

Women Matter

Time to accelerate

Ten years of insights into
gender diversity

October 2017



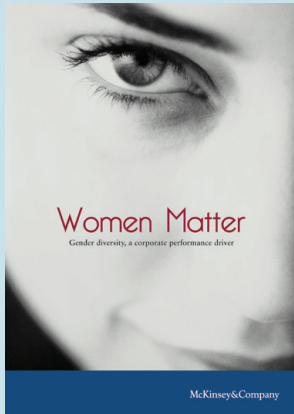
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YEARS



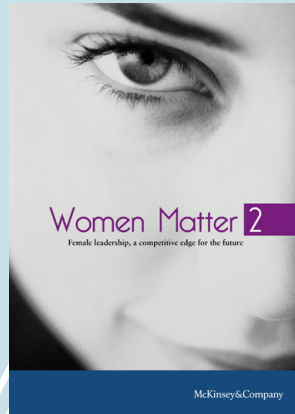
2007–2017

Ten years of insights into gender diversity

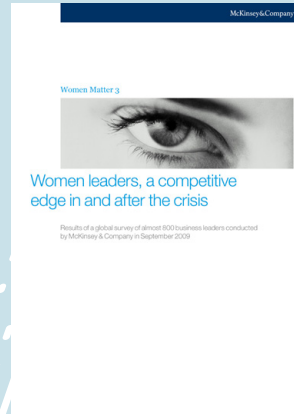
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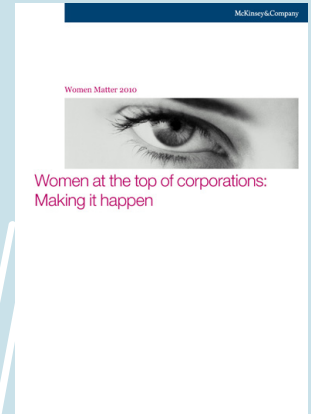
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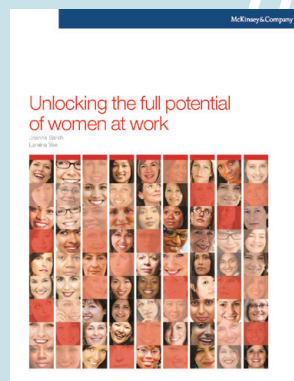
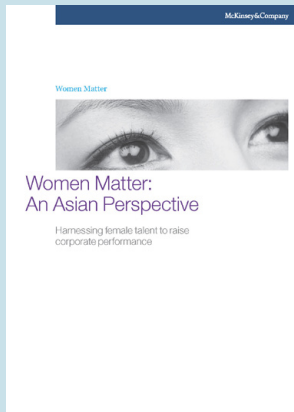
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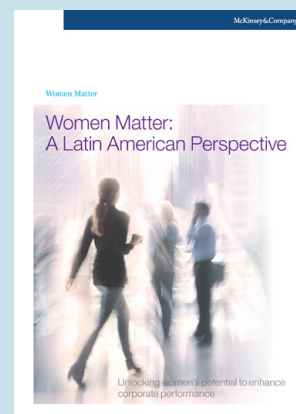
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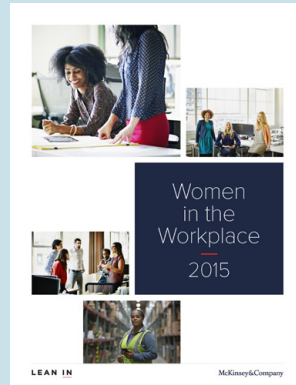
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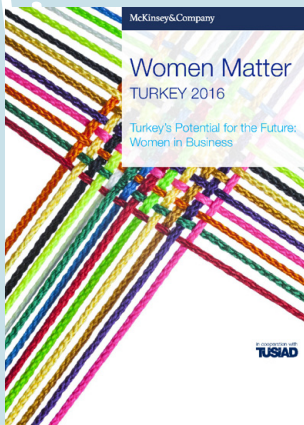
2014



2015




2016



2017





About McKinsey & Company

McKinsey & Company is a global management consulting firm, deeply committed to helping institutions in the private, public and social sectors achieve lasting success. For over eight decades, our primary objective has been to serve as our clients' most trusted external advisor. With consultants in 121 offices and 62 countries, we bring unparalleled expertise to clients across all relevant industries and functions, anywhere in the world. We work closely with teams at all levels of an organization to shape winning strategies, mobilize for change, build capabilities, and drive successful transformation and lasting improvements.

Contents

For a decade, our *Women Matter* and our *Power of parity* reports from the McKinsey Global Institute (MGI) have explored the economic impact of increased gender diversity at macro and micro levels and how to make change happen in corporations. This anniversary publication highlights ten key insights from these ten years of research.

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FOREWORD

By Dominic Barton



Since the publication of our first *Women Matter* report ten years ago, McKinsey & Company has sought to contribute to the global dialog on gender parity, and provide a fact base to support efforts by companies, governments, and social sector organizations to advance the cause of women in the workplace. Ten years later, there remains much work to be done – but we are encouraged by the number of organizations and societies that are taking the issue of gender seriously, and recognizing that the pursuit of gender equality is both a *moral* and an *economic* imperative for success in the twenty-first century.

As this report shows, women continue to make up less than 40 percent of the global labour force, and only 25 percent of management positions globally – while at the same time being responsible for 75 percent of unpaid care work. As many countries have experienced over the last several decades, the economic opportunity in getting more women involved in the workforce is staggering – our McKinsey Global Institute estimates that it could create up to \$12 trillion in additional GDP globally. At the micro level, we continue to find a strong positive correlation between the representation of women in leadership roles and the financial performance of businesses.

We know that moving the needle on this issue is not easy – and that despite the commitment of many organizations, progress has been slow. In this report, we highlight the many barriers to women's advancement that will have to be addressed to achieve more gender-equal businesses and societies. We do so with a dose of humility, as we are on our own journey toward increasing representation of women at McKinsey, and have more work to do ourselves to achieve our own goals of a gender balanced workforce.

We hope this report makes the case that achieving gender parity in our organizations and societies is not just "the right thing to do," but will make our world a better place for both men and women over the long term.

Dominic Barton
Global Managing Partner
McKinsey & Company



INTRODUCTION



Globally, women represent **50%** of the world's working-age population, but generate only **37%** of GDP



22% women in ministerial and parliamentary roles



25% in management positions



\$12 trillion

could be added to global GDP by 2025 by closing the gender gap

240 million

workers would be added to the world's labor force in 2025 by closing the gender gap in the economy¹

¹ In a scenario where all countries would match the progress toward gender parity of the country in their region with the most rapid improvement on gender inequality.

Globally, women generate 37 percent of global GDP despite accounting for 50 percent of the global working-age population.

The global average contribution to GDP masks large variations among regions. The share of regional GDP output generated by women is only 17 percent in India, 18 percent in the Middle East and North Africa (MENA), 24 percent in South Asia (excluding India), and 38 percent in Western Europe. In North America and Oceania, China, and Eastern Europe and Central Asia, the share is 40 to 41 percent.²

For the past 10 years, McKinsey has been researching to build the case for greater parity in the economy and corporations. Through the *Women Matter* and *Women in the Workplace* series, and McKinsey Global Institute's *Power of parity* reports, we have developed a global and regional understanding of the situation, built a clear economic case for change, both at the macro and micro levels, and identified common barriers and change drivers across the world, as well as specific issues or gaps to fix in some regions.

Ten years after our first report, while there is momentum in some parts of the world—namely Europe, North America and some places in Asia and Latin America—women are still underrepresented in the economy and in companies' top management.

This anniversary publication provides an updated fact-based picture of the representation of women in the top management of corporations around the world, and brings together the key learning from our

work in gender parity over the past ten years. It includes the latest facts and insights from our studies in regions, in order to reinforce the case for change, and offers an overview of the persistent barriers as well as the critical levers needed to make change happen.

For this occasion, we have asked a number of engaged leaders and thinkers from the business, government, academic, and social arena to provide their perspective on the various dimensions of the issue. We are extremely grateful for these contributions, which underline how important it is to fix gender imbalances for our societies and economies, as well as the societal and economic opportunities and benefits the world has to gain from gender parity. These testimonials bring conviction and fascinating visions to inspire our actions across the board, in order to build truly inclusive organizations for the future.

² *The power of parity: How advancing women's equality can add \$12 trillion to global growth*, McKinsey Global Institute, 2015.

01

GROWTH AND PERFORMANCE AT STAKE



In a context of slow growth and a battle for talent at a global level, the case for change toward greater gender diversity within economies and companies has never been so strong.

At the macroeconomic level, our research from the McKinsey Global Institute has shown that narrowing the gender gap in the global labor market would not only be equitable in the broadest sense, but would also double women's contribution to global GDP growth between 2014 and 2025.

In addition, addressing the gender gap is key in countries facing problem of aging population and decreasing labor force, and it is equally critical for companies that will be facing a dramatic shortage of talent—in particular among higher-education graduates.

Finally, at the microeconomic level, it is now regularly proven that gender diversity in management correlates with better organizational effectiveness and higher financial results.



The macroeconomic case for change

All regions will benefit from bridging the gender gap in the economy³

Women represent more than 50 percent of the population worldwide but contribute only to 37 percent of the global GDP, and represent only 39 percent of the global labor force.

Closing—or even narrowing—the global gender gap in work would not only be equitable in the broadest sense but could have significant economic impact. If all countries were to match the progress toward gender parity in the workforce of the country in their region with the most rapid improvement, as much as \$12 trillion could be added to annual global GDP growth in 2025, or 11% to global 2025 GDP. It would be an additional \$ 2.1 trillion to Western Europe’s GDP in 2025, \$3.1 trillion in North America and Oceania, and \$2.5 trillion in China. The highest potential boost to 2025 GDP is in India and Latin America.

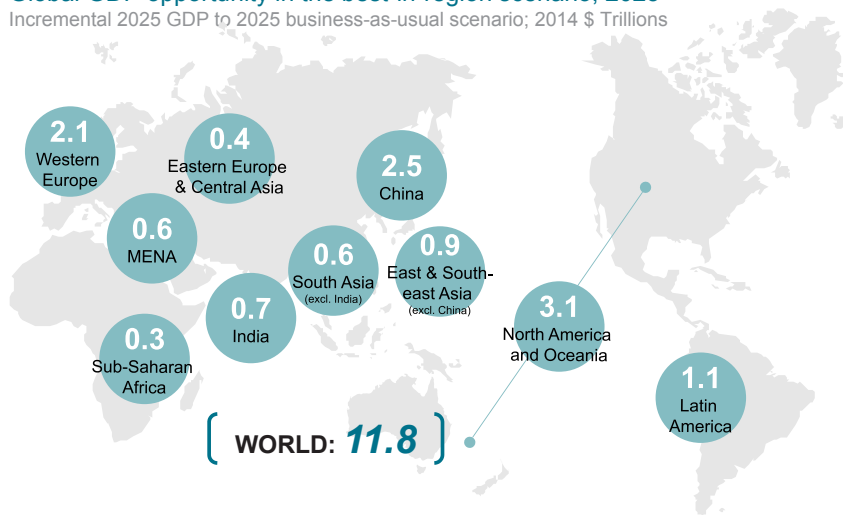
To close or narrow the gender gap, three key factors need addressing:

- First, women do not participate in the labor force in the same numbers as men; increasing the labor-force participation of women would account for 54 percent of potential incremental GDP.
- Second, women work fewer hours because many are in part-time jobs; closing this gap would generate 23 percent of the GDP opportunity.
- Third, women are disproportionately represented in lower-productivity sectors such as agriculture, and insufficiently represented in higher-productivity sectors such as business services. Shifting women into higher-productivity sectors on par with the employment pattern of men would contribute another 23 percent of the total opportunity.

\$12 trillion
of additional global GDP
in 2025

Global GDP opportunity in the best-in-region scenario, 2025

Incremental 2025 GDP to 2025 business-as-usual scenario; 2014 \$ Trillions



³ *The power of parity: How advancing women's equality can add \$12 trillion to global growth*, McKinsey Global Institute, 2015.



An answer to the labor force and talent shortage

Gender diversity is a key battlefield for economic growth in aging countries and for companies to win the talent war

655

million fewer women than men in the workforce

240

million workers could be added to the global labor force by 2025

13%

of the global demand for graduate talent will not be filled in 2020


Women are actually one of the largest pools of untapped labor: globally, 655 million fewer women are economically active than men. And while they make up over 50 percent of the world's higher-education graduates, only 25 percent of them occupy management positions.

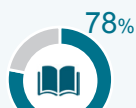
The entry of more women into the labor force would be of significant benefit to countries with aging populations that face pressure on their labor pools and therefore, potentially, on their GDP growth.⁴ In Russia, for instance, our analysis indicates that the labor force is projected to shrink from 76 million in 2014 to 71 million in 2025, primarily due to aging. Higher female participation could add potentially 240 million workers in the global workforce (assuming the male participation rate does not shrink).

Beyond that, at the microeconomic level, companies face the challenge of managing talent. McKinsey analysis of trends in demographics, employment and education⁵ suggests that the global economy can anticipate a worrying talent shortage by 2020. The talent gap will amount to 38 to 40 million higher-education graduates, representing 13 percent of the global demand for skills at that level. In the mature economies, the shortfall could be in the order of 16 to 18 million graduates. In a world where qualified talent is becoming scarce, the premium will go to the companies that have been able to recruit, develop, and retain the best employees. Tapping the reservoir of underutilized skills among women will become a key priority in the talent war.

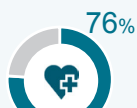
In addition, as shown in the OECD's 2017 "Education at a Glance" report, parity remains a battlefield in the scientific and technical sectors, with fewer women joining STEM disciplines tertiary-level studies.

OECD: Women remain underrepresented in STEM disciplines

 **Gender parity across discipline: still a long way to go**
% of women entering tertiary-level studies (2015)



Education



Health and welfare



Social sciences, journalism and information



Arts and humanities



Business admin. and law

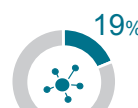
STEM disciplines



Natural sciences, maths and stats



Engineering



ICT

Source: *Education at a Glance 2017: OECD Indicators*, Organisation for Economic Co-operation and Development, 2017

⁴ *The power of parity: How advancing women's equality can add \$12 trillion to global growth*, McKinsey Global Institute, 2015.

⁵ *The world at work: Jobs, pay, and skills for 3.5 billion people*, McKinsey Global Institute, 2012.



