



# FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



# WOMEN-INCLUSIVE RETURN ON INVESTMENT (WI-ROI) FRAMEWORK

## EXECUTIVE SUMMARY

FEED THE FUTURE MARKET SYSTEMS AND PARTNERSHIPS ACTIVITY  
OCTOBER 2022



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# EXECUTIVE SUMMARY

Many impact-oriented initiatives are increasingly recognizing opportunities to support the private sector to empower women in the workplace and generate direct financial benefits for firms. Research shows smaller firms in low- and middle-income countries (LMICs) account for more than two-thirds of all jobs and most new job creation (ILO, 2019b). Such firms are more likely than large companies in LMICs to hire from marginalized groups experiencing higher unemployment (ILO, 2019b). Women own up to one-third of all businesses operating in the formal economy worldwide, and millions more operate informal small- and medium-sized enterprises (SMEs) in LMICs.

This Executive Summary document provides an overview of the key points from the full [Women-Inclusive Return on Investment \(WI-ROI\) Framework](#), which builds on an existing body of evidence and research around the business case for investing in women's inclusion. Rather than serve as a how-to guide, the WI-ROI Framework reflects the industry outlook on women's inclusion at the firm level, focusing on:

- Women-inclusive business strategies that reflect the current state of evidence in LMICs, concentrating on talent and leadership; workplace culture; supply chains; and women consumers
- Firm-level financial benefits of women's inclusion and empowerment for privately owned firms in LMICs - a frequent private sector partner of USAID's women-inclusive PSE activities
- Key building blocks for generating a potential women-inclusive ROI
- Examples of good practices from SMEs in LMICs

MarketShare Associates developed the WI-ROI Framework in close collaboration with DAI as part of a wider learning initiative under the Feed the Future Market Systems and Partnerships (MSP) Activity's [Social Inclusion Learning Stream](#). The Framework paper's primary audience is USAID, its implementing partners, and impact investors involved in enhancing women's inclusion and empowerment in private sector engagement (PSE) activities, with a secondary audience of small and medium-sized enterprises (SMEs) in LMICs.

## Why is the WI-ROI Framework important?

The WI-ROI Framework's ultimate objective is to support development practitioners to better align with SMEs and other private-sector actors in LMICs to accelerate women-inclusive growth and play a wider role in achieving gender equality and women's empowerment in a manner that also benefits firms. Aligning with firm incentives ensures local ownership and long-term sustainability of private-sector initiatives that promote women's inclusion.

The WI-ROI Framework is part of a wider learning initiative under the Feed the Future Market Systems and Partnerships Activity (MSP) [Social Inclusion Learning Stream](#) to capture firm-level benefits relevant to businesses in LMICs. The WI-ROI framework is the third product under this initiative. Earlier research includes "[How the Private Sector Measures Social Inclusion and Its Return on Investment: A Framework to Inform Future Research](#)," which examines key metrics used by private investors, private firms, and public companies to measure social impact; and "[The Return on Investment of Social Inclusion: An Evidence Gap Analysis from Developing Countries](#)," which identifies where evidence is strongest and weakest. It complements a paper on supporting partner-level and system-level learning for inclusion by MSP entitled *Shifting the Locus of Learning: Catalyzing Learning in Institutions to Drive Systemic Change*.

## The WI-ROI Framework

The WI-ROI Framework is organized around four business strategies, which represent commonly referenced and critical areas for strategic investment in women’s inclusion for SMEs in LMICs:

