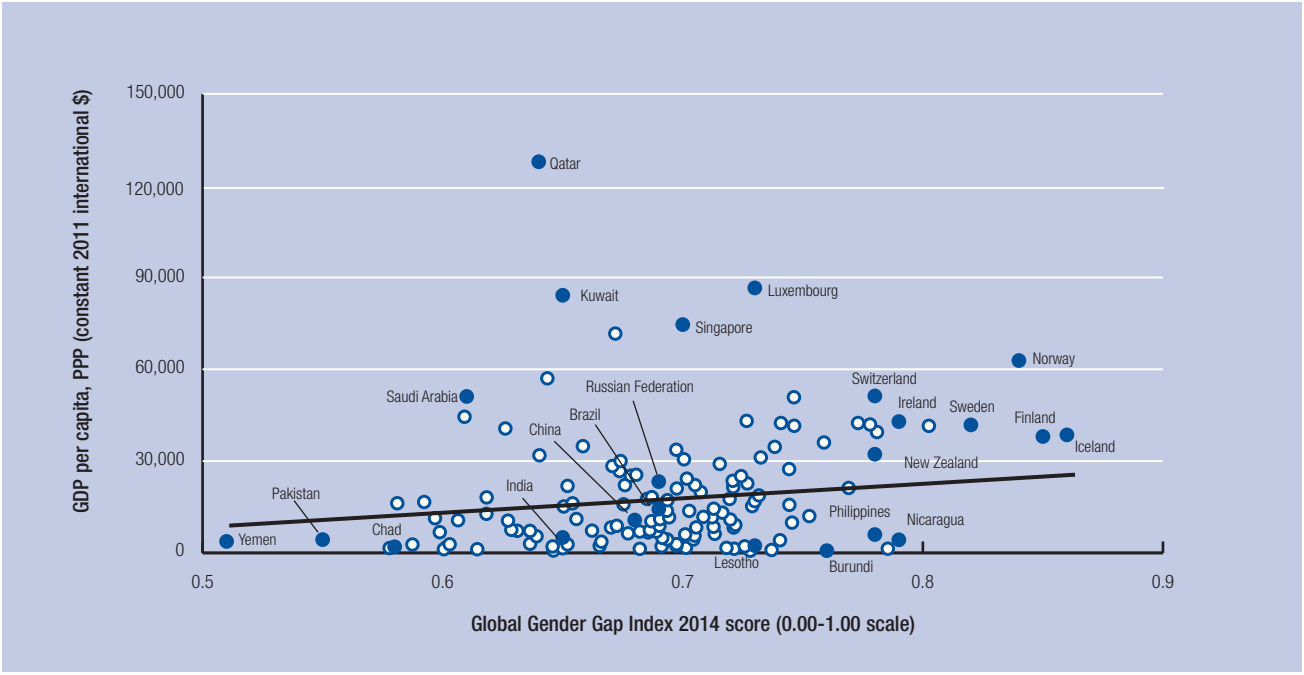
**Figure 25: GDP per capita vs Gobal Gender Gap Index 2014**




Source: Global Gender Gap Index 2014 and the World Bank's *World Development Indicators (WDI)* online database, accessed July 2014.
Note: The Global Gender Gap Index axis has been truncated to enhance readability.

Slovak Republic. In six countries there were gains of more than 10%: Bangladesh, Belgium, Denmark, Finland, Ireland and Switzerland. Figure B1 displays these changes visually for seven selected economies: Switzerland, Ireland, Mexico, Korea, Rep., United Kingdom, Japan and Slovak Republic.

