

Strengthening Businesses in Europe and Central Asia Through Women Leaders

Only 20% of firms in Eastern Europe and Central Asia (ECA) have female top managers. In this part of the world, the average level of women’s representation in board rooms and [in positions of] corporate leadership is lower than in both East Asia and Latin America. While there are countries in the region, such as Belarus, where the share of firms with women in top management is among the highest in the world, there are also places like Kosovo which has almost no firms with women in top management - something only seen in places like Yemen.

Economy	Firms with a female top manager (%)
Belarus (2013)	33
Georgia (2013)	32
Latvia (2009)	31
Poland (2009)	31
Kyrgyz Republic (2013)	29
Ukraine (2008)	28
Moldova (2013)	26
Estonia (2009)	26
Serbia (2013)	26
Romania (2009)	25
Montenegro (2009)	25
Bulgaria (2013)	24
Russian Federation (2012)	20
Slovak Republic (2009)	20
Macedonia, FYR (2009)	19
Kazakhstan (2013)	19
Czech Republic (2009)	18
Slovenia (2009)	16
Lithuania (2009)	15
Hungary (2009)	14
Armenia (2009)	14
Bosnia and Herzegovina (2009)	14
Turkey (2008)	12
Tajikistan (2008)	12
Uzbekistan (2008)	11
Azerbaijan (2013)	2
Kosovo (2009)	0

Source: World Bank Enterprise Surveys

It doesn’t of course help that there is little appreciation among firms in this region for the business benefits of gender diversity in board rooms and top management. IFC’s Corporate Governance Program in ECA works with local institutions to promote the business case for good Corporate Governance practices. In so doing, the team also stresses the business benefits of diversity on boards – including gender diversity. *“To be truly effective, a board requires a diversity of skills, cultures, views, and gender,”* says Aliya Azimova, IFC Representative in Azerbaijan. But a lack of appreciation of the business benefits of gender-diverse boards is not the only reason as to why representation of women in leadership is so low among firms in the region.

A recent IFC study on *“Women on Corporate Boards in Bosnia and Herzegovina, FYR Macedonia and Serbia”* found that women executives have weaker knowledge and skills in key areas such as risk management, as well as a poorer understanding of the strategic role and functioning of boards. They also generally pay less attention to networking with other people working in risk management.

This is magnified by experiences of aspiring women leaders often finding they have to demonstrate better qualifications and credentials than their male counterparts. As a result women find themselves less equipped and connected for board and leadership functions and are left out. This is not

to say that women have overall poorer business knowledge than men. On the contrary, data tells us that on average, women in this region are better educated than men.

And not just that. *“Our recent IFC study told us that women are often more willing to compromise and take into account the interests of different stakeholders. These are valuable abilities in the business world,”* said Merima Zupčević Buzadžić, who leads IFC’s corporate governance work in Bosnia and Herzegovina.

But clearly, the need to strengthen the knowledge and skills of aspiring leaders and board members in the areas of risk management and board function is more critical for women than men. *“The female talent pool is there. Its contribution to businesses is valuable. But it’s idle because it’s just not being developed, she said.*

IFC’s Corporate Governance Program for Eastern Europe and Central Asia is trying to address exactly that with a series of special training events for women”, explains Merima. And Oliver Orton, the Program Manager, adds: “This is not simply an effort to promote diversity on boards simply to get more women on boards. This is about promoting board diversity as a powerful means to improve company dynamics and performance.”

In March 2014, IFC’s Corporate Governance Program in ECA launched a series of events across the region specifically targeting existing or aspiring female leaders and board members. The trainings aimed at improving their corporate governance skills and focused on educating participants in areas where there is the greatest need for better knowledge and skills among women executives, i.e. corporate finance and the role of board members in monitoring company risk.



Training-of-trainers workshop with managers of leading companies in Kosovo aims to improve corporate governance skills of women leaders.

“If you look at the data, then Kosovo is the country, where the issue is most pressing”, explains Kiril Nejkov, who leads the corporate governance work in Kosovo. Less than three in ten of Kosovo’s women participate in the workforce. The few young professional women working in the private sector, holding junior or middle management positions, are struggling to climb up the corporate ladder despite the value they could bring to their company’s leadership. But they are held back by a legacy of cultural prejudices and a widespread lack of opportunities for women in Kosovo’s corporate world. “These young professional women could become effective corporate leaders who champion good corporate governance practices within their companies. But they need support and further professional development”, Kiril adds.

