

WOMEN & LEADERSHIP



**'Men cannot act
in the best interest
of women if we're
not there telling
them what we need.'**

**KIM CAMPBELL, FORMER PRIME
MINISTER OF CANADA**

The untapped power of women by *Rana Foroohar and Susan H. Greenberg*

Q&A with Avon CEO Andrea Jung: how women can stop the recession

Hard times: no excuse not to volunteer by *Irene Rosenfeld*

THE REAL EMERGING MARKET

BY RANA FOROOHAR AND SUSAN H. GREENBERG

IT HASN'T BEEN EASY TO find a bright spot in the global economy for a couple of years now. Growth markets, once as numerous as no-interest mortgage options, have grown scarce. But in the last few months, economists, consultants, and other business types have begun to track the rise of a new emerging market, one that may end up being the largest and most powerful of all: women. According to a new study by the Boston Consulting Group, women are now poised to drive the post-recession world economy, thanks to an estimated \$5 trillion in new female-earned income that will be coming on line over the next five years. Worldwide, total income for men (\$23.4 trillion) is still more than double that for women (\$10.5 trillion), but the gap is poised to shrink significantly because the vast majority of new income growth over the next few years will go to women, due to a narrowing wage gap and rising female employment. That means women will be the ones driving the shopping—and, economists hope, the recovery. That growth represents the biggest emerging market in the history of the planet—more than twice the size of

CHRISTOPHER ANDERSON—MAGNUM

RICH
WOMEN ARE
STEPPING
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WOMEN
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TO BUILD ON



the two hottest developing markets, India and China, combined.

It's seismic stuff, and the impact of the shift—one that few leaders, either in the political world or in business, have fully grasped—will be broad and deep. An August report by Goldman Sachs entitled “The Power of the Purse” proclaims women the economic engine of the future, noting that future spending by women, which tends to focus more on health, education, and children's well-being, “should support the development of human capital” to a greater extent than spending by men, thus “fueling economic growth in the years ahead.” At the same time, the report notes, economic growth continues to bolster gender equality, a virtuous circle that has already had massive impacts on the status of women around the world.

While most of us know intuitively that women's place in the world has risen in the last several decades, a look at the

Women spend
more on health
and education,
save more,
and take fewer
financial risks.

hard data is startling, in a good way. Huge improvements in female access to education around the world mean that the literacy rates for young women, which used to trail those of men by 30 percent or more, are now almost universally within a single digit of men's. In the U.S. and the EU, most

college students are already women, and even in most of the key developing countries, girls now fare nearly as well as boys in primary- and secondary-school enrollment. Labor-force participation, already high in rich countries, has jumped exponentially in large swaths of the developing world over the last few years; 70 percent of women in countries like China and Vietnam now work. Health has improved dramatically, and fertility rates have dropped. While women are still underrepresented in politics, there have been significant gains in recent years, most notably in poor nations—countries like Uganda, Burundi, and Macedonia are among those that now have more than 30 percent female legislatures, thanks largely to the implementation of quotas. Around the world, nations are changing laws to give women more equal standing in areas like property, inheritance, and divorce rights. In many cases, technology and globaliza-



tion have played an important role in changing attitudes. A 2007 study by the National Bureau of Economic Research on rural India found that within six to seven months of getting cable TV, men and women alike had become more open to the idea of women's autonomy, and more accepting of female participation in household decision making.

In fact, women already make the majority of the world's purchasing decisions. BCG estimates that they control some \$12 trillion of the world's \$18.4 trillion in annual consumer spending, and that percentage will likely rise as a new upwardly mobile class of young female professionals overtakes their male peers in wealth and status. In developed countries, there is already an elite cadre of urban women who are more powerful than their male counterparts. "If you walk down the streets of Manhattan, London, or Frankfurt today," notes BCG senior partner Michael J. Sil-

verstein, "and you ask 100 single men and women between the ages of 25 and 30 what they make, the women will make more." It's nothing less than the entry of a new generation of potential leaders onto the world stage. "The shift is statistical," says Silverstein. "Older women who tended to be paid less are retiring, and a new group of younger women, who had equal education and started with roughly equal wages are rising." Silverstein believes that if this new group, now rising through middle management, stays on the fast track, the number of Fortune 500 CEOs who are women could rise from 38 today to over 100 in the next 10 years.

Higher female earners in the developed world, coupled with growing female employment participation in poorer countries, is the reason that women's earned income is growing at 8.1 percent versus 5.8 percent for men. The financial crisis has widened this gap, by hitting

male jobs hardest. Some 80 percent of job losses in the U.S. during the downturn have befallen men, in part because male-dominated areas like manufacturing and financial services have been gutted during the recession. But the rise of female earning power is a deeper shift that has gone hand in hand with the other economic megatrend of our era: the advancement of emerging markets. As Goldman's report makes clear, improving gender equality has coincided with the rapid growth of the global middle class. From about 1.7 billion people today, this middle class is expected to reach approximately 3.6 billion by 2030, and 85 percent of the newly wealthy will live in the world's major developing nations.