## THE CASE FOR GENDER EQUALITY

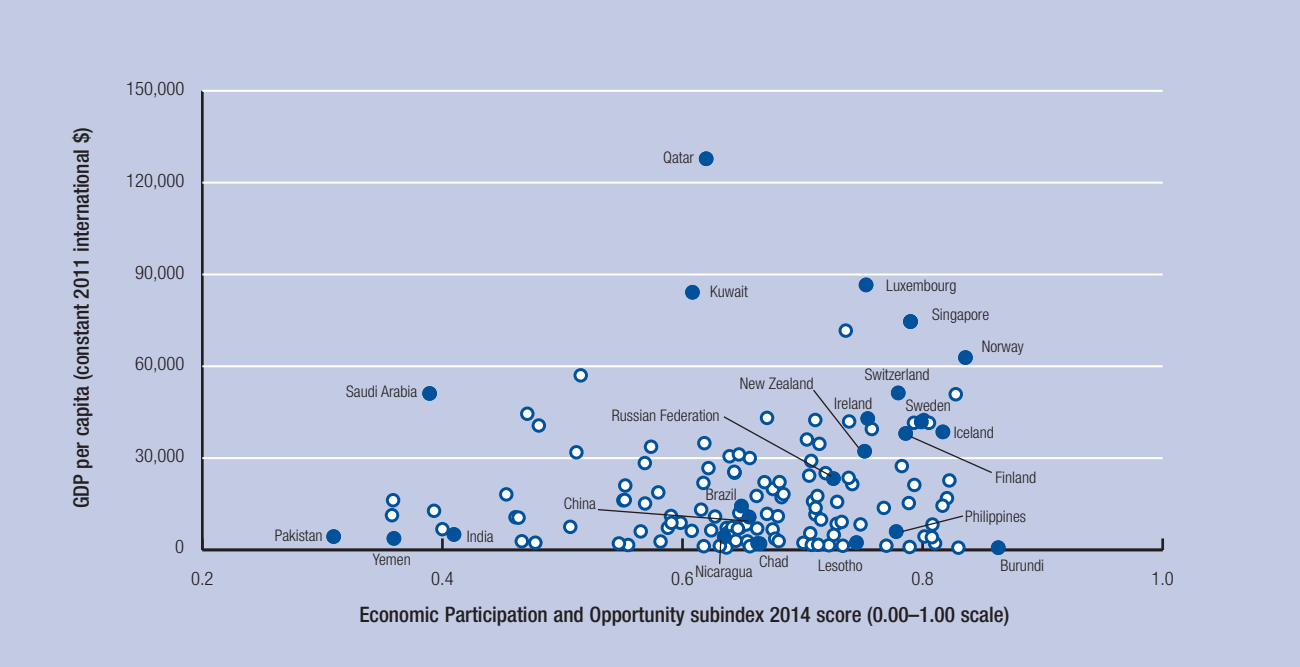
The most important determinant of a country's competitiveness is its human talent—the skills and productivity of its workforce. Similarly, an organization's performance is determined by the human capital that it possesses and its ability to use this resource efficiently. Ensuring the healthy development and appropriate use of half of the world's available talent pool thus has a vast bearing on how competitive a country may become or how efficient a company may be. There is clearly also a values-based case for gender equality: women are one half of the world's population and deserve equal access to health, education, economic participation and earning potential and political decision-making power. Ultimately, gender equality is fundamental to whether and how societies thrive.

Figure 25 demonstrates the relationship between GDP per capita and the Global Gender Gap Index 2014. Figure C3 in Appendix C shows the links between the Human Development Index 2013 and Global Gender Gap Index 2014 and Figure C4 shows the links between the Global Competitiveness Index 2014-2015 and Global Gender Gap Index 2014. The graphs confirm a correlation between gender equality and GDP per capita, the level of competitiveness and human development. The correlation is evident despite the fact that the Global Gender Gap Index (unlike other gender indexes) explicitly eliminates any direct impact of the absolute levels of any of the variables used in the Index (e.g. life expectancy, Educational Attainment, labour force participation), as these may be impacted by the relative wealth of a country. While correlation does not prove causality, it is consistent with the theory and mounting evidence that empowering women means a more efficient use of a nation's human capital endowment and that reducing gender inequality enhances productivity and economic growth.