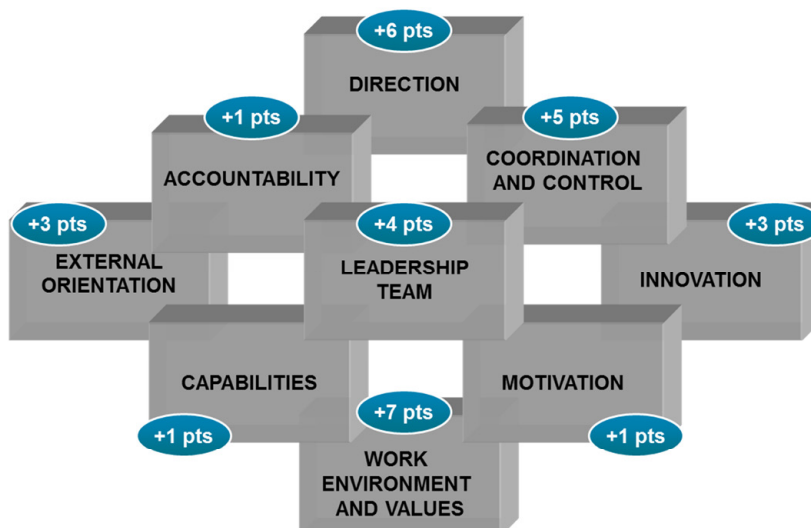
A corporate performance driver

Gender diversity in companies' top management goes with better performance

McKinsey was a precursor in this area, identifying a marked correlation between the presence of women in top management teams and the organizational performance of the company. McKinsey uses a diagnostic tool (the Organizational Health Index, or OHI) to measure the performance and health of a company on nine criteria, including: the quality of the leadership team, the company's ability to communicate a vision and a clear direction, the work environment and values, its level of innovation, its capabilities, and so on. Long ago, we established a strong correlation between a company's rating on these nine dimensions and its financial performance. In 2007, we used this tool and surveyed nearly 60,000 employees at more than 100 companies, asking them to rate their organization on the nine performance criteria. Then we compared the results for these companies depending on the proportion of women on their governing bodies and found that companies with three or more women on their executive committees scored higher, on average, on each of the nine dimensions than companies with no women at the top.

In addition, we also found a strong correlation between the presence of women in company top management and better financial results. Following a meticulous analysis of 300 companies around the world, we found a difference in return on equity of 47 percent between the companies with the most women on their executive committees and those with none, and a 55 percent difference in operating results.

Companies with three or more women in their executive committee had better results on the nine dimensions of organizational performance⁶

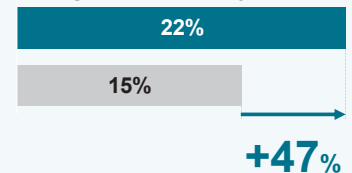


⁶ McKinsey OHI, 2007, 60,000 respondents in 100 companies.

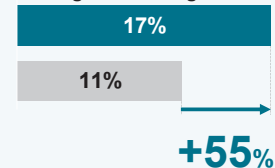
Business performance and gender diversity

300 companies in 10 countries; 2007-2009

Average return on equity



Average EBIT margin



■ Companies in the top quartile for female representation in executive committees
 ■ Companies with 0 women in executive committees



Diversity of leadership styles matters for performance

The leadership behaviors more frequently applied by women strengthen organizational performance

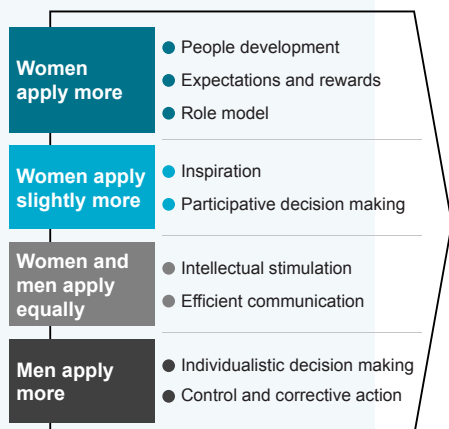
Drawing on well-known research in behavioral psychology⁷ we identified nine positive leadership behaviors typically displayed by managers in corporations, and found that men and women exhibit these behaviors with different frequencies. Typically, female leaders use five of those leadership behaviors more often than their male counterparts: people development, expressing expectations and rewarding success, role-modeling, inspiration, and participative decision-making. By analyzing the impact of each leadership behavior on the nine dimensions of organizational performance, and comparing this with the frequency of the behaviors observed in each gender, we identified the contributions that men and women are likely to make to organizational performance. Women, through their leadership behaviors, help to improve companies' organizational performance by reinforcing five of the dimensions (vision, motivation, accountability, leadership, work environment, and values), and particularly the last three.

This analysis revealed, above all, that organizational performance requires a diversity of leadership styles. In addition to greater gender diversity in top management, companies therefore have every interest in welcoming, nurturing, and recognizing a wide range of leadership behaviors, in order to reinforce all the dimensions of organizational performance.

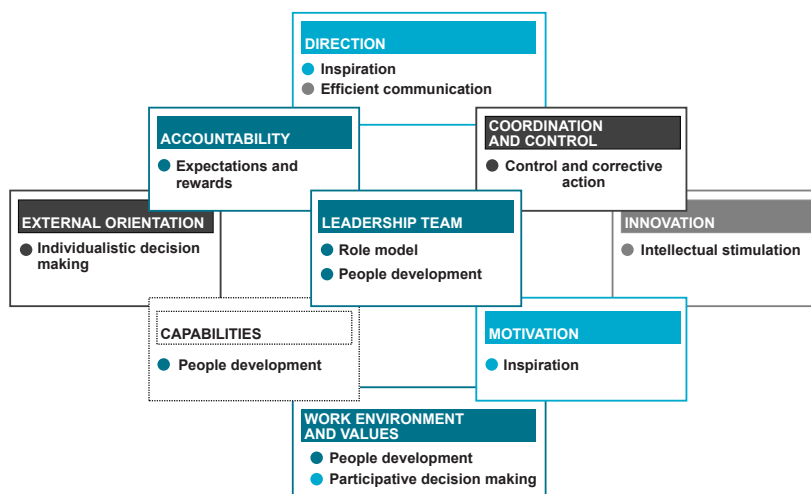
5 out of 9

Women tend to use five of the nine positive leadership behaviors more than men do

Women tend to use 5 of the 9 types of leadership behaviors that improve organizational performance more often than men do...



... and therefore having a critical mass of women applying these leadership behaviors improves the organization's performance on five dimensions



⁷ *Transformational, Transactional, and Laissez-Faire Leadership Styles*, Alice H. Eagly, Mary C. Johannesen-Schmidt and Marloes Van Engen, 2003; *The Leadership Styles of Women and Men*, Alice H. Eagly and Mary C. Johannesen-Schmidt, 2001.

The leadership styles more frequently used by women are also considered to be the most effective in addressing the global challenges of the future

A few years ago, we asked a panel of top executives to identify which of the nine leadership behaviors would be most effective in addressing the challenges of the future. Four behaviors consistently emerged as being of particular importance for corporate performance over the next five years: "intellectual stimulation," "inspiration," "participative decision making," and "expectations and rewards." As our previous analysis has shown, three of these behaviors are more often used by female leaders in corporations.

Interestingly, over 70 percent of the leaders who rated these four items at the top of the list also said that their company's current leadership practices showed a deficit of such behaviors.

Which of the nine leadership behaviors would be most effective in addressing the challenges of the future?



Regional focus

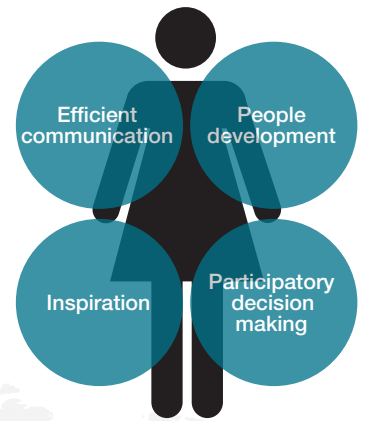
KEY FACTS & PERSPECTIVE

[GCC] In the Gulf Cooperation Council states, among the 555 men and women we surveyed in 2014, 60 percent of the top executives agreed that more women in leadership positions was a “very important” driver of organizational effectiveness (80 percent of the women and 53 percent of the men). Yet, female representation on executive committees was less than 1 percent. Among the benefits from increased gender diversity interviews highlighted: the mix of ideas that women bring to discussions, and a greater sense of formality in company meetings, leading to more task-focused and efficient discussions, and the impact of involving more women in developing products and services for which women are the key demographic.

In addition, our survey showed that female leaders in the GCC countries exhibit four leadership behaviors correlated with organizational effectiveness more often than their male counterparts do: inspiration, people development, efficient communication, and participative decision making.

Three of these behaviors are among the leadership styles that our global survey of top executives found the most effective in addressing the global challenges of the future, and not sufficiently prevalent in corporations.

In GCC
Women apply more



60%
of the top executives recognize the importance of women in leadership

In the GCC,
under 1%
of women sit on executive committees

75%
of women holding a bachelor's degree equivalent or higher do not hold paying jobs.

[MEXICO] Up to \$800 billion could be added to Mexico's annual GDP in 2025 by bridging the gender gap and increasing the labor-force participation of women. This is up to 40 percent higher than the business-as-usual GDP in 2025.

[ASIA] In Asia, we found that companies in the top quartile for women's representation in executive committees outperform their peers by:

+44% on ROE
+117% on EBIT margin

In Japan,
83%
of employers find that it is increasingly difficult to find talent, and 58 percent of employers have a similar perspective in India

Perspectives from engaged leaders & thinkers



Christine Lagarde
Managing Director, International Monetary Fund

“ Empowering women is critical and is a global issue. If countries around the world aspire to solid, sustainable, and inclusive growth, then empowering women and making sure that they contribute fully to the economy is key. In all the work we have done, we see that the full contribution of women increases economic growth, enhances inclusion and strengthens resilience. It is true across the board of economic development, and everywhere. Some countries like India, or Egypt, where women are largely excluded, will benefit more, and massively, from a better inclusion of women in the economy. And so will countries like Japan and Korea, which suffer or will suffer from labor shortages resulting from aging populations.



Takeshi Niinami
President, Chief Executive Officer, Board Member, and Representative Director, Suntory Holdings Limited

“ We need more labor force in our society because of a decline in our population and we need more women at work. In addition, in the consumer market, we are competing on innovative ideas. So diversity is very important for the strategy. Gender diversity is an answer to the need for any company to remain competitive and innovative; it is the key to holistic corporate strategy. Women bring different perspectives, and, as main decision makers for most purchases, they are especially important in the consumer goods industry.

I believe they add value through their thought leadership, their loyalty to consumers, and their deep understanding of insights. In a competitive environment where we make a difference with innovative and not standardized products, companies need more diversity to gather fresh ideas.



Janina Kugel
Chief Human Resources Officer and Managing Board member, Siemens

“ Women represent 50 percent of the population, they should make 50 percent of the contribution to the world, to the society, to the economy. We don't see this representation in our companies, or political institutions, nor in other organizations. Decision makers should represent the same percentage as in society. Diversity is essential to any global business. Decision making processes in companies are biased when the people look the same, and think the same... Our markets are more diverse, so we need to have people from different backgrounds expressing different opinions. It is important to bring different perspectives and opinions to the table to avoid stereotyped behaviors.



Lubna Qassim
Senior Executive Vice President and Chief Group General Counsel, Emirates NBD

“ I strongly believe by disrupting the 'boys' club' women on boards change the soft dynamics of how boards are run. Most importantly, it enhances the financial performance of the company and its governance.



Michel Landel
CEO, Sodexo

“ Gender diversity is one of Sodexo's top priorities. We employ 425,000 people and serve 75 million customers everyday around the world. We must be a fair representation of the society we live in: it's not only the right thing to do, it's the way to drive lasting progress, performance, and ultimately, build a more balanced and sustainable world.



Iris Bohnet

Professor and Author, John F. Kennedy School of Government at Harvard University

” At the micro level where we focus on diversity in teams, the evidence is very strong that diverse teams outperform homogeneous teams, whether these are all-male or all-female teams. This occurs across all kinds of different dependent variables, from creative problem solving to analytical tasks to communication skills. Diversity helps because we have a complementarity of different perspectives, or what we call ‘collective intelligence.’ That’s just one of the key factors the business case for diversity builds on.



Shobana Kamineni

Executive Vice Chairperson, Apollo Hospitals; President, Confederation of Indian Industry

” Women bring a very collaborative and nuanced perspective in their strategic thought process. Even in our Board, men are just more binary in their thought process, whereas I see women integrating different strands. So when it comes to strategic decisions, having more women in the room adds value. This is why studies show that companies with more women on their board actually perform better.

In India, it’s now mandatory for all public limited companies to have at least one woman director, and as a result, I think boardroom conversations have become deeper and more engaging.



Ilian Mihov

Dean, INSEAD

” As “The Business School for the World,” INSEAD is built on the ideal of diversity. Currently, we are engaging in increasing efforts to facilitate societal improvements through business and we believe that diversity in general improves business outcomes and in the long run leads to better social outcomes. With that said, we currently are focusing our attention on gender balance because the talents of women—who represent roughly half the world’s population—are being under-utilized in business today.

Regarding corporations, we know that diversity improves decision-making and that including and engaging female talent increases a company’s talent pool, which is always good for business.

Regarding societies, we also know that if women participate in both work and leadership, the society in which they do so experiences economic development and all the benefits that follow. Clearly, diversity in general, and gender balance in particular, are good for both business and society.

Angel Gurría

Secretary-General, Organisation for Economic Co-operation and Development



” Women are the single most underutilized asset in our economies and societies. In a global environment of high unemployment, sluggish growth, and low productivity, we must make use of all available talent. Women are at least as well-educated as men in most OECD countries, and half of this potential is not used. This an enormous waste: women have so much to contribute!

Gender equality is not only a fundamental human right. It is also a key component of inclusive growth – for the benefit of women, men, and society at large. For these reasons, the OECD was instrumental in setting the G20 target to reduce the gender gap in labor force participation by 25 percent by 2025. Given that young women are at least as well-educated as young men in most OECD countries, achieving the G20 gender target would bring millions more women into the workforce, spur innovation, reduce poverty and significantly increase economic growth across the OECD and the G20. For example, meeting the G20 target in Mexico could boost the country’s cumulative GDP per capita growth by close to 4 percentage points over the 2013-25 period. Diversity in all forms, and especially at the top, is also crucial for improving workplace performance. Diverse workplaces have been found to be more productive than homogenous ones, as the inclusion of diverse perspectives often improves problem-solving.



Isabelle Kocher
CEO, ENGIE

” The fact that gender diversity is critical to economic performance is not a matter of personal opinion anymore since a continuous stream of research has consistently demonstrated this point.

Let me just sum up some of the key findings of research in this field:

- Closing the global gender gap could boost global GDP.
- Companies that commit to diverse leadership are more successful.
- A better gender mix among board directors and senior executives is linked to higher return on equity, higher valuations, better stock performance, and higher dividend payouts.