The rise of women as a grand, cross-border emerging market could have implications as profound as the rise of India and China. There's a wide body of research to suggest that women's spending patterns

may be exactly what the world needs at this moment. "Economists have studied how women spend in comparison to men, and they tend to spend more on things that are linked to people's well-being, like health and education. They also tend to save more, and exhibit less risky financial behavior," notes Yassine Fall, senior economic adviser for UNIFEM, the U.N. agency dedicated to women. The fallout for business and investors could be significant. Goldman Sachs estimates, for example, that more male-oriented product categories like alcohol and tobacco may show slower growth rates than areas like consumer durables, food, health care, and child care—in short, all the stuff that women spend their money on.

Women may also play an important role in reshaping industries like financial services. The female propensity to save may fuel growth of banking services in countries such as India, where roughly half of all household assets are currently held in physical categories like land and machinery. The vast unmet desire among

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Western women for more simple, understandable financial products and services could also help make retail investing in countries like the U.S. more accessible and transparent. Analysts say companies like Visa, Wal-Mart, Nestle, Johnson & Johnson, and others that already have a strong leg up in the women's market stand to prosper further from the female consumer boom.

Meanwhile, as women gain greater power at the political level, there will also likely be macroeconomic spending shifts. A study last year of Britain's Parliament found that since 1997, when the country doubled its female representation in Parliament to 18.2 percent, family issues such as tax credits, health care, child care, and education have received more money and more attention. Likewise, in India, where a 1992 law mandated increased levels of female participation in local government, female council leaders have taken on 60 percent more water projects than their male counterparts. Of course, there's widespread consensus now that government spending on health, education, and social safety nets are exactly what the world needs to get growth back on track. If women can help do that, with political power as well as the power of the purse, they may be the catalyst for any number of new growth markets.

With ANITA KIRPALANI in New York

RISING WOMEN: A LOOK AT THE NUMBERS CAN BE STARTLING

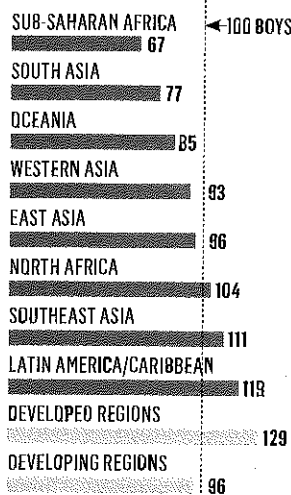
Female gains made in areas like income, education, consumer spending, and workplace power are beginning to change the world.

WOMEN REPRESENT THE WORLD'S BIGGEST OPPORTUNITY A GROWTH FORECAST

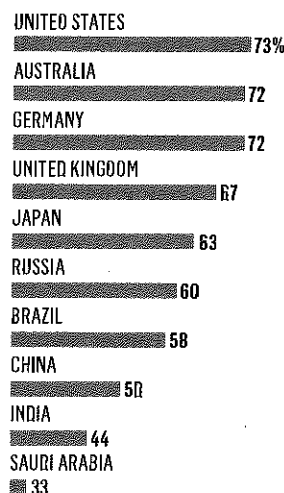


SOURCES: UNIFEM; Boston Consulting Group; *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market* by Michael J. Silverstein and Kate Sayre; *Fortune* magazine

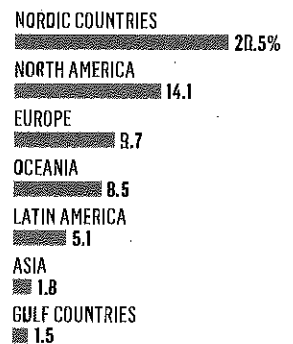
IN SOME PLACES, GIRLS OUTNUMBER BOYS IN HIGHER EDUCATION, 2007 GIRLS PER 100 BOYS