The Global Gender Gap Index takes into account four critical areas when measuring the gaps between women and men's access to resources and opportunities. For each of these areas, there are economic or societal gains from increased gender parity. This section summarizes some of the key research findings on the broader economic and societal case for gender equality. Figures 26 through 29 display the relationship between GDP per capita and the four subindexes.

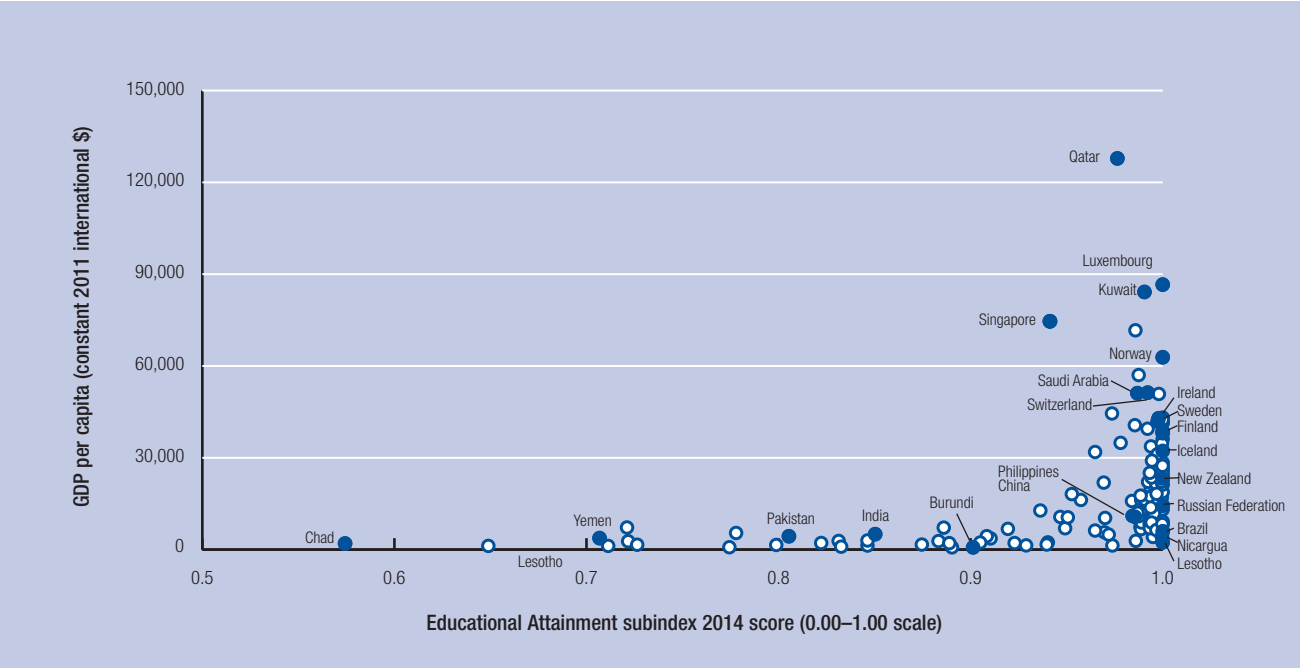
The multiplier effect of education on several aspects of development as well as its impact on economic growth is now commonly accepted: education reduces high fertility rates, lowers infant and child mortality rates,