I see at least three reasons why diversity leads to stronger performance.

When a company is recruiting from all demographic groups, it is automatically expanding the pool of talent sources and is more likely to hire the best talent. Moreover, a diverse company will more closely mirror society, which gives it a competitive edge in understanding the needs of specific groups. For example, a business is handicapped if it overlooks the needs and buying behavior of women, who in Europe account for 70 percent of all consumer decisions. Lastly, diversity also fosters critical thinking and innovative solutions. The more people with various backgrounds in a group, the more they will challenge one another and question ideas and solutions that may feel natural, but in reality are rooted in a particular social or cultural background.

I personally experience the benefits of working in a diverse team, since ENGIE’s executive committee is composed of five nationalities, and 25 percent of its members are women. In such a forum, a strong case has to be made to support one’s ideas because no position is taken for granted.



Thomas Buberl
CEO, AXA

” I firmly believe that diversity at large, and gender diversity specifically, are essential. It is a question of fairness. But beyond fairness, gender diversity helps drive performance and innovation.

Fairness first, because women now represent the largest growth opportunity in the world; they will soon represent more than half of all university students worldwide, and by 2028 will control 75 percent of discretionary spending globally. They should therefore be equally represented at all levels of companies, especially at the top.

Performance, because to carry out their successful transformation, companies must combine diverse talents and, people who think differently; new ideas and innovations arise from the confrontation of opinions, from different people bringing their experience and backgrounds. It is a question of business sustainability in a world where adaptation and innovation are key. It is true for women, but also for diversity at large, and numerous studies—including previous *Women Matter* reports—have demonstrated that a diverse workforce is more innovative and productive than a homogeneous one...

We should give all our employees an equal opportunity regardless of their origin, gender, sexual orientation, or background. To better serve our customers, we need to create a global company that reflects their diversity and the society they live in.

Diversity and inclusion are building blocks of a different, more flexible working environment. Thanks to the contribution of all our employees, our ambition is to become the most inclusive employer in the financial sector.



Bola Adesola
Managing Director and Chief Executive Officer, Standard Chartered Bank Nigeria

” There is emerging data to support the claim that gender-diverse teams achieve better performance. Improvements in ROE, organisational attrition and overall profitability are positive indicators that this diversity works. In addition, companies that have a healthier mix of women in senior leadership have workplace practices that tend toward enhanced welfare for staff, and particularly for women. This positively impacts organisational health, and, consequently, productivity.



Justin Trudeau
Prime Minister, Canada

” Gender diversity—including at the highest levels of leadership—is absolutely critical in our changing economy. In example after example, companies that prioritize gender equality in their leadership outperform ones that don’t. When women are at the top of corporations and drive economic growth through executive positions, all of us benefit from a stronger economy and more prosperity to go around. A more diverse set of decision makers means more creative, innovative decisions—and decisions that reflect the experiences of a bigger range of people. We’re all shaped by our many varying experiences. We need the voices and ideas of people who have experienced the world from many different angles, so that the best and widest range of knowledge goes into decision making and leadership.

There are compelling economic advantages to having people of a range of backgrounds and identities at the top of the corporate sector—advantages which benefit all of us. That’s because an economy that works for everyone needs to reflect our diversity. We shape a stronger economy for all of us when we look at the whole picture of who we are. Diversity of all kinds—from gender diversity to racial and ethnic diversity to people with disabilities and diverse sexual orientations—is not just a pressing moral and social issue. It’s also the key to an economy that works for everyone.

Diversity isn’t just sound social policy. Diversity is the engine of invention—and there’s no question that gender-diverse leadership teams are consistently driving stronger performances for organizations across industries. Leadership from people with varied backgrounds and experiences means more perspectives and different ideas. And when people with a variety of perspectives work together and think collaboratively, innovative, creative solutions emerge, which lead to new growth and new prosperity.

There’s also a ripple effect here. When an organization is committed to diversity in its very highest leadership, it’s probably interested in promoting diversity at every level—generating creativity and growth across the board. In our constantly changing economy, innovation is key. Commitment to gender diversity helps organizations succeed and thrive.



Barbara Dalibard
CEO, SITA

” I really believe it is key to bring gender diversity in a management team. It makes you look at a problem with different eyes and gather various views on a subject; indeed, on average, women look at an issue with a different mind-set. They have a great ability to implement, to create links, and to maintain a positive attitude within a team.



02

SLOW PROGRESS



Despite a strong case for gender parity, both at the macroeconomic level and for business performance, the level of gender inequality is high, and sometimes extremely high around the world. In 2017, women remain largely underrepresented in the workplace, and in particular in top management of corporations.



Profound gender inequality around the world

A comprehensive view of gender inequality, looking at 15 indicators across four categories

The McKinsey Global Institute has mapped 15 gender equality indicators for 95 countries and found that 40 of them have high or extremely high levels of gender inequality for at least half of the indicators. The indicators fall into four categories: equality in work; essential services and enablers of economic opportunity; legal protection and political voice; and physical security and autonomy.

For example, there are 655 million fewer women than men in the labor force and women do about three times more unpaid care work than men. On essential services and enablers of economic equality, many countries have bridged the gap; however some critical issues remain. For instance, 240,000 women still die every year due to pregnancy complications, and globally, women still have only 77 percent of the access men have to financial services, and only 84 percent of the access men have to the Internet and mobile phones.

Globally, women's participation in the political world remains very low. Even in developed economies—and democracies—such as the United Kingdom and the United States, the share of women in ministries and parliaments is respectively only 24 percent and 34 percent. Many countries have also extremely high inequality in legal protection. This includes inheritance or protections against violence. Finally, despite efforts to improve it, physical security is still a concern in many ways and many parts of the world. For example, one in three women worldwide has faced intimate partner violence, and this is an issue across the globe.

Clearly, closing all these gaps is critical from a humanitarian and moral perspective, but our research also focused on the role they play in women's ability to achieve their economic potential.

15 gender equality indicators grouped in 4 categories



Work



Essential services & enablers of economic opportunity



Legal protection & political voice



Physical security & autonomy

Women represent

39%
of the global labor force

Women attain less than

75%
of the educational levels of men in 17 countries

Women have only

84%
of the access of men to the Internet and mobile phones

22%
of women in ministerial and parliamentary roles

240,000

women die every year due to pregnancy complications worldwide

18

countries have unequal inheritance rights between sons and daughters

1.5M

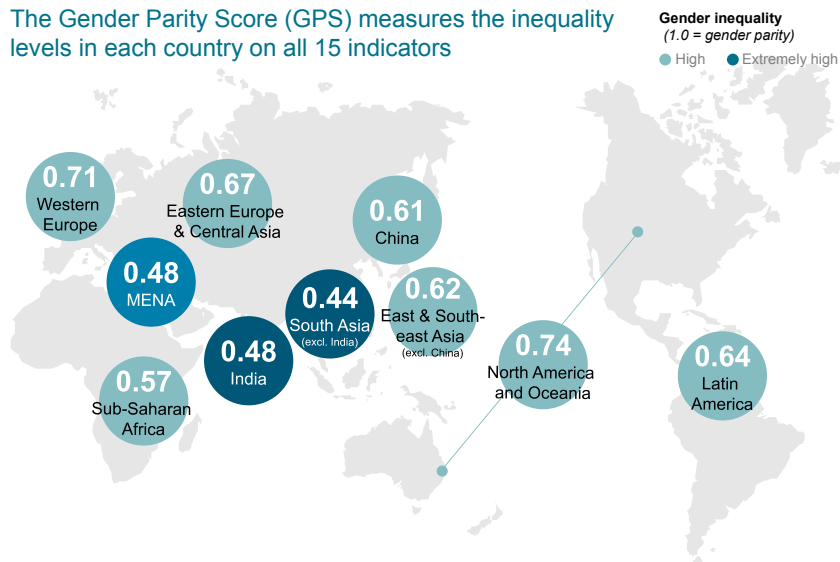
girls are "missing" each year due to sex-selective abortions

High or extremely high levels of inequality remain across the world

MGI's created a Gender Parity Score (GPS) to assess how all countries and regions stand on gender parity on the fifteen indicators. The GPS measures the distance each country has to travel toward gender parity, which is set at 1.00.

We found 40 of the 95 countries have extremely high or high levels of inequality on half or more of the 15 indicators. No region in the world has achieved a full parity score. The scores range from 0.44 in South Asia to 0.74 in North America and Oceania, the best performing regions.

The Gender Parity Score (GPS) measures the inequality levels in each country on all 15 indicators



We found high or extremely high levels of inequalities in all regions.

Mapping gender inequality in all regions

	Gender equality in work					Essential services and enablers of economic opportunity				Legal protection and political voice		Physical security and autonomy			
	Labor-force participation rate	Professional and technical jobs	Perceived wage gap for similar work	Leadership positions	Unpaid care work	Unmet need for family planning	Maternal mortality	Education level	Financial inclusion	Digital inclusion	Legal protection	Political representation	Sex ratio at birth	Child marriage	Violence against women
China	0.817	1.072	0.570	0.201	0.389	4%	32	0.973	-0.873	no data	0.583	0.191	1.170	2%	15%
East and Southeast Asia (excl. China)	0.707	1.003	0.647	0.384	0.299	13%	103	0.962	-0.845	0.868	0.483	0.156	1.060	8%	25%
India	0.338	no data	0.483	no data	0.102	13%	190	0.763	0.659	0.724	0.399	0.114	1.108	27%	37%
South Asia (excl. India)	0.508	0.346	0.506	0.076	0.176	17%	164	0.788	0.525	0.723	0.261	0.152	1.066	26%	44%
Middle East and North Africa (MENA)	0.324	0.553	0.604	0.116	0.161	12%	57	0.883	0.638	0.767	0.226	0.116	1.049	12%	38%
Sub-Saharan Africa	0.839	0.744	0.629	0.339	0.476	24%	483	0.689	0.740	0.580	0.415	0.310	1.038	19%	40%
Latin America	0.672	1.064	0.463	0.573	0.350	10%	70	0.989	0.799	0.965	0.657	0.302	1.049	3%	37%
North America and Oceania	0.823	1.319	0.608	0.736	0.618	7%	25	1.000	0.865	0.996	0.742	0.346	1.049	2%	33%
Eastern Europe and Central Asia	0.777	1.648	0.586	0.582	0.506	10%	21	0.978	0.881	0.941	0.525	0.169	1.061	3%	19%
Western Europe	0.792	0.964	0.527	0.503	0.482	9%	6	0.997	0.827	0.951	0.771	0.486	1.057	1%	22%

Women remain under-represented in corporate decision-making positions

2017 and still far from parity

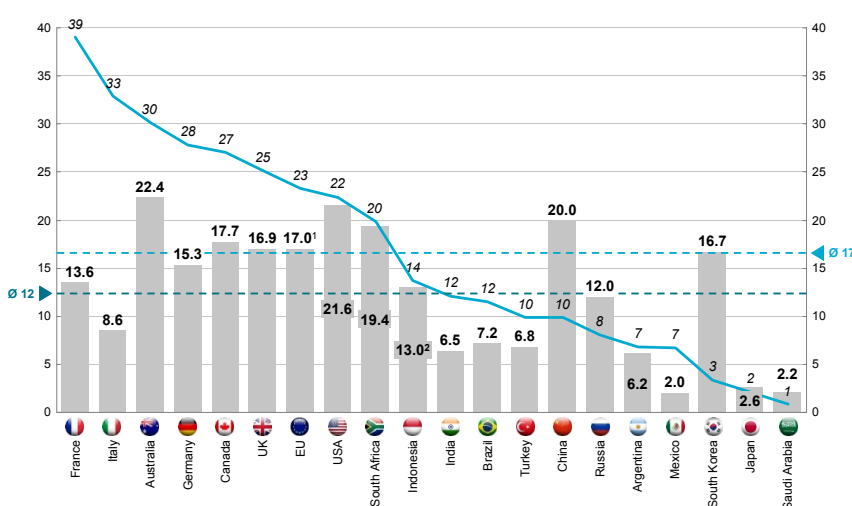
In 2017 within the G20 countries, women accounted on average for 17 percent of corporate board members and 12 percent of executive committee members of the top 50 listed companies. The situation varies greatly from one country to another and is particularly positive in countries that have enforced quotas: European corporations tend to have more women on their boards (39 percent in France, 33 percent in Italy, 28 percent in Germany) than the United States (22 percent), South Africa (14 percent) or Asia (including India, at 12 percent, and China, at 10 percent). Regarding executive committees, the situation appears even more homogeneous across countries and geographies, with women accounting for only 6 percent of executive committee members in Argentina, 9 percent in Italy, 14 percent in France, and 22 percent in the United States.

Looking back, progress has been slow over the last 10 years and wide disparities remain. In Western Europe between 2007 and 2017, most countries have increased female representation on boards by double-digit figures, including 30 percentage points in France and Italy and 17 percentage points in Germany, but progress has been more moderate on executive committees: an increase of 8 percentage points in the Netherlands and 5 percentage points in the United Kingdom for example. Despite being at the top of the class, Norway and Sweden are still a long way from achieving gender parity.

