate in low-paying industries and trades, and rank low in creditworthiness. Being virtually excluded from employers' associations, boards and decision-making committees, their access to promotion in both the private and the public sector is still limited. These circumstances are reflected in wage differentials; the managerial and executive salary gap between men and women can reach 50 percent, as illustrated by estimated average incomes in those occupations for five selected cities in the region.²

Despite this reality, however, little is known or understood about the gender-related barriers (attitudinal, organizational and institutional) that prevent women's advancement in management and business. Accordingly, UNIFEM supported research on "Women in Decision-making in Latin America: A Glass Ceiling Report." The study focuses on women in management and business in Brazil and Mexico, the region's largest economies. The goal was not only to assess the current status of women in business and management and identify opportunities for their advancement but also to build public awareness on factors that limit women's ability to advance in business careers in the region.

Research in a number of countries in the world has identified a glass ceiling, "those invisible artificial barriers based on attitudinal and organizational biases" that keep qualified women from rising in organizations, as a determinant of women's lack of professional advancement or career derailment.³ Cultural codes (sex stereotypes) about female abilities, their capacity for decision-making or risk-taking, their degree of professional commitment or need to balance career and family responsibilities, their willingness to relocate, as well as assumptions that clients hold "negative" attitudes towards female directors, act as obstacles in the recruitment, retention and promotion of women, in spite of their educational credentials. These untested assumptions about women's abilities and commitment underlie corporate culture, policies and practices, and create a work environment that denies women the practical experiences necessary for advancement.

The exclusion from formal and informal networks of communication and control, and as a consequence, exclusion from career tracks leading to "line" (core decision-making) positions, create disadvantages that impede vertical mobility in companies. In this sense, women's particular vulnerability to power failures in management circuits brings as a corollary their over-representation in supporting function areas (such as customer relations, communications, personnel and human resources, public relations) and scarce access or exclusion from core business areas (such as marketing, finance, accounting or production).

On the assumption that social and cultural forces influence and may hinder the economic productivity of women, and that the achievement of their economic potential depends on their access to "gender-blind" career paths, managerial training, and capital and markets, the study of women and the glass ceiling in Brazil and Mexico was intended to be used towards several ends. First, it was designed to raise public awareness, mobilize political support and propose policy recommendations for an equal opportunity agenda for women in business and management. Second, the findings were to be used to propose strategies to create gender sensitivity and value diversity in management and business as a both good business practice and a way of enhancing national economies in the region.

Research and data gathering began with questionnaires addressed to CEOs, human resource directors and women in professional and managerial jobs at a selected sample of the largest companies (national, multinational and public) in the two countries as well as interviews with women business owners and with female company directors. These were supplemented by an analysis of census data and other secondary databases on employment, jobs, labour markets, business records, business directories, employers associations' directories, population and economic censuses, and ministry of labour's statistical series.

Brazil

Brazil is typical of countries in the region in that women account for an increasing number of new entrants to managerial occupations and to the business market. Women have also made great strides in education, comprising nearly 53 percent of university undergraduate and graduate enrolment, including traditional male domains such as law and business, by 1994.

Women in Management

Despite their numeric inroads into the professional ranks of management, women are still under-represented in senior executive and managerial positions, and tend to cluster in entry and middle-management positions. This seems to be true in both the private and the public sectors, although the latter is generally seen as more "open" for women's careers due to strict recruitment, promotion and pay requirements. According to 1988 Ministry of Labour figures, women directors comprised 7.3 percent in manufacturing enterprises, 7.5 percent in construction companies, and 8.3 percent in financial/ real estate/insurance companies. At the other end, women comprise 25.7 percent of intermediate administrative department heads, and 29.3 percent of intermediate department heads of accounting.

Available evidence thus shows a high percentage of women in "staff" positions, and a minority in line positions, as illustrated by women's share in the higher echelons of the corporate suite of only 3.4 percent (overall) among the top executives of the largest corporations in the country (3.7 percent in the 300 largest national private, 1.7 percent in the 20 largest state owned, and 2.6 percent in the 40 largest foreign-owned companies).⁴ That ratio could have been even smaller if cases of access via kinship networks (rather than by competitive routes) had not been considered in the estimate.