## Figure 26: GDP per capita vs Economic Participation and Opportunity subindex 2014



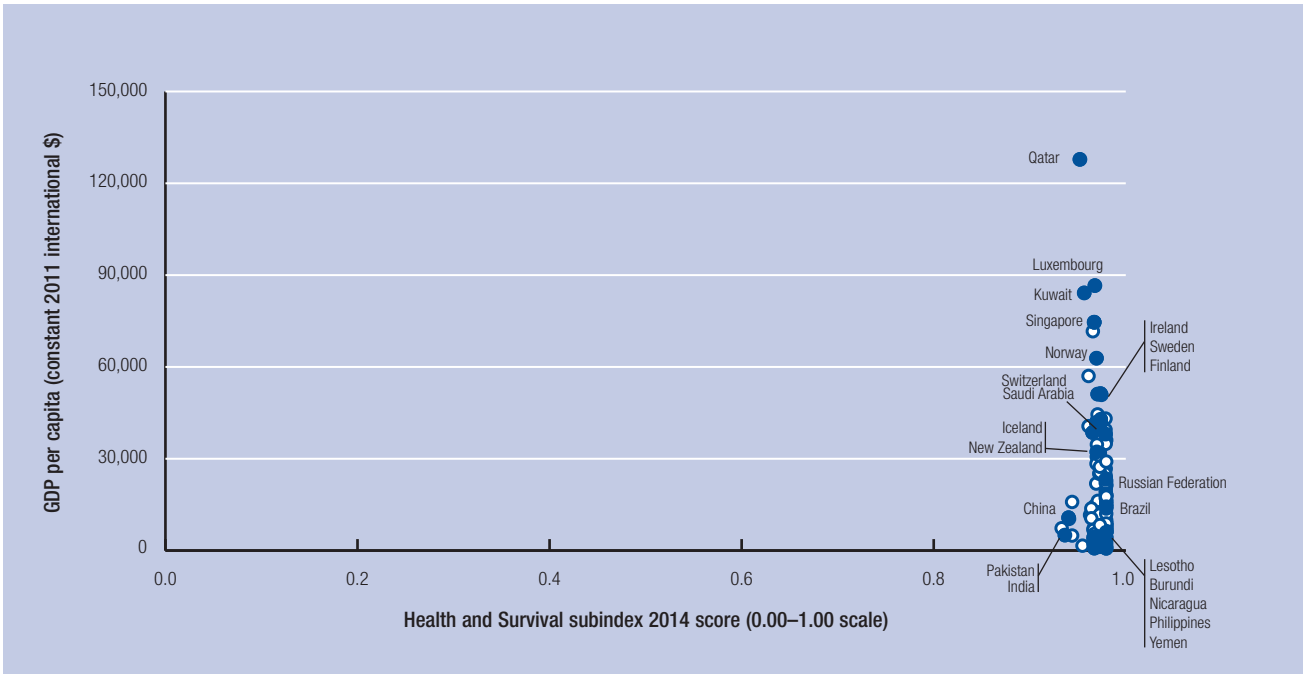

Source: Global Gender Gap Index 2014 and the World Bank's *World Development Indicators (WDI)* online database, accessed July 2014.