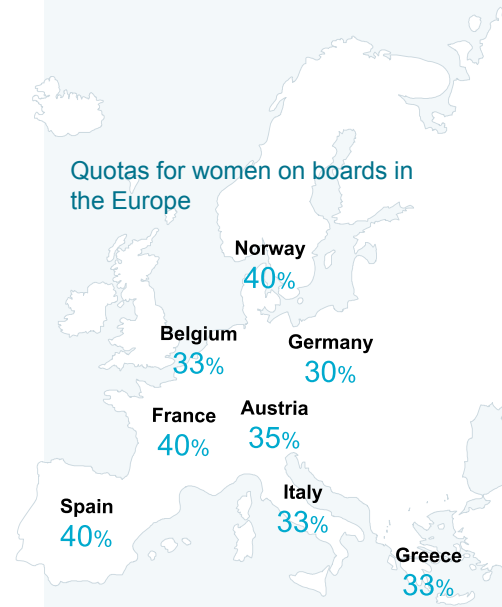
In the G20, women make up

17%
of corporate boards and
12%
of executive committees

Representation of women on corporate boards and executive committees in the G20
2017, %



1 Estimate based on G20 countries sample
2 Estimate
Source: Top listed companies of the stock market reference index; McKinsey analysis

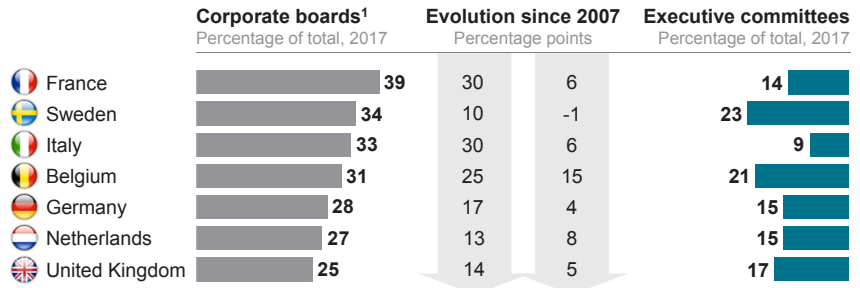


8
European countries
have quotas in place for
boards

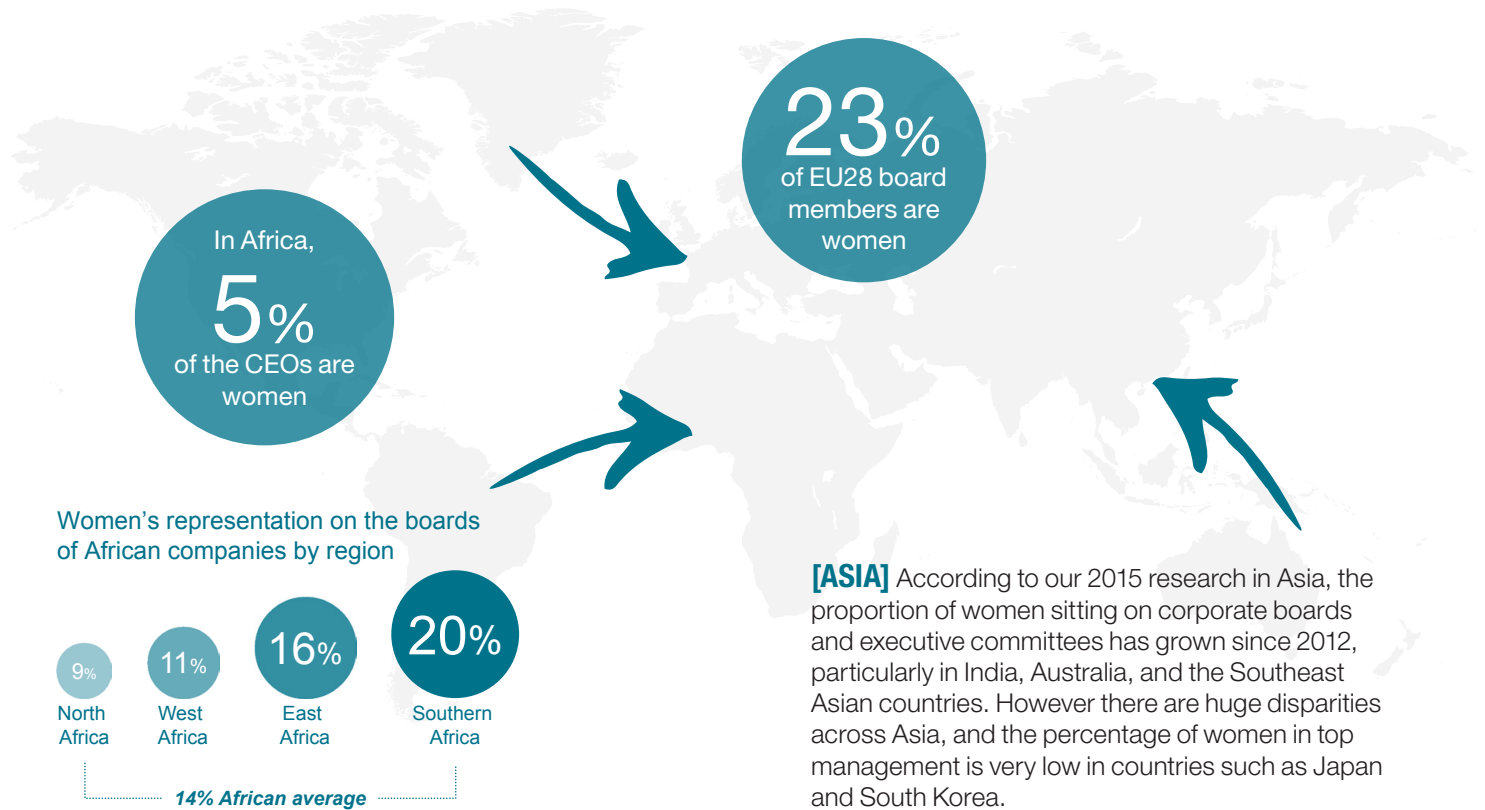
Regional focus

KEY FACTS & PERSPECTIVE

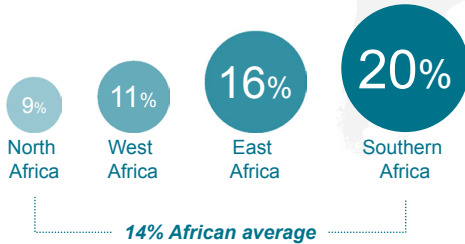
[EUROPE] Slow progress since 2007. Despite progress toward gender diversity, most European countries still have a long way to go to reach parity.



¹ Analysis based on 2016 annual reports of top listed companies of the stock market reference index

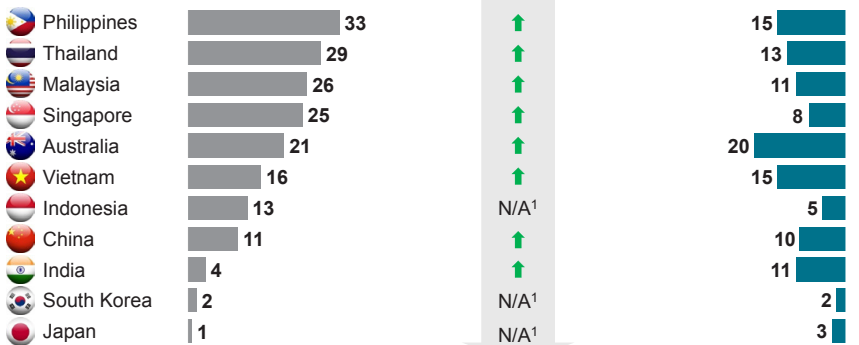


Women's representation on the boards of African companies by region



[AFRICA] In the private sector, Africa has more women in executive committee, CEO, and board roles than the average worldwide. Yet women are still underrepresented at every level of the corporate ladder—non-management and middle and senior management—and fall in number the higher they climb. Only 5 percent of CEOs are women.

↑ Improvement



¹ N/A because country not included in 2012 report

Source: McKinsey proprietary database 2015; World Bank; published reports

Perspectives from engaged leaders & thinkers



Christine Lagarde
Managing Director, International Monetary Fund

“ Clearly, the progress we have seen over the last ten years is not enough. We did a study with the World Bank and discovered that 90 percent of 150 countries we surveyed have discrimination against women in their legislative frameworks, which operate as obstacles to women joining the labor force, participating in the economy, receiving financing, being allowed to do the same jobs... This discrimination relates to very basic rights, such as inheritance, title to property, or access to mortgages. The interesting thing is that when the law is changed to remove the discrimination, you see the results within five years. So we first need to set the legal basis which will enable women to participate.



Takeshi Niinami
President, Chief Executive Officer, Board Member, and Representative Director, Suntory Holdings Limited

“ In Japan, participation of women in the labor force has been increasing over the last five years but progress is slow and there is still an untapped potential. Because of its aging and decreasing population, Japan needs to accelerate women's entrance on the labor market.

Janina Kugel
Chief Human Resources Officer and Managing Board member, Siemens

“ Self-commitment has not proven to be successful. You won't change the culture until you make it very clear what kind of specific behavior is expected and valued. We need targets with clear expectations and explicit behaviors.

Lubna Qassim
Senior Executive Vice President and Chief Group General Counsel, Emirates NBD



“ The progress made in the UAE toward gender parity goals has been phenomenal in the last four decades. The UAE takes pride in its female role models across different sectors. It has also taken some very bold steps in appointing women to very responsible senior positions in the public sector. However, the private sector is seriously lacking and lagging with no positive trend or change. With millions of people joining the labor force in the Arab world and beyond over five decades, it is striking that across industries only a few senior positions in the top corporate world are held by women.

A number of corporations believe that they have achieved gender diversity by having one woman at the top either in the boardroom or in the C-suite. Commitment to diversity does not stop at one. It is very hard for women to contribute much unless their presence is normalized. The presence of a woman will never be normalized if she is the only one among men of the same ethnicity or age group. A clear shift occurs when boards have three or more women. At that critical mass, women tend to be regarded by other board members not as "female directors" but simply as directors, and they do not report being isolated or ignored. Three women or more can also change the dynamic on an average-size board.





Shobana Kamineni

Executive Vice Chairperson, Apollo Hospitals; President, Confederation of Indian Industry

“ there are dropouts at each level—after the 5th grade in rural schools because of a lack of infrastructure and transportation, then after the 10th grade, when early marriage or cultural conflicts prevail. When they first join a job, issues of safety crop up. And finally, in their 30s, they drop out to have children, and get left behind. This prevents many women from climbing to leadership positions, so you have to have different calibrated responses for dropouts at each level. As soon as these barriers are removed women will stand out.

Fortunately it is a huge priority of our government to focus on the girl child and her education. There are also generational and cultural shifts happening in India and although they were slow to start, we will soon see the multiplier effect of more women with college education, and more in the workforce. This is the thing with any change: the first part is much slower, but then, as soon as change happens it accelerates. Additionally, I think that technology and the internet are huge drivers of women’s empowerment.



Angel Gurría

Secretary-General, Organisation for Economic Co-operation and Development

“ We don’t favor quotas, but for certain issues they may be the only way to initiate change – because if you leave it to goodwill, it will simply not happen. In Mexico, nearly 50 percent of the legislators are women. It did not happen by itself: the President proposed legislation to have 50 percent of women in the pool of candidates for the election. Political parties and especially leading female politicians were particularly instrumental in implementing the quota for women politicians in Mexico. Look at Norway also: following legislation they are gradually reaching 40 percent women on company boards. Quotas and other affirmative action measures should be considered provisional mechanisms leading towards long-term changes in systems and cultures, so that men and women can contribute on an equal footing.



Bola Adesola

Managing Director and Chief Executive Officer, Standard Chartered Bank Nigeria

“ Change may appear to be slow but it’s a journey. Look at the progress we have made over the past 15 years! There is a significant increase in awareness of gender-related issues in the workplace. To effectively quantify our progress, we need to track some metrics that will only improve in the long term. For instance, companies will not put women on boards for the sake of doing it. There will be an investment in preparation, training, and development, which will take some time.

The commitment of both male and female leaders in organizations is critical to achieving progress.

I would support quotas only when they are merit-based and help drive the objectives of a company. It should never be about just making up numbers. What is important is to focus on driving capacity and competence so that women do not become tokens but really sit in the boardroom because they deserve to be there.



Margarita Zavala
Presidential Contender and Lawyer, Mexico

has experienced **”** In Mexico, the inclusion of women more progress in some areas than in others. In particular, in terms of access to healthcare, the closure of the gender gap has been quite strong.

Education is the great social equalizer, however, there is a problem when greater access to education does not translate into economic mobility for women. Great efforts have been made to increase women’s school enrollment rates, but unfortunately we have realized that this does not result in greater economic and social mobility.

In regards to the economy I would not put an emphasis on quotas but rather on affirmative actions in general. What we have lacked in the economic field is a comprehensive strategy for the inclusion of women and other groups such as the disabled or the elderly. The inclusion of women in politics enriched the debate and also brought with it the inclusion of other groups—this is something that could also occur in the economy.

What needs to be done is that voluntary affirmative actions for women have to be accompanied by incentives. For example, a ratings agency could recognize companies that achieve inclusion goals. We could also require having gender equality policies before a company can be listed on the stock exchange. I believe that we have failed to implement specific strategies for the business sector.

If a government wants to empower women, it has to go beyond offering minimum welfare policies and to implement actions that really have an impact on their economic development. First, it is important to recognize that, although women have achieved greater access to formal education, this does not translate into greater social and economic mobility, but it does for men. Second, all the advances of women in political terms have not been accompanied by their inclusion in the economy. Third, public policies in the area of economic development aimed at women have been focused on microcredits or personal loans, and we have not yet taken the leap to support small and medium enterprises led by women.

There is an IMF study which states clearly that when women are included in the economic development of a country—and not only in politics—countries grow more. To achieve this, it is necessary to establish a series of effective incentives.

Economics is a human activity and therefore men and women have to participate; the economy of a country cannot reach its potential if only men participate.



Isabelle Kocher
CEO, ENGIE

” In France, we have seen the most significant improvement in the representation of women on the boards of large companies. With the adoption of the Copé-Zimmermann law, men or women should account for at least 40 percent of board members. This is a very ambitious goal if you think that the representation of women on the boards of the world’s 200 largest companies averages about 17 percent.

I am not sure that we need more quotas. What truly makes the difference is the setting of public and specific targets by which the company’s results are measured. Holding the company accountable in this way sends a strong signal that is likely to speed achieved objectives.

At ENGIE, we now have 30 percent of women in the top 350 of our Group.



Barbara Dalibard
CEO, SITA

” Overall, I see some progress, for example in awareness, in the language people use, but when you look at the statistics it is not progressing... except where we have put quotas in place.

There are places where we are going back. In some technical environments, women still face the same difficulties as 25 years ago.

When I was young, I was absolutely against quotas; my belief now is that if you do not have quotas, things do not change. Change in France happens in boards because of the law. However it is not happening in the executive committees, because quotas don’t apply there.

03

AMBITION IS NOT THE PROBLEM



© Getty Images

Overall a large proportion of women—almost at par with men—say they want to be promoted and reach a top management position.⁸

Women, like men, have this ambition to be a top executive, even if it requires making sacrifices in one's personal life. However, they are less confident than their male peers of their chances for success in the current environment.

⁸ *Women Matter 2013: Gender diversity in top management: Moving corporate culture, moving boundaries*, McKinsey, 2013; *Women Matter 2016: Reinventing the workplace to unlock the potential of gender diversity*, McKinsey, 2016.



Women are ambitious but need a supportive environment to feel they can succeed

Women are as ambitious as men but less confident that they can succeed

Most women around the world want to succeed. Our global survey of more than 1,400 executives suggests that the great majority wants to reach a top management position: 79 percent of senior and mid-level women managers confirm this desire and 61 percent are even willing to sacrifice part of their personal lives if necessary. This is very much aligned with the answers of men (81 percent and 64 percent respectively). This finding holds true at the company level with some specificities in the United States. One striking difference between male and female respondents was the level of confidence they expressed. Here confidence is defined as a perception of one's chances of success in the current environment, rather than confidence in one's own qualifications. Among those with ambitions to reach a C-level position, the number of women expressing confidence that they will succeed was about 15 percentage points lower than the number for men (58 percent of the women versus 76 percent of the men).