As to salary, again based on 1988 figures, the ratio of female to male earnings for management jobs range from 40.8 percent in manufacturing industries, to 67.2 percent in the transport and communications sector, even though women have on average a higher educational background. In the highest salary bracket in those occupations, the ration of female to male salary can go as low as 2 percent, in the case of extractive industries and agro-industries.

The typical glass ceiling scenario was reflected in the survey responses of women professionals and managers, in terms of the factors they perceived as barriers and the actions they considered necessary to eliminate them. In addition to discrimination in hiring and promotion, they pointed to a corporate culture that devalues women; a lack of role models for women in leadership, rooted in the education system and socialization process; and the prevalence of stereotypes of women as "unfit" for business careers in business schools as well as in economics and engineering schools.

Asked what they thought should be done, the women managers stressed the need to reassess company policy and practice in recruitment, retention, and advancement of women in managerial and executive

positions. They encouraged the development of support systems for balancing career and family responsibilities and an effort to value and use the talent pool represented by qualified women in the company.

Among CEOs, despite increasing discomfort about not addressing women's needs and career advancement opportunities, there were few signs of taking corporate responsibility for the inclusion of women in career planning and leadership training, tracking women with advancement potential, or introducing such innovations as flexible hours or child care in an effort to provide support for balancing career and family. Although CEOs acknowledged that stereotypes, management unwillingness to take "risks" by placing women in command positions and other gender-related preconceptions are barriers to women's access to the leadership ranks, there was little agreement about company responsibility to initiate changes to remove those barriers.

Among human resource personnel, there was limited awareness that gender-related factors might affect the success or derailment of women's careers and, further, an unwillingness to reassess company policy to provide mobility opportunities for qualified women. In general they took a "generalist" approach to human resources with little commitment to workforce diversity or equal opportunity.

Reinforcing the gender bias in corporate culture, survey responses indicated, are both executive search companies, which rely on "male"

Women managers' perceptions of barriers to career advancement

- Gender-related cultural codes
- Discriminatory practices in recruitment, promotion and development of women in professional and managerial jobs
- Lack of support systems for balancing career and family responsibilities
- Lack of opportunity for leadership training and development
- Lack of role models in executive leadership for women and lack of encouragement to assume such roles
- Self-limiting factors such as low self-esteem, low self-confidence in job performance, acceptance of lower-level jobs, fear of competition
- Woman-unfriendly corporate culture and corporate environment that stress "male" values and management styles of command
- Wide salary gaps between men and women performing managerial and executive jobs
- Prevalence of stereotypes of women as unfit for business in business schools as well as in economics and engineering schools.

corporate directories and thus select women out of recruiting networks for placement in senior positions, and trade unions, which fail to include the advancement of women on the collective bargaining agenda.

Women in Business Ownership

Despite the lack of data on the demographics and performance of the female business sector (in part because internal revenue or other economic data is not analyzed or is not broken down by sex), there are indications that women have caught the entrepreneurial spirit in Brazil and are increasing their contribution to the economy, especially in the central and southern industrialized states. To discover some of the business characteristics of women-owned firms, we resorted to business directories of micro/small enterprises where women are more likely to be found. Based on a sample of 1,012 micro/small enterprises contracting SEBRAE, a semi-public support agency for small businesses, we determined that 24 percent were female headed enterprises mainly in the sectors of: fabrics and clothing (22 percent); food industry (8 percent); construction materials trade (6 percent); stationery (4 percent); and in smaller numbers in real estate, architecture and urban engineering, publicity, machines and metalwork, cosmetics, toys, leather goods, plastics, automotive retailers, security services, electrical equipment, publishing, tourism and pharmacies. They are swelling as well the ranks of entrepreneurs in franchising, as shown by a 1993 study in which 29 percent of entrepreneurs in the sample were female.⁵

But barriers to women's entrepreneurship are deeply embedded in the business world. Although the entrepreneurial culture emphasizes rationality in the mobilization of resources, problems related to sex stereotypes are frequently reported by women business owners. High transaction costs and complex application procedures limit women entrepreneurs' access to formal financial markets, making it harder for them to obtain necessary start up capital as well as funds to grow their businesses and for operational expenses. In addition, women have less access to public and private market opportunities (including procurement opportunities), technical assistance and training. Although they comprise a sizeable proportion of firms in the small-business sector, women tend to benefit less from projects designed for micro-enterprises as a result of being viewed as more prone to business failure and of being considered as a high-risk group in loan repayment.