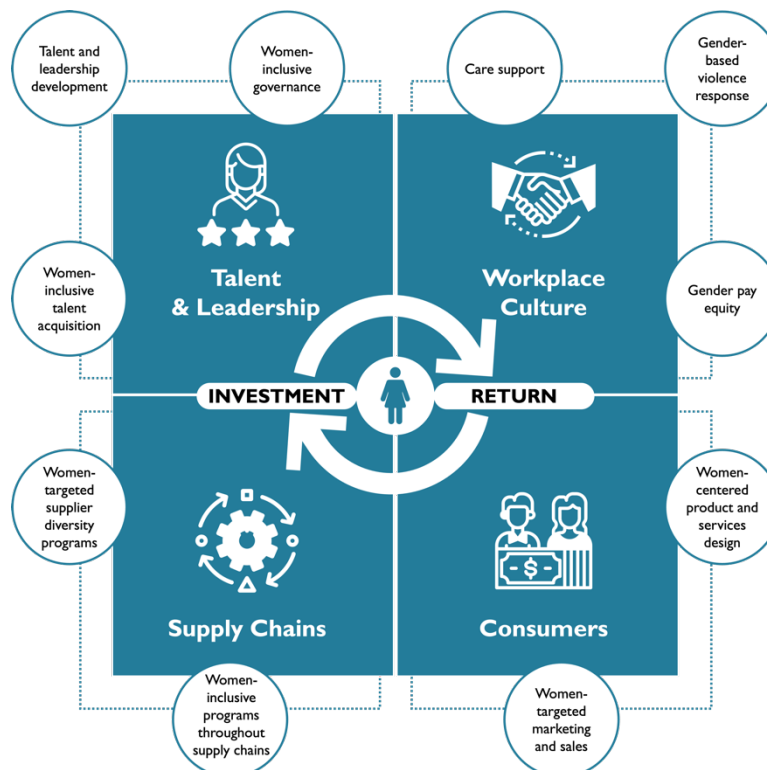


Each of the strategies have commonly referenced business practices, as follow:

1. **Talent and leadership:** Women-responsive talent acquisition, talent and leadership development, and women-inclusive governance.
2. **Workplace culture:** Care support, gender-based violence (GBV) response, and gender pay equity.
3. **Supply chains:** Supplier diversity programs targeting women-owned companies and gender-inclusive programs throughout supply chains.
4. **Consumers:** Women-centered product and service design and women-targeted marketing and sales.

The following business strategy sections define each strategy, outline metrics commonly used by the private sector to calculate WI-ROI and highlight commonly referenced practices from SMEs in LMICs.

**Figure 2: WI-ROI Framework**



## BUSINESS STRATEGY I: TALENT AND LEADERSHIP

In the context of women-inclusive business, “talent” refers to attracting and retaining women while “leadership” refers to the selection and promotion of women into leadership roles. Investment in women-inclusive talent acquisition, skills development, and corporate governance show direct links to improved financial outcomes for companies (HBR, 2019; Maurer, 2019).



### *What matters in measuring the WI-ROI of talent and leadership?*

Globally, companies in the top 25 percent for gender diversity are 21 percent more likely to achieve profit above the industry average (McKinsey, 2020b). Increasing global evidence shows that companies with more gender-diverse talent tend to have lower levels of employee turnover (Catalyst, 2020). Companies with higher percentages of women on their boards and in leadership positions tend to outperform companies with the lowest percentages, demonstrating a strong relationship between women in leadership positions and improved financial performance (Calvert Capital, 2018).

**Practice 1.1: Women-Inclusive Talent Acquisition** – Targeted efforts to build a diverse talent pipeline are linked to increased ability to attract and retain talent, greater creativity and openness, and enhanced firm reputation and innovation. Women-inclusive talent acquisition can result in more effective job placement and greater financial returns.

**Practice 1.2: Talent and Leadership Development** – Talent and leadership development practices, such as mentoring, networking, and upskilling programs, can increase financial gains through increased productivity and reduce employee turnover costs. Support for women’s entrepreneurship, soft skills development, technical skills training, and emotional support can also lead to greater employee retention by promoting women’s upward momentum and sustained work satisfaction.

**Practice 1.3: Women-Inclusive Governance** – Commonly applied practices to enhance women’s inclusion on boards and top leadership roles in LMICs include board and leadership recruitment and building leadership potential internally. SMEs looking to attract investment can benefit from building gender-diverse governance practices as a value proposition to attract potential investors. Diverse governance practices can further increase productivity and sales by building positive brand reputation among customers and employees and bringing diversified skills and innovations to company operations.

## BUSINESS STRATEGY 2: WORKPLACE CULTURE

**In the context of women-inclusive business, “workplace culture” refers to how women employees experience working in and contributing to their organization.** A women-inclusive workplace culture promotes women’s employee retention and satisfaction and reduces overall staffing and HR costs by empowering women workers and their male colleagues (McKinsey & Company, 2021). Building an inclusive culture that empowers women at work involves embedding benefits, norms, and practices responsive to women’s needs, preferences, and ways of working (USAID, 2021).