Collective drivers and supportive environment make a difference

This survey also sought to identify the factors at play that determine women's confidence levels in reaching top management positions. We defined two sets of factors, collective and individual, with the former referring to the overall environment and corporate culture, and the latter referring to the individual mind-sets and attitudes respondents deploy in the pursuit of their ambitions.

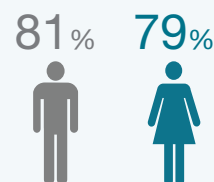
2x
Corporate culture is twice as important as individual mind-sets in building women's confidence that they can reach a top management position

Our analysis of the responses led us to conclude that collective factors are twice as important as individual factors in conditioning women's confidence in their chances of success (as a perception of one's chances of success in the current environment rather than confidence in one's qualifications).

McKinsey Quarterly Global Survey of 1,400 executives, 2013⁹

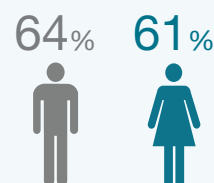
"Over the course of my career, I have the desire to reach a top management position (e.g., a role in the C-suite)"

Senior and mid-level management
Agree and strongly agree



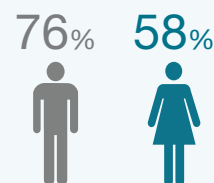
"I am willing to sacrifice a part of my personal life to reach a top management position"

Agree and strongly agree

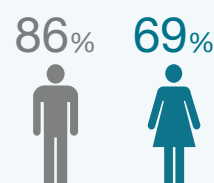


"I am confident I will succeed in reaching a top management position"

Mid-level management
Agree and strongly agree



Senior management
Agree and strongly agree



⁹ Women Matter 2013: Gender diversity in top management: Moving corporate culture, moving boundaries, McKinsey, 2013.

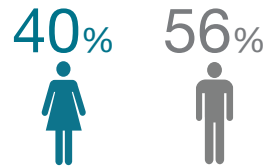
Regional focus

KEY FACTS & PERSPECTIVE

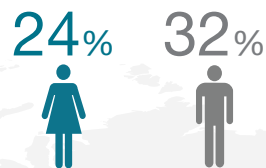
[UNITED STATES] Our latest survey in the United States¹⁰ shows that women are equally interested in being promoted, but less interested in becoming top executives than men, and see the pros and cons of senior leadership differently from their male peers. While 75 and 80 percent of women and men respectively want to get promoted to the next level, only 40 percent of women are interested in becoming top executives, compared to 56 percent of men.

Balancing work and family is the issue of concern most cited by both men and women. They also worry about company politics. Women with and without children are far more likely to say they don't want the pressure. They anticipate a steeper path to the top.

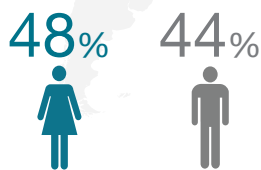
% of women and men...
... who aspire to reach a top executive position



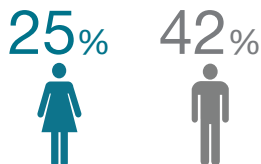
... who want to be a top executive and believe it's likely they'll become one



% of women and men...
... who aspire to reach a top executive position



... who want to be a top executive and believe it's likely they'll become one



[EUROPE & TURKEY] Of the 2,200 employees we surveyed in 2016, men and women showed a similar level of ambition: 67 percent of men and 68 percent of women have an interest in being promoted to the next level.

However, 26 percent of the women reported that gender still plays a role in the promotion process and 41 percent of them believe it is harder for women to be promoted or get a raise.

Roughly the same proportion of women and men seek top executive positions (48 percent of women versus 44 percent of men in Western Europe). However, of this group, far fewer women than men think they are likely to achieve their goal (25 percent versus 42 percent).

¹⁰ *Women in the Workplace*, McKinsey & Company and LeanIn.Org, 2016.

Perspectives from engaged leaders & thinkers



Michel Landel
CEO, Sodexo

“ I think the world will change and culture will change if we engage men but also if women stand up and fight to refuse what is unacceptable. I think the change will come from women because they make 60 percent of the world’s graduates and make most of the purchasing/buying decisions in the world, so they really should stand up and force things. I have found that often I have had to “convince” women to lean in. If they don’t have 100% of the requirements for a job, they may be reluctant to take a position and I have had to convince them that they are the best and can do the job. This is where sponsors come in. If women have sponsors, they can advocate for the women and also reinforce for them that they are right for a position.



Gail Kelly
Former CEO, Westpac

“ We’ve all heard the stories about how women can be reluctant to put their hand up for something unless they feel that they’re 100% ready to be able to deliver. And while I do know some men who have the same fears, by and large, men are more often likely to put their hand up and say, “I’ll have a go. Give me a chance. Let me try,” knowing they may not currently have the skills that are required for that role. If that’s true, and in my experience, it is, then the response to that has to be a process where people in organizations, both men and women, look out for women—encourage them to develop that self-confidence, to back themselves, and provide that mentorship and coaching and advocacy, so that women are actively sought out to put their hats in the ring. And then backed once the opportunity is in front of them.

Bola Adesola

Managing Director and Chief Executive Officer, Standard Chartered Bank Nigeria



“ Unfortunately, women sometimes can be the roadblocks to their own advancement. It may be a function of ideals ingrained into their thinking from childhood which easily become “realities” they choose to accept as their roles in society. When they start families for example, they are often torn between the idea of building a thriving career and having a successful home. The frustrations also bring about the notion of being unqualified or undeserving of career opportunities as they arise which prevents many from moving up the corporate ladder. Our role is to say indeed you can. If they look at it as a journey, they find it possible to achieve a brilliant career, a successful home, and a meaningful impact in the community. On the flip side, we should also encourage accountability and responsibility. Playing the “gender card” for example, presents them as frail, vulnerable and sometimes incompetent which turns out to be negative and limiting in the long run. We must never forget that business is business and companies cannot afford to be sentimental! Senior women in leadership should coach younger colleagues and include them in their networks to help them overcome those obstacles. In addition to this, companies can eliminate some barriers by creating a more inclusive workplaces.



Shobana Kamineni

Executive Vice Chairperson, Apollo Hospitals; President, Confederation of Indian Industry

” Women at the ‘top of their game’ can perform as well as or better than men. But unfortunately each woman leader has come up by competing with maybe 50 men to get there - when you’re so few hunting, you have to be exceptional or you don’t get to the top at all! Companies can improve the odds by creating a culture of equality in the workplace. Take my own example – in my family, we are four sisters and we don’t have a brother. So for my father, we girls were natural leaders – it was unquestioned! Similarly, if women are given an equal environment, with girls standing equally with boys, and their status not being questioned – then they can compete equally and stand out. It is primarily a matter of empowerment, and companies have to create that culture of equality and justice in the workplace.



Lubna Qassim

Senior Executive Vice President and Chief Group General Counsel, Emirates NBD

” In my view, the subject of gender diversity is not a woman’s issue, I treat this subject purely as a governance issue, and urge boards and CEOs to take ownership of this issue. This is not a problem of women, but rather a problem of corporations and must be tackled creatively and inclusively.

The journey for women is not easy and it never has been easy. There has been progress in a number of ways since the 1950s but one thing which remains stuck and consistent is a man’s mind-set and his attitude toward female counterparts. The least, which is required from men in the workplace or male CEOs, is to extend support to their female colleagues as much as they extend it to their male colleagues.

I often hear about the challenges in developing and promoting high-potential women as the largest impediment to progress. I do not think it is challenging at all. The question corporations should be asking is “what are you doing wrong, or not enough of, which is driving women out of the corporate world?”

Every year hundreds of thousands of talented and committed women leave the corporate world not because their personal status has changed or they are about to deliver a baby but, nine times out of ten, it is because she has to work ten times harder than her male counterpart to even get noticed. Women do not get the adequate support they require.

The conversation will not change unless CEOs and boards take this governance issue very seriously. It is time for men to lean in and take women seriously.



Thomas Buberl
CEO, AXA

“ The women I meet at AXA are not less ambitious than their male counterparts. The difference is that they do not express their ambition the same way. It is also our responsibility to make the effort to encourage their managers to listen more, understand their motivation and most importantly to put the subject of ambition on the table.

A woman may not ask explicitly for a promotion, but will often start the conversation with her manager highlighting her achievements, her performance, thinking that this is sufficient to get a promotion. I remember seeing a lot of men ask directly for a promotion, with less reserve.

As part of the leadership programs we run, this is an area of development that we invite women to work on. And we also raise AXA's managers' awareness on the way men and women talk about performance, merit, promotion. It is just as if men and women spoke a different "language". If that is the really case, then we all need to become bilingual, to speak both languages so as not to miss the real talents.

Role models are also important to help women project themselves and show them that they can make it to the top too, that it is not beyond their reach.

This leads me to the issue of visibility: women who would like to get promoted should have in mind what some call the 'PIE' model. It stands for Performance, Image, and Exposure. Some women spend a lot of time delivering top performance and giving their best. But they often do so in a corner, away from the light. Yet, their hard work is simply not seen or acknowledged.

When it comes to estimating the potential of an employee for promotion, performance will probably count for 10 percent in the decision-making process, while exposure—i.e., people know who you are and what you are doing—represents between 50 percent to 60 percent.¹¹

That's why networking and letting people know who you are and what you are up to is as important as delivering great performance.



Ilian Mihov
Dean, INSEAD

“ I don't think that women lack ambition. Every year, I see hundreds of bright young women who want to be as impactful and successful as any man. Still, sometimes we observe how some women experience self-doubt, or "lean out," as in cases of reluctance to apply for positions, which they somehow consider to be beyond their capabilities. But rather than just telling women to lean in more strongly, we need to also consider the contexts that can push women out.

Debating whether it's a "glass ceiling" versus a "sticky floor" issue for women misses the point that the biases that influence men and women also reinforce each other.

On the side of decision makers, we know they can act on gender bias by providing fewer opportunities to women. They also can suggest to women that they may not belong in important contexts such as STEM and business. For example, national level emancipation of women predicts gender gaps in children's math performance, such that boys outperform girls in math in countries where women are disempowered relative to men, but not in countries in which women are empowered at levels more similar to men. The economists and psychologists who study these effects hypothesize that this underperformance is due in part to internalization of gender biases.

INSEAD professors Lucia Del Carpio and Maria Guadalupe have found that making female role models visible dramatically increases women's applications to coding training programs in Latin America. These improvements in motivation are the result of shifting women's experiences, which is the only sustainable way to ensure fairness and gender balance in the workplace and in the society in general.

11 Harvey J. Coleman, *Empowering yourself: The organizational game revealed*, Bloomington, IN: AuthorHouse, 2010.

04

PERSISTENT BARRIERS IN SOCIETY AND CORPORATIONS



It is important to acknowledge the extent to which cultural norms in society and biases impede women's progress.

The 'double-burden' syndrome, whereby working women also have to take primary responsibility for domestic duties, is often considered by many as the most important barrier to their success and often seen as the most important criteria. This, coupled with a dominant 'anytime, anywhere' performance model, makes it more difficult for women to thrive and reach top management positions. In some places (such as Africa or GCC countries), attitudes in the workplace that result in women being treated differently from men are also seen as an important barrier. Overall, unconscious bias makes it harder for women to reach top management positions.



Socioeconomic barriers

A strong link between gender equality in society and equality in work

In our global report on gender parity, MGI has established a strong link between gender equality in society, attitudes and beliefs about the role of women, and gender equality in work. The latter is not achievable without the former two elements. We found virtually no countries that have high gender equality in society but low gender equality in work.

Three elements are essential for achieving the full potential of gender parity: gender equality in society, economic development, and a shift in attitudes.

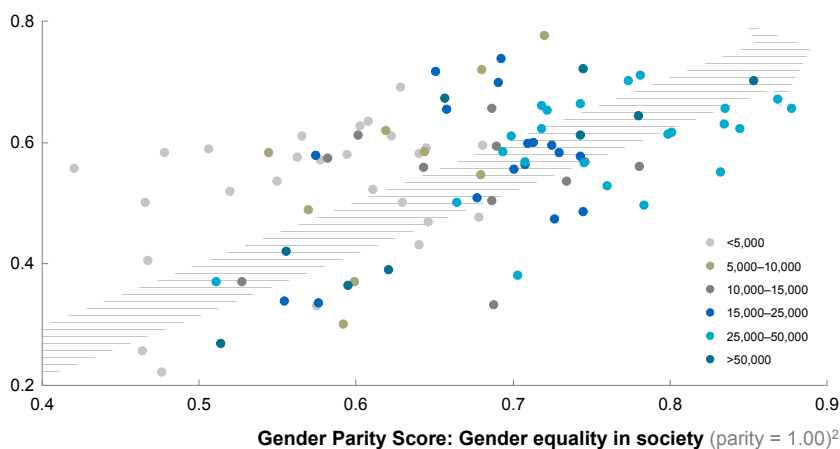
Regarding economic development for example, we analyzed the correlations between different gender equality indicators across 95 countries and with indicators of overall economic development such as per capita GDP and urbanization, and found that these two indicators are linked strongly with virtually all aspects of gender equality in society. We acknowledge that correlation is not the same as causation. Nevertheless, the correlation suggests economic development can create momentum toward a further narrowing of gender gaps. Progress in four areas in particular—education level, financial and digital inclusion, legal protection, and unpaid care work—could help accelerate progress in gender diversity.

Women have
77%
of the average access to financial services that men do

Gender equality in society is linked with gender equality in work

Per capita GDP levels, 2014 purchasing-power-parity international dollar

Gender Parity Score: Gender equality in work (parity = 1.00)¹



¹ Labor-force participation rate, professional and technical jobs, perceived wage gap for similar work, leadership positions, unpaid care work

² Essential services and enablers of economic opportunity, legal protection and political voice, physical security and autonomy
Source: "The power of parity: How advancing women's equality can add \$12 trillion to global growth," McKinsey Global Institute, 2015

195
million fewer adult women than men are literate



Low employment rate and unpaid care work

Lower share of women in top management is correlated with lower employment rate and higher unpaid care work

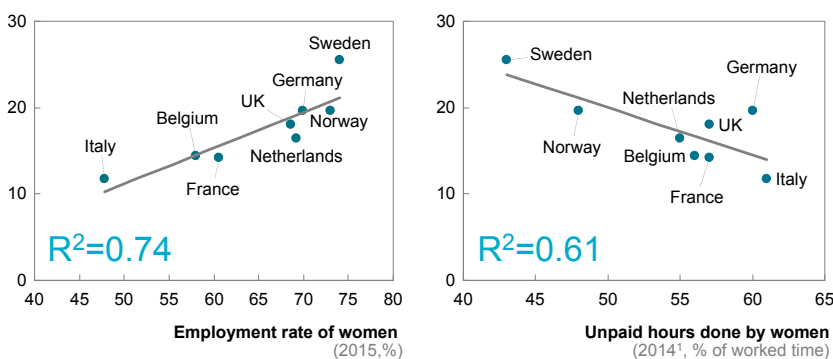
3x

On average across the world, women do 3 times more unpaid care work than men

Women still do a disproportionate amount of housework, and child and elder care (i.e., unpaid work). According to our 2015 report by the McKinsey Global Institute, time spent in unpaid work is a critical issue that prevents women from achieving their full economic potential, regardless of their geography: globally, 75 percent of unpaid care is undertaken by women, i.e., women do 3-times as much unpaid work as men. In Western Europe, women devote twice (2.1) as much time as men to domestic tasks: 4 hours and 29 minutes a day, compared with 2 hours and 18 minutes for men. In certain parts of the world, such as South Asia and MENA, women spend more than five times as many hours as men on unpaid care work.