This business environment pervades women's perceptions of barriers to

entrepreneurship and of ways to remove them. Women business owners stressed the difficulties they face in getting capital at all stages of the operation; starting up, expanding, and operating. Obstacles ranged from collateral requirements for loans to stereotypes held by lending officers regarding women's ability to run their own businesses. They acknowledged a wide need for management training for women and the lack of such training or technical assistance for women interested in business careers. In addition to lending institutions, they saw women's lack of credibility among accountants and suppliers as detrimental to women's efficiency and success in business.

Women business owners indicated that a variety of resources and services were needed in order to overcome traditional sex role stereotyping and that these should be sponsored on a public/private basis. They recommended, among other things: advice on business organization and operations; reference services for the resolution of practical problems in the production of goods and services; legal advice in this regard; information about internal markets and exportation for goods and services; advice on access to capital for business financing from local sources such as state and private banks, international banks and agencies; information about franchising options; personal advice on operational questions; information about development and technology.

The women also pointed to a need to increase women's representation

Women business owners' perceptions of barriers to entrepreneurship

- Lack of management skills and lack of management and technical assistance for micro/small female-headed enterprises
- Women's limited access to capital for starting up, expansion and operating expenses
- High costs of transactions and the complexity of requirements and procedures excluding women from formal money markets
- Collateral requirements of lending institutions
- Women's low credibility with lending institutions, and the "high risk" associated with lending to women
- Lending institutions' concerns about women's lack of technical business education and training
- Misconceptions on the part of financial institutions about women's credit-worthiness (especially with respect to loan repayment), resulting in discriminatory creditor practices
- Women's lack of credibility among accountants and suppliers

in business and employers' associations and to increase business-women's associations' influence so that women are included among the beneficiaries of public programmes and projects.

Women's Business and Professional Groups: New Developments

In 1990, women still had limited access to the major structures of corporate power and influence: women managers and entrepreneurs were either absent or had only a minority status on the boards of national and state employers associations and represented less than 3 percent on the boards of employers' unions in the country.

However, the emergence of Councils of Executive Women within the state chambers of commerce in recent years has played a significant role in mainstreaming women's interests in business, as has the proliferation of the Association of Business and Professional Women's chapters. In 1994, nine chapters of Councils of Executive Women were recorded in state capitals' chambers of commerce and in larger numbers at the municipal level. The Association of Business and Professional Women, affiliated to the International Federation of Business and Professional Women, presently has 20 chapters in state capitals and in provincial cities. A review of newsletters and reports issued by these associations indicates that they sponsor a wide range of activities and workshops, including women's empowerment initiatives, networking through professional associations, opportunities for leadership training, seminars and workshops on such issues as international trade and economic policy, relevant legislation and laws and global communications as well as technical training and financial services. Such activities suggest that in the long run, these associations may prove critical in fostering egalitarian views about men and women in the corporate world, in influencing the formation of corporate women's groups in companies, and in providing mentoring and networking opportunities as leadership training grounds for women managers and entrepreneurs.

Mexico

Research in Mexico was very difficult, owing to a general lack of availability of information and the obstacles for carrying out research on women business owners and women executives. For one thing, a lack of prior research has resulted in virtually no literature on women entrepreneurs and executives. Statistical sources presented additional problems. Most surveys and studies of companies in Mexico do not include

the gender of business owners and executives in their data. In addition, statistical sources that do take gender into account, such as the National Population Census or the General Employment Surveys, do not give an altogether reliable picture. In the case of women business owners, these sources do not allow us to appraise women's participation in the informal sector of the economy or in family businesses (which are normally registered in the name of a man).

In the case of women managers, the different statistical sources are not broken down for persons earning more than ten times the minimum wage; this makes it difficult to obtain a clear estimate of managerial salaries, which on the average should be above 20 times the minimum wage and in which, due to the glass ceiling, are found the greatest differences between men and women.

