

# Re-entry Women Contribute to Gender Equity, Supporting Company Performance



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Gender equity improves the allocation of human capital and thus improves company performance.

Generating opportunities for women and promoting gender equity includes providing opportunities to return to work for those who took time away from work to raise their children, should they choose to do so. Getting women back to a job they enjoy helps reintroduce female talent and skill into the workforce and helps women continue towards leadership positions. Yet barriers to reentering the workforce such as employers' biased hiring practices mean that companies lose out on productive workers with skill, commitment, and valuable human capital. Since we at Promethos Capital believe that gender diversity within companies supports performance, this misallocation of human capital has a doubly harmful effect; a lack of gender diversity and an inefficient use of human capital do not set up companies to outperform their peers.

## RESEARCH ON EMPLOYER BIAS

A study published in the *American Sociological Review* found evidence of employer bias against applicants who shifted their time away from work to stay at home and take care of children. Not only did stay at home applicants receive callbacks at lower rates than employed peers, but they also trailed unemployed applicants. Despite identical resumes varying only by current employment status, employers viewed stay at home parents as less deserving, less reliable, and less committed than unemployed applicants.<sup>1</sup> Many potential employers question stay at home parents' commitment to the job or to returning to work, despite these qualities being demonstrated by participating in the job hunt. Women report being asked directly, "Are you sure you want to work full time?"<sup>2</sup> This employer bias adds friction to workforce reentry for many mothers, reducing hiring efficiency and office productivity, as qualified applicants are turned away.

## SKILLS AND TRAINING

And while some skills may need to be updated upon returning to work, choosing not to hire stay at home parents because their skill sets may be out of date incorrectly equates learned skills with aptitude.<sup>3</sup> Technology may change, but people maintain

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their ability to learn and adapt. The language used in job postings discourages many stay at home parents, who worry their skills are not up to date, from applying as well. Language like “expert” and “master” for skills like Excel or PowerPoint can deter applicants who feel that their skills were adequate or good before, but maybe not extraordinary. The combination of employers pushing stay at home applicants towards jobs beneath their true skills and the daunting language used in listings can make stay at home applicants feel as though their skills are not sufficient or as highly valued as they had thought. The fear and intimidation of constantly being judged on learning new skills can stick in the minds of stay at home applicants, as well. Employers’ bias and language comes across as a lack of trust or confidence in applicants which applicants can internalize.

Our Chief Administrative Officer found herself facing this challenge when deciding to return to work after raising her children. She found doors closed to her that her expertise and skills has previously opened, and the opportunities provided to her undercompensated her for her skill set and experience. So rather than participate in an unrecognizable job search process where she was undervalued, she invested in and with the other founders of Promethos Capital, where her skills would be appreciated and utilized.

## RE-ENTRY MOTIVATIONS

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According to an independent study published by Visa, money and work environment were two important aspects of why women chose to start their own businesses. Within the population surveyed, 36% of female entrepreneurs listed making more money as a motivation for starting their own business, and 27% listed creating their own environment.<sup>4</sup> As women returning to work are guided towards jobs which undercompensate them for their skills, starting a business could be an opportunity to receive the compensation their work deserves. And starting a business provides an escape from work environments which doubt and demean stay at home mothers returning to work. By becoming an entrepreneur and starting their own businesses, stay at home mothers returning to work can wield their own human capital to generate value.

## ENTREPRENEURIAL OPTION

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Our re-entry employee and owner certainly felt that starting a business with people who valued her skills and whose skills complemented her own was a better option than taking a job at a company which doubted and undervalued her. Stats from the same Visa report show that other female entrepreneurs may feel similarly, as 54% have family members on their staff.<sup>5</sup>

The decision to start a business was not an easy way out. Launching a business always presents its own unique set of challenges and a significant upfront



investment in oneself and one’s business partners. However, starting Promethos Capital with other people who valued her skills and expertise was the better option for her, compared to alternative professional opportunities.

We at Promethos Capital firmly believe in the benefits of diversity in work environments. Founded with the intention of actively pursuing diversity in the workplace, Promethos has seen the benefits of this diversity in action. Our re-entry owner took the leap and invested in herself and her partners, making a choice to value herself and her work, and fortunately she had this opportunity. Many women do not, and settle for a job that undervalues their skills and contributions.

Combining this confidence in the benefits of gender equality with our belief that capital drives change, we promote gender equity and diversity through our investments. Promethos Capital’s ESG investing lens, and our Global Gender Forward platform specifically, aims to use capital to drive change and improve opportunities for women across industries and sectors. Gender equity improves the allocation of human capital and thus improves company performance, and the data substantiate our views. Companies with higher levels of gender diversity are shown to outperform peers in innovation revenue and EBIT margins.<sup>6</sup> With intentional deployment of capital, we strive to change and expand the opportunity set for women and improve conditions for balancing career and family options.

## ABOUT US

**Institutional investment boutique** providing intentional global equity management

**Expertise** delivering a unique brand of thinking to values-based (ESG/SRI) and faith-based investing

**Active investment process** integrates risk management with fundamental research and ESG analysis to generate alpha potential

**Employee-owned** and majority women-owned firm

**INVESTING WITH INTENT** *because* **CAPITAL DRIVES CHANGE™**

## WHAT MAKES US DIFFERENT

**IMPACT:** Our portfolios seek alpha and integrate intent to drive social and environmental change.

**TEAM:** Our CIO’s extensive portfolio management experience and scientific background provides

a distinct perspective coupled with a team diverse in both thought and culture.

**INDEPENDENCE:** We are an employee-owned firm. Our interests are aligned with your interests.

1. Kate Weisshaar, “From Opt Out to Blocked Out: Stay-at-Home Parents Face Challenges Re-entering the Workforce,” Work in Progress, last modified April 24, 2018, accessed February 6, 2020, <http://www.wipsociology.org/2018/04/24/from-opt-out-to-blocked-out-stay-at-home-parents-face-challenges-re-entering-the-workforce/>.
2. Julie Compton to NBC News newsgroup, “Returnships’ Help Stay-at-Home Moms Get Back to Work,” April 26, 2017, accessed February 6, 2020, <https://www.nbcnews.com/better/careers/returnships-help-stay-home-moms-get-back-work-n750651>.
3. Julie Compton to NBC News newsgroup, “Returnships’ Help Stay-at-Home Moms Get Back to Work,” April 26, 2017, accessed February 6, 2020, <https://www.nbcnews.com/better/careers/returnships-help-stay-home-moms-get-back-work-n750651>.
4. She’s Next, comp., State of Female Entrepreneurship (Visa, n.d.), [Page #], accessed February 6, 2020, <https://usa.visa.com/content/dam/VCOM/regional/na/us/run-your-business/documents/visa-state-of-entrepreneurship-research-summary.pdf>.
5. She’s Next, comp., State of Female Entrepreneurship (Visa, n.d.), [Page #], accessed February 6, 2020, <https://usa.visa.com/content/dam/VCOM/regional/na/us/run-your-business/documents/visa-state-of-entrepreneurship-research-summary.pdf>.
6. Rocio Lorenzo, “How and Where Diversity Drives Financial Performance,” Harvard Business Review, January 30, 2018, [Page #], accessed February 6, 2020, <https://hbr.org/2018/01/how-and-where-diversity-drives-financial-performance>.