Women's representation on executive committees

2015, Europe example, %



1 2014 or latest available data

Source: Women Matter 2016, "Reinventing the workplace to unlock the potential of gender diversity," McKinsey; OECD for women aged 15-64, representation rate based on rate of women in ExCo of listed companies in main indexes in 2015

75%
of global unpaid work is done by women

The share of women engaged in unpaid work relative to men has a high correlation with female labor-force participation rates. Moreover, lower employment rate and unpaid work are two important barriers to women's sitting in top executive positions. Our 2016 research showed there is a correlation between the representation of women in leadership positions and women's employment rate on the one hand, and hours of unpaid work on the other hand.



The corporate 'performance model'

The 'anytime, anywhere' model makes it more difficult for women who face a 'double burden'

Directly linked to the unpaid care work inequality, the most important barrier to women's advancement mentioned in our studies across the world is the 'anytime, anywhere' performance model in corporations, requiring unfailing availability and geographical mobility at all times. This model makes it more difficult for women who are already experiencing a double-burden penalty with house work. In fact, our 2013 survey of 1,400 executives shows that combining parenting with top careers is clearly seen by both genders as more difficult for women.



Mind-sets and unconscious bias

Perceptions regarding life balance and leadership skills

Our *Women Matter* studies¹² across regions have highlighted a range of unconscious biases—sometimes held by women as well as men—that are obstacles to women's advancement. The performance evaluation bias, for example, describes how men tend to be evaluated more on their future potential, and women more on what they have achieved to date. Women also tend to be given less credit for their success than men, and to be criticized more for any failure. The resulting lack of confidence means women are less likely to put themselves up for promotion. There is also a maternal bias: motherhood triggers assumptions that women are less committed to their careers. As a result, they tend to be held to higher standards and offered fewer leadership opportunities.

In addition, in corporations, perceptions about female leadership, in the dominant leadership model, are critical barriers to women's advancement: women were over 40 percent in 2013 to believe that their leadership styles don't fit for the company's top management. Moreover, while almost all men and women say they believe women are as good leaders as men, the men's degree of conviction about this isn't as strong. Only 41 percent of men in middle management and 43 percent in senior management say they have a "strong conviction" about women as leaders.

¹² *Women Matter 2013, Gender diversity in top management: Moving corporate culture, moving boundaries*, McKinsey, 2013.

75%

of men and women agree that a top-level career implies 'anytime, anywhere' availability to work that requires sacrifices in one's family life

"Is having children compatible with a top-level career?"

Agree and strongly agree

"It is compatible for women"
62%
of the respondents



"It is compatible for men"
80%
of the respondents

42%

of the women believe that their leadership styles don't fit with the prevailing models in corporations

Only **43%** of men in senior management positions strongly agree that women are as good leaders as men versus

76%

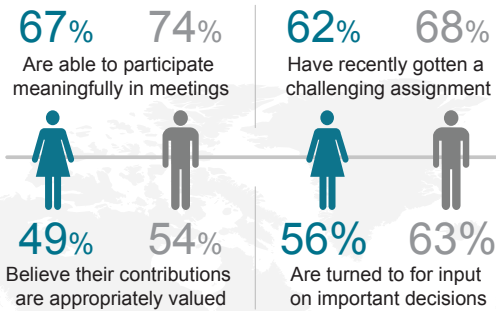
 of women

Regional focus

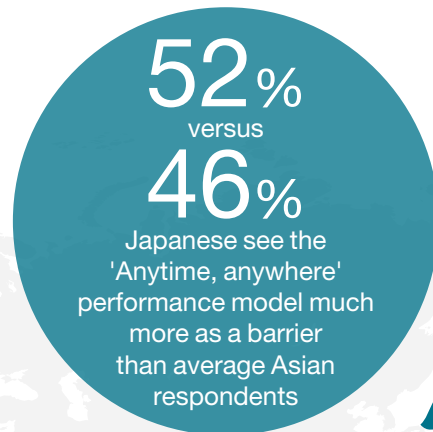
KEY FACTS & PERSPECTIVE

[UNITED STATES]¹³ Women and men do not have the same experiences at work. Women get less access to the people and opportunities that advance careers and are disadvantaged in many of their daily interactions. Women are also less than half as likely as men to say they see a lot of people like them in senior management, and they're right—only one in five senior executives is a woman.

In the United States, women experience an uneven playing field



[JAPAN] In Japan the top two barriers mentioned in a 2015 survey are the 'Anytime, anywhere' performance model requiring unfailing availability and geographical mobility at all times (for 52 percent of the respondents) and the company tendency to evaluate employees on time commitment (for 32 percent of the respondents).

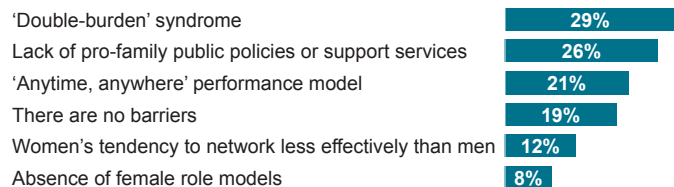


[LATIN AMERICA]

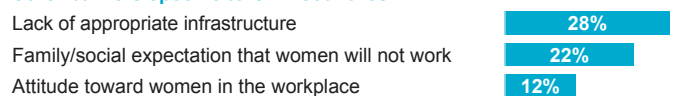
In Latin America, **53%** of our 2013 survey respondents said gender bias in their cultures influences how organizations approach gender diversity, and **78%** said culture makes it easier for men to advance in their careers.

[GCC] Gulf Cooperation Council states seems to be broadly aligned with the rest of the world on key challenges such as double-burden, and lack of pro-family support infrastructure—but also have acute specific issues, such as lack of infrastructure for women, family or social expectation that women will not work, and other assumptions about women's capabilities, commitment, or availability.

General barriers to gender diversity in top management



Other barriers specific to GCC countries



Source: McKinsey GCC survey, 2015; n= 555

¹³ *Women in the Workplace*, McKinsey & Company and LeanIn.Org, 2016.

Perspectives from engaged leaders & thinkers



Barbara Dalibard
CEO, SITA

” The first barrier is in the educational field. For example in France, there are more girls in high schools who take the scientific *baccalauréat*, and the percentage of success in graduation is higher. But then, there are fewer female students in the scientific higher education path, and when girls choose to study sciences, they are less present in the top engineering or best scientific schools. We have a question to solve collectively: how do we help 13- and 14-year old girls look for “the best” for them?

We need to coach people on the bias. One big bias is that we expect usually from girls and women to be absolutely perfect and match all the requirements. And women are sometimes their worst enemies. Even today, I see women who tend to underestimate themselves. For example, they do not accept a position if they believe they won't be 100% perfect for the role. Sometimes, headhunters also tend to be more demanding toward women: willing to verify that a female candidate checks all the boxes needed for a job, while being more comfortable with men having gaps in their experience.



Gail Kelly
Former CEO, Westpac

” Organizations don't do nearly enough, in my view, with regard to trying to design work differently, in order to better facilitate a more flexible work/life scenario. For me this means visibly and actively assisting women, ensuring they are able to shape their work days to best meet their family responsibilities – this could mean working part-time for a period, job-sharing, working from home, having more control over when the workday starts and finishes. It involves trust and mutual respect. In my experience, job satisfaction and long term productivity is enhanced for all – men and women.



Thomas Buberl
CEO, AXA

” We have already discussed stereotypes and women's confidence. In a global company like AXA, the topic of international mobility can often be a source of discrimination. More specifically, I identify two main roadblocks:

- First, managers and HR tend to offer less international mobility opportunities to women, thinking that family life can be an obstacle, that women cannot make it due to personal circumstances, even though these circumstances are assumed or even imagined.
- Second, women may also be the victim of self-censorship and shy away from international mobility because they think they cannot have their spouses move, especially when the latter hold high positions that they are unwilling to leave. In this case, our action as an employer is probably more limited.

All in all, we must stop thinking that family matters are necessarily a woman's matter. Some women may refuse international mobility for good reasons, but we should never think that women don't want mobility. It should not stop us from offering good opportunities to women.

Janina Kugel
Chief Human Resources
Officer and Managing
Board member,
Siemens



” I am a manager but also an active mother and I don't want to see my children just over the weekends. In every family, you need someone who is responsible for taking the kids to school or be there if something happens, and you need the flexibility to do that. Therefore, for example, in my DNA there are no early morning meetings because this is the time when our kids leave to school.



Angel Gurría
*Secretary-General, Organisation
 for Economic Co-operation and
 Development*

“ Gender inequality starts at a very young age. We know from the OECD’s PISA tests that unconscious bias and a “confidence gap” keep young women from studying and entering science, technology, engineering and mathematics (STEM) fields at the same rate as men. This gap widens with age and we see many women dropping out of science, engineering and technology jobs, in part due to the male-dominated work environment.

In most workplaces, the problem is not a lack of ambition among women. The real problem is that we – as societies and employers – tell women to “lean in” without giving them the support they need to reach their full potential. For example, in all OECD countries, and in fact throughout the world, women are expected to (and do) carry out far more hours of childrearing and housework than men. At the same time, the supply of good-quality and affordable childcare in many countries does not meet demand. How can we expect women and men to participate equally in the workplace if women are also expected to be primary caregivers and do not have the support and infrastructure needed to balance work and family? I think we all know working mothers who are just as effective and ambitious as their male colleagues, but simply do not have enough hours in the day to advance on both the work front and the home front. We must give parents the tools they need to combine work and family life.

We should build awareness in societies: make mothers and fathers aware that their daughters could become engineers, talk about their opportunities, and develop the talents and skills they will need. We also need deliberate policies and actions to make this change happen.



Bola Adesola
*Managing Director and Chief
 Executive Officer, Standard Chartered
 Bank Nigeria*

“ Barriers still exist, many of them around cultural and religious beliefs while some are around mere perceptions about women’s success. How did she get to the top? Does she deserve it? In many places in Africa, women inherit limitations to how far they can go. Education is key to overcome those barriers. If there are fewer women educated, there will be fewer at the top. The drive for gender diversity and empowerment of women should not begin at the work place but rather in the home and in how children are raised. If we engage at a younger age with the advocacy and awareness, then we’ll find that the woman’s ambition is more clearly defined and less influenced by societal view and culture. Women do have a role to play in leaning in, supporting one another, leveraging networks and educating mothers to provide balanced perspective in upbringing. Unconscious bias exists because we are humans, we can manage this by creating more awareness and getting people to have open minds.



Takeshi Niinami
*President, Chief Executive Officer,
 Board Member, and Representative
 Director, Suntory Holdings Limited*

“ Women typically face two main barriers in Japan. First, the lack of childcare facilities and the over regulation of this economic sector. Even though deregulation has been progressing, government needs to accelerate because the need for too many certificates, safety approvals, and qualifications prevents the development of those facilities. Standards are too high and specific groups are trying to protect their vested interests. Second, the way we work remains a challenge for most women. We need to be more efficient, reduce the working hours, leverage communication networks, and promote more flexible workstyles.



05

ENABLING WOMEN'S PARTICIPATION



Governments have an important role in removing the barriers that discourage women from participating in the labor market. For example, governments can improve the childcare infrastructure, ensure that the tax systems do not prevent women from joining the labor force, and create a sound framework for paid family leave.

A prerequisite for women's participation in the economy is the removal of a broad range of issues they face outside the workplace because those operate as barriers to their full participation.




Ten priorities for action

Focusing on ten impact zones that account for 75 percent of gender inequality

To help prioritize action, MGI has identified ten impact zones or priorities that account for more than 75 percent of the gender gap. These ten priorities reflect both the seriousness of a type of gender inequality and its geographic concentration. Five of those priorities are global: blocked economic potential; time spent in unpaid care work; fewer legal rights; political underrepresentation; and violence against women. These inequalities apply everywhere in the world, including in advanced economies. There are also five regional impact zones: low labor-force participation in quality jobs; low maternal and reproductive health; unequal education levels; financial and digital exclusion; and girl-child vulnerability. These apply more specifically in certain parts of the world.

Effective action in these zones alone would move more than 75 percent of women affected by gender inequality globally closer to parity. It could help as many as 76 percent of women affected by adult literacy gaps, 72 percent of those with unequal access to financial inclusion, 60 percent of those affected by maternal mortality issues, 58 percent of those affected by child marriage, and 54 percent of women disadvantaged by unequal labor-force participation rates.

10 PRIORITIES FOR ACTION

 GLOBAL	1	Blocked economic potential
	2	Time spent in unpaid care work
	3	Fewer legal rights
	4	Political underrepresentation
	5	Violence against women

	Region in which it matters		
 REGIONAL	6	Low labor-force participation in quality jobs	India, MENA, South Asia, and sub-Saharan Africa
	7	Low maternal and reproductive health	Sub-Saharan Africa
	8	Unequal education levels	India, South Asia, and sub-Saharan Africa
	9	Financial and digital exclusion	India, MENA, South Asia, and sub-Saharan Africa
	10	Girl-child vulnerability (sex ratio at birth and child marriage)	China, India, and South Asia

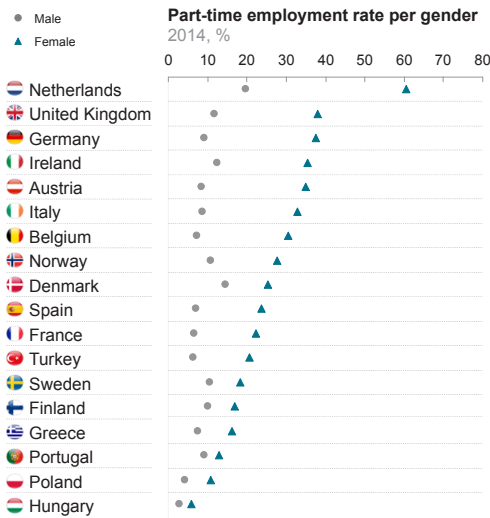
14 OECD.