## Figure 27: GDP per capita vs Educational Attainment subindex 2014



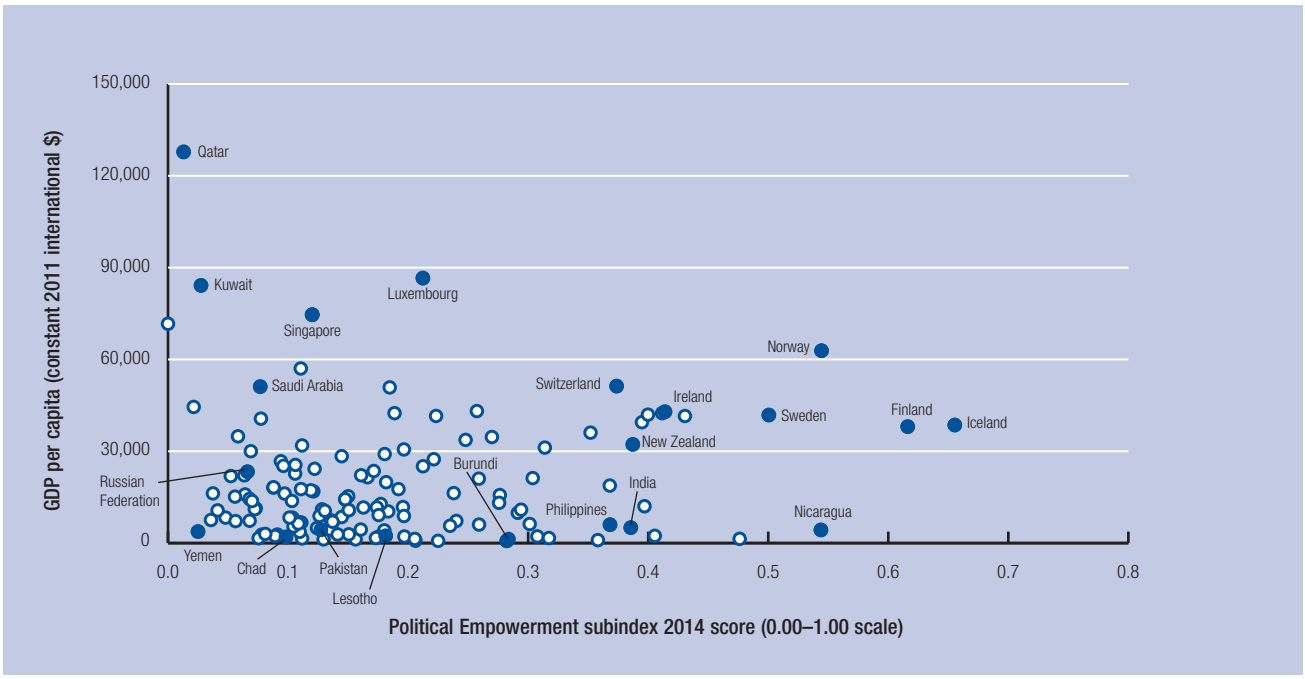

Source: Global Gender Gap Index 2014 and the World Bank's *World Development Indicators (WDI)* online database, accessed July 2014.
Note: The Global Gender Gap Index axis has been truncated to enhance readability.