IFC is supporting those aspiring women business leaders in Kosovo through a comprehensive program. *“We recently held training-of-trainers workshop with managers of leading companies in Kosovo. Going forward, we’ll do more”, Kiril adds.*

Indeed, this is only the first step in a broader engagement in Kosovo which will offer a six -month training and mentoring program for female junior and middle management professionals from real sector companies. *“I’m very excited about this program because it’s supported by a wide range of private sector players, including Raiffeisen Bank, ProCredit Bank, IPKO Telecommunications, Crimson Capital and NLB Bank Kosovo. This shows that the private sector is taking the issue seriously and seeing the business value in developing female talent in the corporate world.” says Kiril.*



Participants at event held jointly with the Azerbaijan Risk Professionals Association.

“The issue is equally pressing in Azerbaijan”, explains Boris Janjalia, who leads IFC’s corporate governance work in the Caucasus. Just over 2% of firms in Azerbaijan have women in their top management. *“That’s why IFC teamed up with the Azerbaijan Risk Professionals Association. We jointly hosted a training event in Baku for female directors on effective company boards. The goal was to further strengthen our participants’ business and board leadership skills”,* he adds.

The training was attended by fifteen participants, representing Azerbaijan’s banking and real sector. It targeted both, existing and aspiring board members.

“We had a good mix of representatives from large and medium-sized enterprises”, he further explains. *“The*

training definitely helped me improve my understanding of corporate governance practices, including the role of the board in strategy and risk management.” said Ms Jhale Hajiyeva, who works Executive Director, at AMFA and who was one of the participants.

In Bosnia and Herzegovina, where IFC has with BEKTO PRECISA one of the few IFC investee companies led by a female CEO, the picture is slightly better than in Azerbaijan. *“Less than 14 percent of firms have female top managers. That may be better than in many other parts of the region. But it’s well below the regional average of 20 percent, which is already not very high”,* says Lada Busevac, Senior Country officer for Bosnia and Herzegovina. It is difficult for women to move into managerial positions, despite the value they can bring to the company. Barriers to women’s top management careers are often a mix of companies’ poor appreciation of the value they bring and insufficient investment into female talent.

To address the latter, IFC teamed up with its local corporate governance partner in BiH, the Association of Board Members of Companies in Bosnia And Herzegovina, to host a training event for female members of management and supervisory boards of companies. The training aimed to strengthen corporate governance skills of women executives in particular.

In Serbia, which ranks globally among the countries with higher rates of firms with women in top management (26%), the issue may be less pressing but equally important. The unemployment rate in Serbia is much higher in the case of women. They find it generally more difficult to enter the job market and start a career.

And for those employed, mid-career-level women, the prospects are dim. The recent IFC study showed that aspiring women leaders need more time and skills to advance professionally and become members of boards.



IFC collaborated with the Association of Board Members of Companies in Bosnia And Herzegovina to host a training event for female members of management and supervisory boards of companies.

To address this skills challenge, IFC teamed up with its local corporate governance partner, the Serbian Chamber of Commerce and organized a training event for female members of boards of directors and supervisory boards. *“The Serbian Chamber of Commerce is keen to contribute to the development of skills of women on boards through targeted and dedicated trainings”* said Ms. Vidosava Dzagic, Vice-President of the Serbian Chamber of Commerce. The Swiss Secretariat for Economic Affairs, or SECO, who is supporting IFC’s Corporate Governance Program for ECA is very supportive of the increased gender focus in the program.

And more is planned. In Kazakhstan, IFC is teaming up with Executive Education Center at KIMEP University to deliver a training program for high potential women-managers in international and Kazakhstani companies. Since launching this regional initiative to target and train more women for board and leadership functions as part of an effort to promote gender diversity on boards, IFC’s Corporate Governance Program for ECA has led half a dozen workshops across Azerbaijan, BiH, Kosovo and Serbia and is planning work in Kazakhstan.