Regional focus

KEY FACTS & PERSPECTIVE

[EUROPE] In Europe it is critical to address inequalities in two areas: European women do more part-time work, and they also do more unpaid care work than men (2.1 time more).



Source: OECD family database, on women aged 15-64



[INDIA] India has the potential to bring 68 million more women into the non-farm labor force over the next decade.¹⁵ To do so, India's policy makers, business leaders, and social-sector leaders need to focus concerted action in eight areas: (1) Closing gender gaps in secondary and tertiary education in India's large states; (2) Lowering barriers to job creation; (3) Expanding skills training for women in key sectors; (4) Expanding the reach of financial and digital services to enable women entrepreneurs; (5) Stepping up gender diversity policies and practices in private-sector organizations; (6) Further strengthening legal provisions for women and the enforcement of laws; (7) Improving infrastructure and services to address the high burden of routine domestic work, childcare, and elder care; and (8) Reshaping deep-rooted attitudes about the role of women in work and in society.

Successful initiatives from government across the world

[UNITED STATES] In the United States, the City of Albuquerque, NM, requires contractors to disclose pay gaps between men and women for each job category, with impact on their bidding score.

[CANADA] Canada reduced the tax contribution of secondary earners, and this resulted in an increase in female labor-force participation.

[SWEDEN] Sweden provides for 480 days of parental leave with benefits, with 60 days reserved specifically for each parent.

[BELGIUM] Belgium requires companies with more than 50 workers to analyze gender pay gaps and produce action plans to address issues.

[NETHERLANDS] In the Netherlands, part-time and full-time workers are guaranteed the same employment protection and social security coverage by law.

[NICARAGUA] In Nicaragua, through the Deliver Project, USAID and the Ministry of Health, improved supply-chain management practices to reduce stock-outs of contraceptives.

[RWANDA] In Rwanda's Chamber of Deputies, 62 percent of parliamentarians are women, and 7 out of the 14 judges on the Supreme Court are men.

[NEPAL] In Nepal, biogas installation enables women to spend less time collecting firewood.

[BRAZIL] Brazil enacted the Maria da Penha law, a comprehensive piece of legislation that established specialized courts for domestic and family violence, and created a network of shelters and police stations.

¹⁵ *The power of parity: Advancing women's equality in India*, McKinsey Global Institute, 2015.

Perspectives from engaged leaders & thinkers



Gail Kelly
Former CEO, Westpac

“ Outside of developed countries, education is the most important priority, absolutely head and shoulders above anything else. We need to educate girls, provide them with a full, thorough, and proper education, equal in every respect to that provided to boys. This produces a profound multiplier effect, because girls who are educated will themselves have fewer children, have them later in life, be more able to support themselves. And they will make sure that their own children get good educations as well. So, big picture, world as a whole—educating girls is the biggest priority.



Thomas Buberl
CEO, AXA

“ In some countries, reconciling work and family is very complicated when there are no early childhood care arrangements. And in this case, women are often the ones giving up their professional ambition up until their children go to school. Companies can promote a return to employment after maternity leave through parenting policies. At AXA, we decided to launch a package of inclusive measures in all our geographies. Regardless of the entity they are in, all AXA employees can benefit from 16 weeks of paid maternity leave and flexibility arrangements upon return.

Together with exposure, public speaking, and HR policies addressing the female talent pipeline, I think this is a great way to retain employees, especially young mothers.



Shobana Kamineni
Executive Vice Chairperson, Apollo Hospitals; President, Confederation of Indian Industry

“ Women’s participation is one of the biggest economic growth opportunities we have. Only about 30 percent of our working-age women participate in the workforce in India, and if we can take this figure up closer to 40 percent, we could add 70 million good quality jobs and almost \$700 billion to our GDP, so this is a substantial growth opportunity. Beyond growth, when you add one more family member’s contribution, it represents a double income. This additional income is necessary for millions of households to move up the economic ladder and give better opportunities to their children.

With the new economy, there are new types of jobs and new flexible ways of working that could suit women and help increase their workforce participation: the e-commerce revolution or the smaller home-grown enterprises typically make it easier to work from home, and this creates a whole new set of new jobs very suitable for women. And it would actually help the GDP of the country.

06

CREATING GENDER-NEUTRAL ORGANIZATIONS



Our studies and many interviews across the world highlighted the key levers companies can activate in order to create gender-neutral organizations and enable women's advancement at each stage of the pipeline, up to the executive positions.

Most importantly companies need to address typical unconscious bias, in the processes as well as in the mind-sets. A comprehensive ecosystem is required to create supportive work environments for women, including CEO commitment, close monitoring of key indicators, programs for women's leadership development and policies to neutralize the recruiting and promotion processes, while driving deep cultural change.



Walking the talk: implementation matters!

While many companies report they are committed and taking action, this is not always visible in the organization and in the results

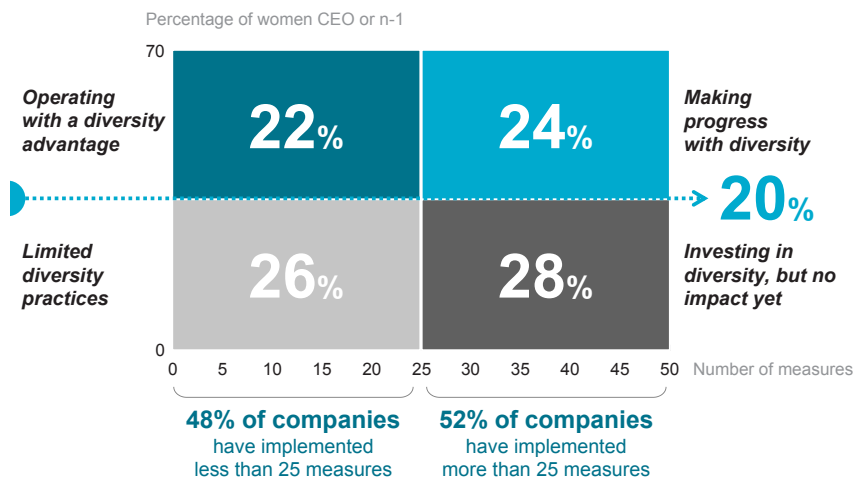
Although many companies we surveyed report they are committed to gender diversity, have launched many programs, and have evolved their processes and policies, this does not translate yet into visible change.

Our 2016 survey of 233 companies in Europe and Turkey¹⁶ shows that 52 percent of companies have implemented more than 25 diversity measures, but only half of them have more than 20 percent women in their leadership positions (at C-level).

Over 50% of companies have implemented gender diversity measures, but only half of them are making real progress with diversity

Percentage of large companies

N=82



¹⁶ Women Matter 2016: Reinventing the workplace to unlock the potential of gender diversity, McKinsey, 2016.

US companies that say they use clear criteria for hiring, evaluation and promotion vs. employees who see them in practice¹⁷



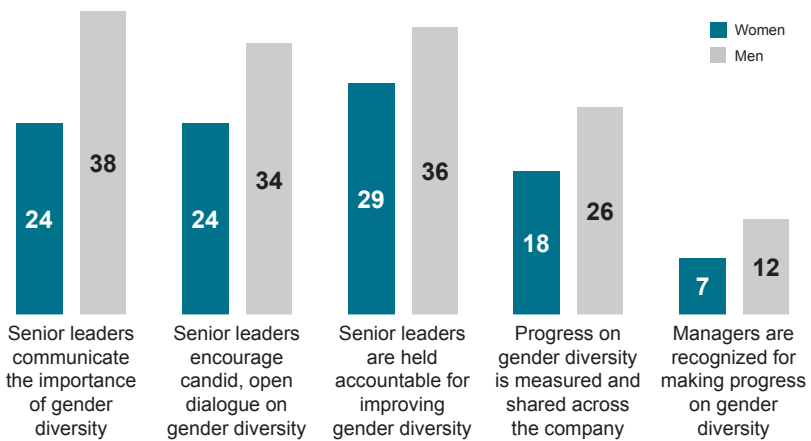
For most companies, the quality and effectiveness of implementation can be improved

As a matter of fact, what drives change is less the number of initiatives than the quality and effectiveness of implementation. Our recent surveys in Europe and in the United States confirms a gap in implementation.

For example, in the United States in 2016,¹⁸ 78 percent of companies reported that commitment to gender diversity is a top priority for their CEO, up from 56 percent in 2012. But this commitment does not always translate into visible action: fewer than half of employees think their company is doing what it takes to improve gender diversity, and fewer than a third say senior leaders regularly communicate the importance of gender diversity and are held accountable for making progress.

In the United States, companies are struggling to put their commitment into practice

% of employees who often or almost always see practices intended to improve gender diversity



In Europe and Turkey,¹⁹ % of men and women employees who...



In Europe and Turkey, our 2016 survey confirmed this gap: only 40 percent of the employees recognized that gender diversity programs were "well implemented" in their companies, i.e., they had clear follow-up processes in place, were assessed on a regular basis, and their effectiveness was evaluated at various levels of the organization. In addition, only 31 percent of employees reported their company is strongly committed to gender diversity, and 12 percent of them believed their company is doing what it takes to improve the situation. Finally, 62 percent of them did not know how to act on gender diversity.

¹⁷ *Women in the Workplace*, McKinsey & Company and LeanIn.Org, 2016.

¹⁸ *Women in the Workplace*, McKinsey & Company and LeanIn.Org, 2016.

¹⁹ *Women Matter 2016: Reinventing the workplace to unlock the potential of gender diversity*, McKinsey, 2016.



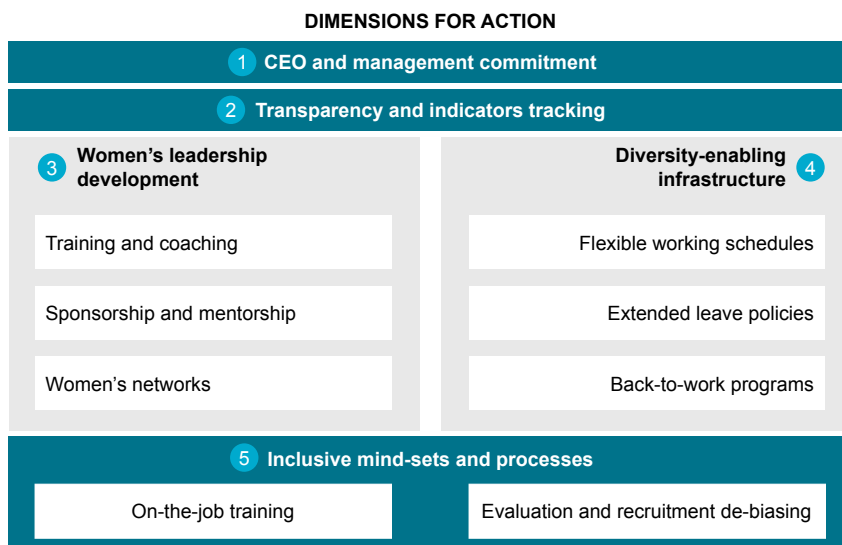
A comprehensive ecosystem

A comprehensive ecosystem is required to build inclusiveness and diversity in top management

McKinsey's *Women Matter* research has shown there is no "silver bullet" nor a single solution. Instead, the interventions are successful when they are adapted to address each company's unique pain points and implemented together to create an ecosystem of change over time.

There are five dimensions to build a comprehensive ecosystem that will foster inclusiveness and gender diversity at all levels of an organization: CEO and management commitment and management cascade, transparency and indicator tracking, women's leadership development, diversity-enabling infrastructure, and inclusive mind-sets and processes.

The ecosystem that has been empirically shown to improve diversity comprises five dimensions for action



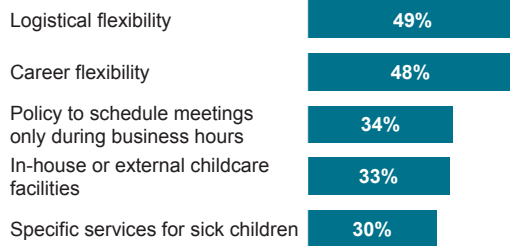
Specific initiatives

- 1 *Go beyond a vocal commitment to diversity by cascading a clear business case for change.*
- 2 *Set inclusion targets, track them consistently, share results, and hold leaders accountable to them.*
- 3 *Create formal sponsorship networks to help women navigate promotions at their organizations.*
- 4 *Make flexibility programs compatible with promotions. After leaves of absence, support re-integration of women through formal return-to-work and internship programs.*
- 5 *Increase awareness of unconscious bias with formal training programs. Implement systems to de-bias recruitment, evaluation, and promotion decisions.*

Regional focus

KEY FACTS & PERSPECTIVE

Women identified five key enablers they want their workplace to offer



[ASIA] In Asia, our 2015 survey identified a need for some key enablers that could make it easier to manage the double-burden. The top enabler is logistical flexibility, giving women the freedom to work remotely to balance commitments at work and home and career flexibility (the freedom to change roles to tide over a critical time period, such as maternity), meetings scheduled only during work hours, childcare facilities, and some specific support for sick children. The availability of these enablers varies across different levels of management, and women in middle management appear to want these enablers the most.

[UNITED STATES] In the United States,²⁰ we see emerging evidence that certain diversity practices lead to important benefits: women and men are more likely to think their companies provide equal opportunities to learn and grow when leaders are held accountable for gender diversity, hiring and promotions are impartial, and companies embrace diverse work styles. Moreover, employees are more likely to report higher levels of engagement.

Senior leaders are held accountable for improving gender diversity

Fair and objective hiring and promotions

Leader accountability

Inclusive work environment

Company embraces diverse leadership styles
 Managers create a supportive work environment
 Managers leverage the diverse strengths of all employees

Managers consider a diverse lineup of candidates for open positions
 Managers evaluate performance using standardized, clear, and objective metrics

Employees more likely to think they have equal opportunities and report higher engagement



[INDIA] In India, our 2015 survey showed that the lack of specific company measures to recruit, retain, promote, and develop women is seen as the main barrier to women's advancement. This issue stands out in India more than anywhere else in Asia, as 43 percent of the respondents in India see this as one of their top three issues, versus 24 percent across Asia overall.

²⁰ *Women in the Workplace*, McKinsey & Company and LeanIn.Org, 2016.

Perspectives from engaged leaders & thinkers



Gail Kelly
Former CEO, Westpac

“Leadership matters. Anyone serious about diversity has to put real weight and grit behind it. Doing this right requires taking a strategic approach to implementation, focusing on both ‘hard-wiring’ and ‘soft-wiring’ elements.