## Figure 28: GDP per capita vs Health and Survival subindex 2014



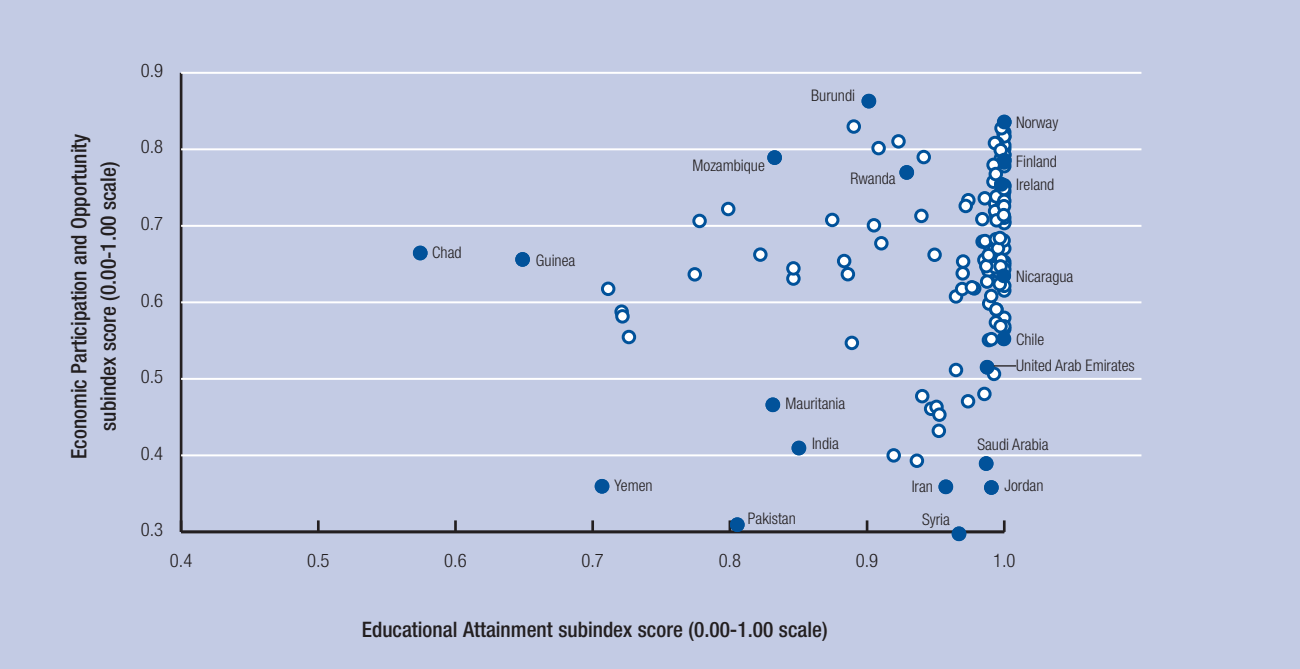

Source: Global Gender Gap Index 2014 and the World Bank's *World Development Indicators (WDI)* online database, accessed July 2014.

## Figure 29: GDP per capita vs Political Empowerment subindex 2014




Source: Global Gender Gap Index 2014 and the World Bank's *World Development Indicators (WDI)* online database, accessed July 2014.

**Figure 30: Economic Participation and Opportunity subindex vs Educational Attainment subindex**




Source: Global Gender Gap Index 2014.
Note: Economic Participation and Opportunity and Educational Attainment subindex scores have been truncated to enhance readability.

lowers maternal mortality rates, increases labour force participation rates and earnings and fosters further educational investment in children.[8] Therefore, the cost of girls' exclusion from education considerably hinders the productive potential of an economy and its overall development. In the Asia and the Pacific region specifically, it has been estimated that between US$16 billion to US$30 billion is lost annually as a result of gender gaps in education.[9] Investing in advancing girls' education would in fact lead to lifetime earnings of today's cohort of girls of up to 68% of annual GDP. Similarly, closing the inactivity rate between girls and boys would also increase GDP by up to 5.4% by some measures.[10]

The impact of health on economic growth is also well documented. Studies have shown that a one-year increase in health expectancy could raise GDP by up to 4%.[11] More spending on health significantly improves health outcomes, which in turn contribute to reducing poverty and improving overall growth. Similar to education, investing in health and specifically in maternal, newborn and child health has a multiplier effect.[12]

Having more women in the workforce contributes to economic performance through several pathways. According to one study, greater female participation in the U.S. workforce since 1970 accounts for a quarter of current GDP).[13] Another study indicates that the reduction in the male-female employment gap has been an important driver of European economic growth in the last decade. Closing this gap would have massive economic implications for developed economies, boosting US GDP by as much as 9% and euro zone GDP by as much as 13%.[14] Conversely, limiting women's access to labour markets is costly. For example, Asia and the Pacific reportedly loses US$42 billion to US$47 billion annually as a region because of women's limited access to employment opportunities.[15] Research by the World Bank demonstrates that similar restrictions have also imposed massive costs throughout the Middle East, where decades of substantial investment have dramatically reduced the gender gap in education but where the gender gap in economic opportunity remains the widest in the world.[16]

Demographic changes are added drivers for women's economic participation. For example, in ageing economies, as labour forces shrink and talent shortages emerge, women's integration into the economy is key to promoting dynamism. In countries where it is relatively easy for women to combine work with having children, female employment and female fertility both tend to be higher. Policies that allow women to combine work and family may thus play a role in addressing the future problems posed by ageing populations.[17] A study has shown that closing the gap between male and female employment would boost Japanese GDP by as much as 16%. Figure C1 in Appendix C shows the old-age dependency ratio (as a percentage of the working age population) plotted against the economic gender gap.