In addition, we encountered a lack of cooperation in answering questionnaires. In general, people tend to be wary or simply do not have the time. Mail and fax enquiries are ignored, and information is obtained only through long insistence and through some personal calls. Following the economic crisis of December 1994, executives and officers stated that they were too overwhelmed by immediate problems to participate.

The study therefore relied on various sources, including the National Population and Housing Census for 1990 as well as former decades; the Economic Census and surveys of the status of companies in Mexico; directories of representatives and officials of companies furnished by commerce and industrial chambers and other business organizations; surveys on women entrepreneurs and women executives carried out in other countries.

We designed two questionnaires. For women entrepreneurs, a questionnaire was circulated yearly from 1991 to 1994 through the women entrepreneurs' associations. Despite their lack of statistical precision, responses allowed us to detect important trends, which were later compared to census data and other economic indicators. For the survey of women executives, a series of questionnaires was directed to general directors, human resources directors and women executives of the main companies within the Federal District in early 1995. The sample selection was taken from the directory of the country's 500 largest companies supplemented by a women's executive association's directory.

Highlights of Preliminary Findings

According to the 1990 National Census, women represent 16.32 percent of the 535,000 entrepreneurs in Mexico. A comparison of these women with the total economically active female population shows that, although women continue to be clearly in the minority, they account for 23.6 percent of the economically active population. That is, at least in the formal sector, the proportion of women business owners to all entrepreneurs is seven percentage points lower than women's representation in the economically active population, which shows that among entrepreneurs there is a greater gender-based segregation than in the economically active population as a whole.

This disparity becomes even clearer if we compare the percentage of women business owners with that of women employees and women blue-collar workers. Whereas in the blue-collar sector, for each two male workers there is one female, among employees the relationship of women to men is only one to five.

Low participation ratios are also notorious in the case of women executives. The Census indicates that of all officers and managers (569,561) in the public, private and social-welfare sectors, 81 percent are men and 19 percent are women, and at higher managerial levels there are even fewer women executives. The directory of the country's 500 largest companies lists not a single woman as a general director of a company. Among the next most senior executive positions (administrative, finance, commercial, production and human resources directors), women represent only seven percent.

In general, companies owned by women are small. Whereas, as noted, in the overall business world, the proportion of men to women is five to one, in small businesses men outnumber women by only two to one. Hence, the importance of women as small-business owners is similar to their presence as employees or blue-collar workers.

Companies owned by women are predominantly located in commercial and service sectors. In the manufacturing industry women represent only 11 percent. In activities where males predominate, such as oil and gas drilling and the construction industry, the number of women drops sharply (6.5 percent in the first case and 2.5 percent in the second). The sectors in which women business owners have the greatest presence are community and social services (39.94 percent) and the restaurant and hotel industry (33.64 percent).

Interestingly, the data suggest that women owners become integrated into managerial activities of companies as an extension of their family ties. In most cases, women business owners establish partnerships with one or more family members. The presence of women in family businesses is partially explained by the fact that they have the greatest opportunities to assume positions of authority and to work within a flexible schedule. Moreover, family businesses may provide the possibility for women to enter industries such as those of manufacturing and construction, which, as noted, have traditionally been men's fields.

For women executives in big companies, percentages depend not so much on the sector in which the company is located, but on the position women occupy within any given sector. Of a total of 194 officers holding the highest executive positions of the country's largest companies, women account for 45 percent in the human resources area; in production, by contrast, they account for only 5 percent of directive posts. It can be stated that in addition to "vertical segregation" (in which women cluster at the lower hierarchic level) there is also "horizontal segregation" (women clustering in specific fields or occupations).

Data on regional distribution confirm the link between the numerical importance of woman business owners and the size and sector of their companies. Nevertheless, women's low participation in certain states must also be explained by cultural differences and by the organizational practices of corporations. Due to certain traditional behaviour patterns that predominate among owners of large companies and members of family business groups in Nuevo Leon there is a minimal presence of both women executives and women entrepreneurs in that state.