SHARE OF HOUSEHOLD SPENDING CONTROLLED BY WOMEN BY PERCENTAGE

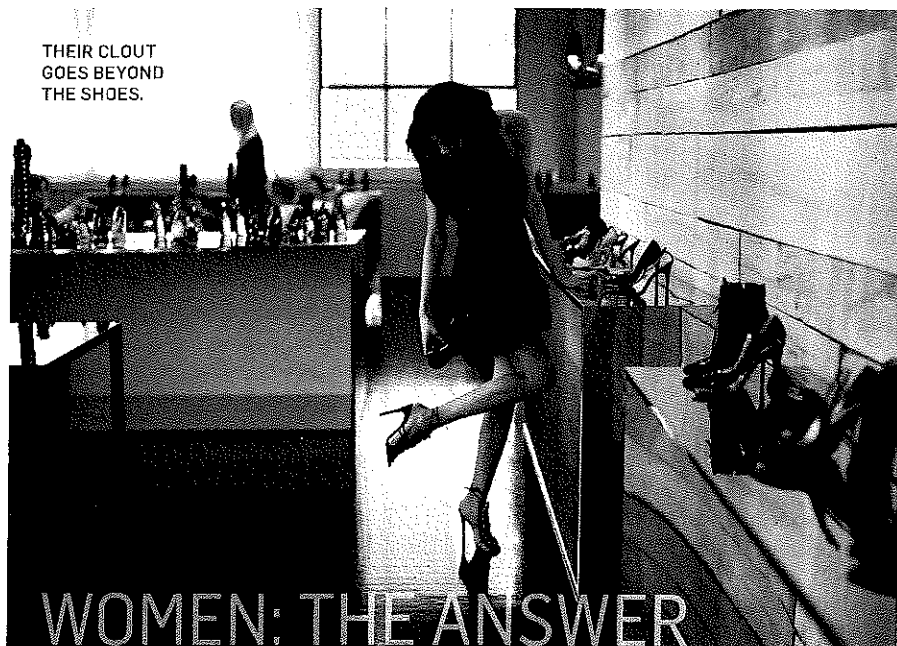


WOMEN ON BOARDS OF DIRECTORS BY REGION AND PERCENTAGE



GRAPHIC BY STANFORD KAY

THEIR CLOUT
GOES BEYOND
THE SHOES.



WOMEN: THE ANSWER

Over her decade-long run as CEO of Avon, Andrea Jung has not only turned the once ailing company around by tripling profits, but also employed an unmatched force of women worldwide. She spoke with NEWSWEEK's Nick Reilly about the role of women in the global recession. Excerpts:

NEARLY 82 PERCENT OF THE JOBS LOST SO FAR BELONGED TO MEN WHILE MOST NEW JOBS WENT TO WOMEN. ARE WOMEN THE KEY TO LEADING US OUT OF THE RECESSION? More and more women clearly are emerging as breadwinners. I think the economic empowerment of women that has been growing over the past decade is at the "inflection point" with this global recession. Women are, we believe, the solution for their families in their ability to go out and increase household income. When a woman earns a dollar, the payback is higher. She'll invest in her children, in their education, health care, and basic needs. The impact of a woman's role in the economy benefits society at large and that has probably never been more important than it is now. So, I'm a firm believer that women can be the key to leading us out of the global recession, yes.

THE STEREOTYPE PAINTS WOMEN AS "THE SHOPPER," YET OFTEN WOMEN ARE OVERLOOKED AS CONSUMERS. WHY?

Women are clearly the major consumers in far more than just female categories. It doesn't matter whether it is purchases of cars, cosmetics, or even products for men, female consumption power is the leading consumption power in the world. Any company that overlooks the woman as the decision maker is making a huge mistake.

WHY IS IT IMPORTANT TO HAVE MORE WOMEN IN HIGHER-LEVEL POSITIONS AT AVON?

I think we have more women in management than any other Fortune 500 company. Almost half: five of our 11 board members are women, six out of my 13 top-level senior leaders are women. We learned it the hard way. In the '70s, women were leaving the home to enter the workforce. At that time, all our management were men, and the business suffered for it. The diversity of perspective between men and women senior leaders makes for a robust discussion and a better answer than were the team all men or all women.

MANY WOMEN WHO ARE CURRENTLY IN MIDDLE-LEVEL MANAGEMENT POSITIONS WILL BE PROMOTED TO UPPER-LEVEL POSITIONS.

WHAT IMPACT WILL THIS NEW GENERATION OF LEADERS HAVE ON THE BUSINESS WORLD?

There's going to be a sea change, not just in business but in society at large. You're seeing it on the political front too: there is a

much more robust pipeline in midlevel and senior management jobs than there was even five years ago. That impact is going to be exponential over the next decade.

IS THE ISSUE OF WOMEN IN THE WORKPLACE STILL WORTH DISCUSSING THEN?

The numbers are the numbers, and they say that overall representation of women in leadership continues to lag. If you look at the number of top earners and officer positions, they're still relatively small—something like a single digit in top earners and 16 percent of corporate officers. I think it is very, very much the responsibility of senior leaders, of management, of CEOs, to increase the representation of women and diversity in the workforce.

ACCORDING TO BOSTON CONSULTING GROUP, WOMEN REPRESENT "THE BIGGEST EMERGING MARKET THAT WE'LL SEE IN OUR LIFETIME," WITH A NET WORTH OF \$5 TRILLION. WHAT ARE YOU DOING TO TAP THIS MARKET?

Well, it's always been our market so now we are doubling down to tap it. We have 6 million representatives, the lion's share of whom are women. People say to me, "You sell lipstick, you sell skin care," and I always say, "But remember: the first thing we sell is economic opportunity for women." We offer women, particularly in developing markets, the socioeconomic ability to be independent. We extend more credit to women I think than any company in the world; our representatives don't actually pay for their products until they've delivered their first order. So, in essence, we're kind of microlending, offering mini-loans so that they can start their own businesses.

DO YOU THINK THIS STATISTIC IMPLIES CHANGE IN OTHER REALMS?

I think we already are seeing the same in politics and society as a whole. There's obviously a correlation between an economically empowered woman and the investments she makes. That leads to her social and moral conscience for bettering her community.