The "consumer case", "talent case" and the "diversity case" are all reflected in the findings around a growing business case for gender diversity. As women become more economically independent, they also become more significant consumers of goods and services, including for the majority of purchasing decisions of the household. Research has also shown that women are more likely than men to invest a larger proportion of their household income to the education and health of their children. The combined impact of growing gender equality, the emerging middle class and women's spending priorities is expected to lead to rising household savings rates and shifting spending patterns, affecting sectors such as food, healthcare, education, childcare, apparel, consumer durables and financial services.[18] In many countries women now account for more than half of the college and university graduates. As they begin to take up half of entry-level positions in several industries, for example in several OECD countries, it is a loss for companies if these highly skilled women are forced to choose between work and family at later stages of their career.[19] Additionally, in a highly interconnected and rapidly changing world, organizations and countries must adapt strategies and innovate in order to remain relevant and competitive, augmenting the need for the creativity fostered by diversity.[20] Diversity is also critical to informed decision-making.

When it comes to the value of women in leadership positions, companies with top quartile representation of women in executive committees in general perform better than companies with no women at the top, by some estimates with a 47% average return on equity.[21] Links exists between having more women directors and corporate sustainability, as well as with economic growth. More diverse leadership teams can cater to a broader array of stakeholder needs and concerns.[22] They are enriched by diverse leadership skills and capacities, are better positioned to reflect the consumer and are more risk averse.[23]

Finally, there is a strong case for broadening women's representation in politics. Research has found that inequality is lower in countries where more women have been engaged in public life. The breadth of issues women tend to advocate and prioritize investments on, have broader societal implications relating to family life, health and education, thereby fostering greater credibility in institutions and producing more democratic outcomes.[24] There is also some evidence from India to suggest that women in local government roles make decisions with better outcomes for communities than men do when charged with budget decisions.[25] They also appear to be more competent representatives than men, obtaining more resources for their constituencies despite having significantly lower education and relevant labor market experience.[26] More equal female representation in political bodies also affects the participation of women in the workforce, suggesting that greater participation of women in politics could serve as a policy tool to positively impact labour force participation by increasing supply and demand of employment opportunities for women.[27]

## BUSINESS AND POLICY IMPLICATIONS

As detailed in the last section, a nation's competitiveness depends, among other things, on whether and how it educates and utilizes its female talent. As this awareness grows, coupled with better measurement, there is a growing demand from the public and private sectors for learning from existing practices to facilitate women's integration into the workforce. Given the widespread benefits of increased gender parity, the short term costs and trade-offs associated with such practices may be viewed instead as a long-term investment.

The Global Gender Gap Index indicates that, among the 142 countries covered, almost 93% of the gap in Educational Attainment has been closed. This means that countries are ideally poised to maximize opportunities for women's participation in the labour market but many have failed to reap the returns from this investment. In Figure 30, we plot the Educational Attainment subindex against the Economic Participation and Opportunity subindex. The data reveals four broad groups of countries: (1) countries that are generally closing education gaps and show high levels of women's economic participation, (2) countries that are generally closing education gaps but show low levels of women's economic participation, (3) countries that have large education gaps as well as large gaps in women's economic participation and (4) countries that have large education gaps but display small gaps in women's economic participation.

In the first broad group are countries that have made investments in women's health and education and generally see the returns on this investment in terms of women's economic and political participation. These countries include the Nordic countries, the United States, the Philippines, Canada, New Zealand and Australia. These countries have not, however, fully closed economic and participation gaps—in particular, the gaps in senior positions, wages and leadership levels still persist.

In the second broad group are countries that have made the key investments in women's education but have generally not removed barriers to women's participation in the workforce and are thus not seeing returns on their investments in the development of one half of their human capital. This group includes Japan, United Arab Emirates, Chile and Brazil. These countries have an untapped but educated talent pool and would have much to gain through women's greater participation in the workforce.

In the third and fourth groups, the most basic investments in girls' and women's education still need to be made, and fundamental rights—including legal frameworks around inheritance, reproductive rights and violence—are often inadequate. The third group contains countries such