### *What matters in measuring the WI-ROI of workplace culture?*

Companies that invest in care support for their employees are better able to attract and retain talent (women and men) and diversify their management pipeline while strengthening corporate performance (IFC, 2020). Reducing GBV in the workplace can reduce turnover, absenteeism, and presenteeism related to violence (IFC, 2020a). Companies can reduce gender pay bias by initiating more flexible work arrangements to strengthen the retention of women and improve productivity (ILO, 2015a).

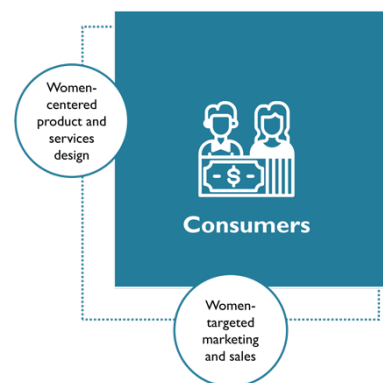
**Practice 2.1: Care Support** – Care support refers to employers supporting the culture and provision of childcare, eldercare, and other types of family care options for their employees. The provision of care support can lead to greater productivity, efficiency, retention, self-efficacy, and motivation.

**Practice 2.2: Gender-based Violence (GBV) Response** – GBV response refers to initiatives promoting women’s protection, and GBV prevention and recourse. In the workplace, GBV can reduce productivity and profit through staff turnover, absenteeism, and presenteeism. GBV policies and grievance mechanisms are the most cited practices of companies across contexts and sectors in LMICs. When companies in LMICs invest in designing, implementing, and enforcing these policies, they reap significant financial gains through reduced loss of workdays and staff, less time spent on employee performance management to address presenteeism, and reduced risk of litigation.

**Practice 2.3: Gender Pay Equity** – Gender pay equity is when all genders who perform the same role are paid the same amount, and individuals who perform different work of equal or comparable value are paid fairly. The potential financial returns from addressing gender pay gaps stem from increased worker satisfaction and retention, recruitment of quality talent, customer sales from strengthened firm reputation, and avoidance of legal costs to adjudicate wage disputes.

## BUSINESS STRATEGY 3: CONSUMERS

**In the context of women-inclusive business, “consumers” refers to initiatives that reach and benefit women consumers.** Companies that apply women-inclusive consumer practices to serve women’s unmet needs are better able to penetrate new markets and enhance their brand, reputation, and talent pipeline (HBR, 2016). Women control 64 percent of consumer spending globally, generating company earnings in the trillions of dollars (UNDP, 2019). This sizable consumer base reflects an opportunity for SMEs in LMICs to better tailor their products and services to the unique needs and demands of different women consumers.



### *What matters in measuring the WI-ROI of consumers?*

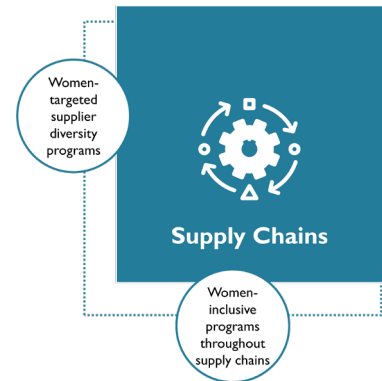
There is a growing shift in consumer preferences toward brands doing social or environmental good (Unilever, 2017). By serving women’s unmet needs, companies can penetrate new markets and boost their branding and reputation, which makes it easier and less costly for them to attract and retain talent (HBR, 2016). Understanding women’s needs and priorities enables innovative product and service design that attracts underserved customers, generating additional sales and growth opportunities (Women’s World Banking, 2017).

**Practice 3.1: Women-Centered Product and Service Design** – By serving women’s unmet needs, companies can design women-centered products and services to penetrate new markets and boost their branding and reputation, thus making it easier and less costly to attract and retain talent. This requires understanding the barriers and opportunities affecting women’s unique demands and requirements.