The under-representation of women entrepreneurs in industry and their concentration in traditional commercial and services activities have been attributed to the type of interpersonal relations required in the latter activities. Women are expected to excel in these fields, due to cultural considerations as well as to the low amount of start-up capital needed in this field. In general the fact that companies owned by women are smaller than those owned by men within a given sector is partially explained by the difficulty women find in obtaining financing.

Women also tend to find barriers in family businesses, in so far as they reproduce traditional gender relations. The problems related to establishing distinctions between family and professional roles and the exercise of authority appear to be heightened by kinship and affective bonds. Similar

to what occurs at home, women's work in the family business remains socially overlooked.

Within organizations, women identified cultural factors, discrimination, and Mexican "machismo" as key factors preventing them from developing and advancing. In fact, the survey shows a greater concern among women managers than among women entrepreneurs about these factors. They mention the fact that they are not taken seriously, their activities are limited, and their abilities are questioned. They note that men refuse to accept women in authority and leadership positions, making it hard for women to exercise authority and leadership. They add that men tend to exclude them from the informal circles in which much of the networking is done. These women also point to the lack of role models for women who want to combine family, career and leisure activities.

By contrast, though both women managers and women entrepreneurs find greater difficulties in obtaining training in areas such as marketing and finance, the survey showed that women entrepreneurs were more concerned about this than women executives. Perhaps, this can be explained in part by the fact that in many cases women entrepreneurs start a business with little need of a formal educational degree, while for an executive it represents a basic requirement. These women also noted the problems related to reconciling their different roles and the consequent lack of free time.

Unfortunately, and in contrast to the situation in Brazil, women are rarely found as leaders in the major business associations. In 1994, among the 75 chamber presidents that make up the Confederation of Industrial Chambers (CONCAMIN), only two women are found. In that same year, in the commercial sector, among the 304 regional chambers of commerce only 11 women were found as presidents; that is fewer than 5 percent, whereas the total number of women business owners in these fields is as high as 23 percent. The low participation of women in these organizations can also be seen in the private sector's group of advisors for the negotiations on the North American Free Trade Agreement (NAFTA) with the United States and Canada: in the case of Mexico, of the 182 business leaders there was only one woman (in the customs subgroup).

Lessons and Policy Recommendations

There seems to be a growing consensus, based on cross-national research on the fortunes and misfortunes of women in the business world,

that despite expected demographic changes, time alone will not ensure women's economic power. Unless women's issues in companies are addressed as societal and organizational issues, not as individual matters, attempts to shatter glass ceilings, which block the road to women's progress, will be ineffective at best. Throughout the region, neither corporations nor governments have realized that full utilization of the talent pool represented by women is a prerequisite for achieving sustained, human-centred development and for achieving a competitive edge in the local and global marketplaces.

For this reason alone, then, governments should develop policy recommendations for an equal opportunity agenda for women in business, in management and in professional organizations, to create enforcement mechanisms and machinery for removal of barriers embedded in organizational policies and practices and in the work environment, to consider gender issues in macro-projects and policy design of development programmes, and to engage in partnership with the private sector in initiatives designed to foster women's role in professional and entrepreneurial activity, especially access to capital, markets and training. As women attain a "critical mass" in management ranks, corporate leaders must recognize their contribution to those nations' economic wealth and make the case for diversity in leadership roles so as to eliminate what was called the "sexual static" in reference to deeply rooted, subconscious discomfort at seeing females in authority roles. If this combination of normative regulation, enlightenment and demographics coalesces, it will pave the way for social change and for women's economic empowerment. ♦

1 UN, 1994 *World Survey on the Role of Women in Development*, 1995; *The World's Women 1970-1990 - Trends and Statistics*, 1991.

2 Inter-American Development Bank, *Economic and Social Progress in Latin America - 1990 Report*, 1991.

3 US Glass-Ceiling Commission, *A Report on the Glass Ceiling Initiative*, 1991; *Good for Business*, 1995; Catalyst, *Cracking the Glass Ceiling: Strategies for Success*, 1994.

4 Balanço Anual, 1994-95, *Gazeta Mercantil*. Index estimates by Sonia de Avelar.

5 Index estimates by Sonia de Avelar based on SEBRAE's records; Cherto & Rizzo Franchising, *O Perfil do Franqueado Brasileiro*, 1993.