**Practice 3.2: Women-Targeted Marketing and Sales** – Women-targeted marketing and sales strategies require understanding that differences and intersections of race, age, education, language, socioeconomic status, sexual orientation, religion, and other factors influence women’s worldviews and consumer preferences. Effective approaches also consider the influence of social norms and women’s mobility.

## BUSINESS STRATEGY 4: SUPPLY CHAINS

**In the context of women-inclusive business, “supply chains” refers to initiatives that incorporate women’s inclusion initiatives into the management of a company supply chain.** This strategy includes the promotion of gender-equitable and -inclusive supply chain management practices that increase the diversity of suppliers and integrate gender-friendly policies and processes, which can improve business performance (CARE, 2021; WEConnect, 2017). Skill gaps and sector-specific roles, locations, and requirements hinder women’s ability to engage in and benefit from supply chains (Asia Foundation, 2021). At the multinational corporation (MNC) level, investments in supply chain diversity programs tend to financially benefit companies and new suppliers, but there is limited evidence linking these strategies to the financial benefits for women-owned SMEs in LMICs.



### *What matters in measuring the WI-ROI of supply chains?*

Companies that focus on supplier diversity programs experienced a 133 percent greater return on procurement investments compared to the average while also saving 20 percent on buying operations (UN Women, 2022). Supplier diversity and inclusion can promote greater innovation through new products and services, increase competition on prices between existing and potential vendors, and generate access to new markets (WEPIs, 2020).

**Practice 4.1: Women-Targeted Supplier Diversity Programs** – Inclusive supply chain diversity programs increase procurement of goods and services from businesses owned by individuals who have traditionally been underrepresented or underserved, such as women. Inclusive supplier diversity programs are commonly deployed by large firms and MNCs to build more reliable, stable supplier networks in source countries.

**Practice 4.2: Women-Inclusive Programs Throughout Supply Chains** – Company-initiated gender-inclusive programs work to develop sector- and company-specific compliance requirements and codes of conduct. Common practices required of SMEs in these programs include third-party quality and compliance audits, company-initiated programs, and certifications. Some SMEs participate in gender-responsive quality and compliance checks conducted by external governing bodies, while others comply with gender-sensitive and empowering practices to meet shareholder, consumer, government, and civil society expectations.

## CONCLUSION

This framework supports development implementers and impact investors to better align with firm incentives. It aims to enhance local ownership and the long-term sustainability of private-sector led, women-inclusive initiatives. To do so, the framework documents the key business strategies, financial metrics, and ROI considerations relevant to women's inclusion. It represents a first effort to directly highlight the voices of SMEs in LMICs around the financial benefits of women's inclusion. Moving forward, this research identifies key areas for further exploration that will advance women's inclusion and empowerment in PSE:

- **More studies and data from SME businesses on the financial returns of investments supporting women's inclusion.** These businesses tend to have different business models than large and multinational firms. Therefore, they deserve differentiated solutions to address women's inclusion and relevant data to support their investment decisions. More evidence documenting the financial returns of key business strategies actioned by SMEs is critical to creating further buy-in and understanding in what works for SMEs in LMICs.
- **More evidence on the financial benefits of women-inclusive leadership, supply chain, and consumer initiatives for SMEs.** As noted above in the research summary, many women-inclusion initiatives focus on promoting leadership, expanding a company's consumer base, and diversifying supply chains. However, the available evidence does not match this emphasis. There are key gaps in understanding the financial benefits of leadership development programs, how SMEs financially benefit from supply chain diversity initiatives with larger firms and multinationals, and the financial costs and benefits of SMEs targeting new women consumers.
- **Additional information on how SMEs in LMICs utilize ROI data.** More documentation is needed on how SMEs in LMICs utilize ROI data such as what types of ROI calculations are they using, how often are they using it, how long is needed to see change, what they are doing with the data and how are they using it (or not) to make decisions. Understanding how this type of information is utilized is helpful to align with private sector learning and planning cycles. This can help women-inclusive initiatives integrate better into overall data collection cultures and processes within firms.
- **Need for a WI-ROI tool.** Within the many interviews with experts and SMEs, one recommendation was consistent: the need to translate this research and framework into a guidance tool. There is a clearly articulated need for not only 'what' to focus on (as this framework sets out) but to also address the measurement process and 'how-to' guidance of a WI-ROI.

### Recommended Citation:

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