‘Hard-wiring’ means putting structures and accountabilities and measurement systems in place, with specific, granular targets throughout the organization. It means looking at your policies and practices, be they recruitment, induction, training and development, coaching or succession planning, to ensure they are actually achieving the diversity endgame that you’re looking for. How are you going about attracting women? Are you sure that they’re on your short list? How are you making sure, once they’re on the short list, that the interview process has a balanced mix of people who are conducting those interviews?

At the same time you need to ‘soft-wire’ the organization, focusing on recognition, communication, storytelling, role modeling. Calling out the successes and calling out areas where we’re not doing well, calling out the blind spots, and continuing to do cultural surveys, where women and men in the organization can tell you what’s working and what’s not working. ‘Soft-wiring’ means giving people the license to step up and say, “While our policies outline flexible work practices, our behaviours do not. I find I am being judged when...” Or, “We have a value system that speaks of respect for the individual, but have you noticed that every time a woman puts up her hand, she gets by and large ignored?”

Leadership involves listening, engaging, and leading from the front. Leadership involves driving the necessary culture change.



Margarita Zavala
Presidential Contender and Lawyer,
Mexico

“Paternity leave is a fundamental policy; it is a way to close the gap between men and women at the workplace.

We have to recognize that policies that benefit women also benefit men. In economics, politics, and the family, both men and women have responsibility.

Exclusion does not benefit anyone. Companies stop hiring women above 35 or 40, which is when they have more time for their professional career.

It must be noted that women have less access to the networking that may lead to a job opportunity. I did it when I was working in the National Action Party, I always had a stack of women’s CVs available on my desk for the moment when someone asked to fill a position. You have to encourage practices that allow you to react quickly.



Thomas Buberl
CEO, AXA

“AXA’s global workforce is made up of 53 percent women. However, at the end of 2016, only 24 percent of the most senior positions (the so-called Group Senior Executives, or GSEs) were held by women. To put things in perspective, let’s not forget that this ratio has already significantly improved since 2009, when it stood at 9 percent.

We set the ambitious target of having 33 percent female GSEs by 2020. By 2023, we want to reach parity in the Group top management. In the meantime, we launched several decisive initiatives to achieve our ambition quicker:

- We launched a sponsorship tandem program by pairing women with sponsors who are senior executives, in order to give women exposure and insight in the organization globally.
- We organize annual AXA Women’s Conferences, the concept of which will be broadened beyond gender to embrace “inclusion” and capture the bigger diversity picture.
- We reviewed the Group Organization and Talent Review process to have a specific focus on gender balance in succession plans.

Regarding quotas, I believe that we must have the courage to set goals and make them public to create path dependency and be tied to our commitment. This is not just affirmative action, we are setting concrete goals and targets that lead us to define an action plan that commits us over time.

07

ENGAGING MEN



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Today many leaders are aware of the need to increase the number of women in senior roles and in our 2013 survey, already a strong majority of men (74 percent) believed that gender diversity at the top of corporations leads to stronger performance.

This positive perception should not blind us to the fact that the other quarter remain unconvinced by the argument.



Men's engagement is critical

Change will only happen if men and women step up

Today, many men are still unaware of the difficulty that women have in reaching top management positions. This is especially true of male middle managers, who tend not to see gender diversity as a priority.

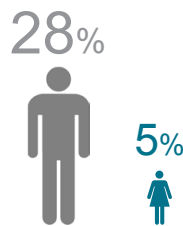
Our 2013 study revealed that nearly one third of men were unaware that it is often more difficult for women to reach top jobs than for men. Additionally, a majority of men (54 percent) felt that gender-diversity measures are sometimes unfair. This proportion was higher (66 percent) among the "unaware" and lower (46 percent) among those who were aware of the specific barriers women face on their way to top management positions.

It is important to address potential negative reactions and to promote collective engagement toward gender diversity in corporations. It starts by creating awareness and engaging men.

The men we interviewed in our research recognize that they have much to gain from the changes gender balance creates. Therefore, after decades of gender balance being mostly a women's issue, it is critical that men and women step up, all together, for the benefits of all.

"Even with equal skills and qualifications, women have much more difficulty reaching top-management positions (e.g., roles in the C-suite) than men do"

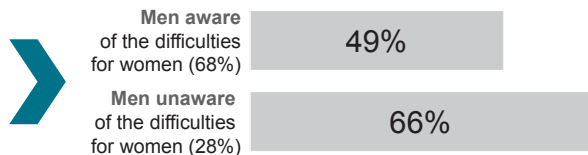
Disagree and strongly disagree



28%
of men are unaware of women's difficulties to reach the top

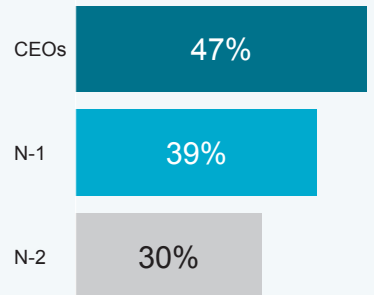
"Having too many gender-diversity measures or initiatives to promote women leaders (e.g., initiatives to recruit, retain, and develop women) is unfair to men"

Agree and strongly agree



66%
of the unaware think gender diversity programs are unfair to men

In Europe and Turkey, individual commitment to gender diversity²¹

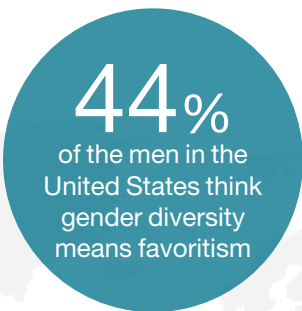


²¹ *Women Matter 2016: Reinventing the workplace to unlock the potential of gender diversity*, McKinsey, 2016.

Regional focus

KEY FACTS & PERSPECTIVE

[UNITED STATES] In the United States in 2016²², when we asked employees to give the top 5 reasons why they don't prioritize gender diversity, 44 percent of the men versus 27 percent of the women responded "Because it means favoritism to some people over others."



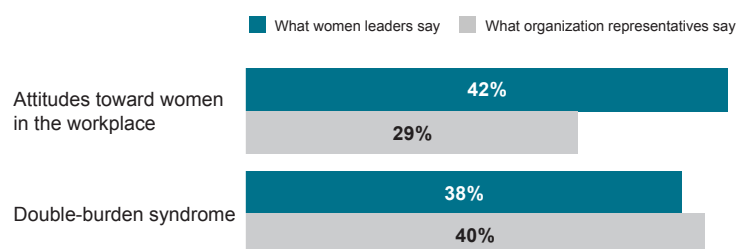
[GCC] In the Gulf countries, men and women have a different perception of the importance of gender diversity. Over 50 percent of the men believe women in leadership is a "very important" driver of organizational effectiveness while about 80 percent of women are convinced.



[LATIN AMERICA] In Latin America in our 2013 survey, 61 percent said they agreed that gender-diverse leadership teams have a positive impact on a company's financial performance, though women agreed more than men: 70 percent and 56 percent, respectively.

[AFRICA] Our survey in Africa highlighted a number of barriers, with two in particular standing out: "Attitudes toward women in the workplace" and "The double-burden syndrome." However, while the double-burden issue is well recognized by corporations' representatives, they seem to be less aware of the specific challenges women leaders face with attitudes in the workplace, with only 29 percent of corporations recognizing this barrier versus 42 percent of the women leaders interviewed.

Perceptions of the main barriers to success in African organizations: Women leaders versus organizations' representatives



22 *Women in the Workplace*, McKinsey & LeanIN.org, 2016.

Perspectives from engaged leaders & thinkers



Christine Lagarde
Managing Director, International Monetary Fund

” Engaging men is key! When discussing gender balance, many women see an opportunity, whereas men often consider it is a threat to their job, masculinity, and virility. This journey should be about enlarging horizons and making society better for all.



Takeshi Niinami
President, Chief Executive Officer, Board Member, and Representative Director, Suntory Holdings Limited

” Men sometimes feel gender diversity programs are unfair. But what is fair today? As a CEO I believe that CEOs need to promote intentionally more women. It takes time to provide the evidence to the entire organization that gender diversity has value. It is a CEO commitment and requires a huge determination.



Barbara Dalibard
CEO, SITA

” We need to create more awareness among men, and avoid any finger pointing. One proven good way is to take a couple of men to a meeting where there are only women. It is usually very effective to make them “feel” that there is an issue. I see a lot of men who are very open to a change and we need to bring them on board. As a matter of fact, I noticed that men are even more positive when they have daughters, as it helps them see the problem with a different eye.



Michel Landel
CEO, Sodexo

” Many surveys and studies showed there is a link between gender diversity and performance. Because it’s a man’s world, we need to convince men that it’s the right thing to do not only for society but also for companies. Therefore we launched an extensive survey a couple years ago at Sodexo, which looked at 50,000 managers in 100 (entities/cases/offices/days) over a period of three years. We found that the sweet spot for us was to have a diverse/gender balance population between 40-60 percent and within that we have better results in all our indicators, for example: brand awareness, human engagement, client retention, organic growth and profitability. To confirm those findings we have updated the survey this year and it’s really confirming the results. For me, building the fact base showing the importance of gender diversity for the company’s performance is a way to convince my teams: not only companies like McKinsey have proven that, but within Sodexo it is proven fact!



Thomas Buberl
CEO, AXA

” Your question about men’s reaction is very relevant because it echoes an emerging phenomenon: men’s growing weariness and frustration with regard to gender/women policies.

A recent study conducted in the financial services sector in France concluded that one out of ten men feel they are treated less favorably than women. We must therefore ensure that gender policies are not perceived as exclusively benefiting women.

We have to take this growing insecurity into consideration and adapt our communication and practices accordingly. For example, maybe we should be arguing more in favor “gender balance across the organization” instead of saying that we need to “get more women to the top.”

We must also realize that we cultivate a lot more stereotypes about men than we think: we expect them to be strong, competitive, ambitious, sometimes unsensitive. While women are said to often hit a glass ceiling, men are pressured not to hit the glass floor. Here, generalization is also a mistake.

As leaders, as managers, our role is to reassure men and make them allies—if not advocates—of gender balance by showing them that diversity policies benefit all, women and men alike.



Shobana Kamineni
Executive Vice Chairperson, Apollo Hospitals;
President, Confederation of Indian Industry

” The simplest way is a cultural generational change; in general men whose mothers worked or are educated will be much conducive to woman co-workers and empowering their wives and daughters.

But beyond this, we have to convince men that this is a matter of social justice. There is actually a powerful values-driven argument that appeals to many men in organisations, and we should try to harness that.



Bola Adesola
Managing Director and
Chief Executive Officer,
Standard Chartered Bank
Nigeria

” A growing majority of men are becoming aware of those issues, however access to information is relatively available in larger corporations than in middle or smaller ones. There is a need to raise awareness, take action, and work with governments to change the regulation around equitable gender practices. It is also critical we ensure that those actions are not skewed toward creating advantages for women while neglecting the interests of men.

At Standard Chartered, we have been working towards inclusion for both genders. For example, we have both maternity and paternity leave; we celebrate International Women’s Day as well as International Men’s Day, and we make flexible working available to both men and women. Ideally, men should be champions for women’s inclusiveness to give more weight to those changes.



08

BUILDING THE PIPELINE



At almost every stage of the corporate pipeline, women's likelihood of being promoted to the next level is smaller than that of men's. This issue will not be solved naturally and companies need to put in place mechanisms to strengthen their ranks with female talent at each stage.



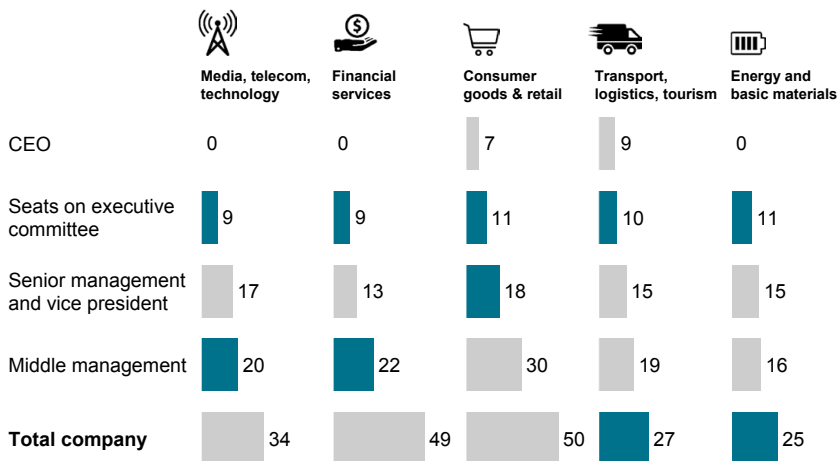
Improving women's chances of making it to the top

Today's pipelines are insufficient and are not allowing gender diversity in top management

Everywhere, companies face "leaky" pipelines of female talent, and lose women at each level of the organization. Building corporations' pipelines is critical as they are insufficient today, and this issue is not going to be solved naturally. Companies need to create the conditions for rapid, mechanical improvement, to hire, retain, build the skills, and promote women at each stage, up to top management positions.

Each sector has its own challenges

Number of companies = 103¹



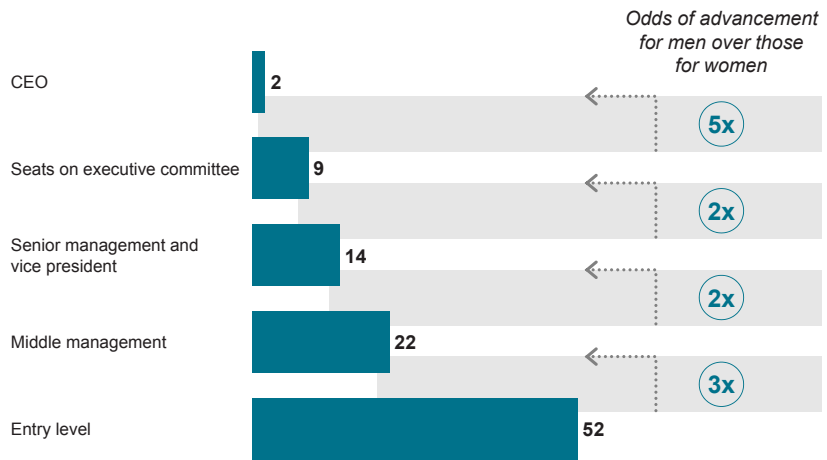
¹ Companies with more than 10,000 employees and/or revenues greater than EUR 1 billion, and that provided data in 2012

Different pipelines call for different solutions

Although women remain underrepresented at each stage, the talent pipeline varies by industry. European corporations' pipelines reflect that the odds of advancement of men are much higher than those of women.²³

Leaky pipelines everywhere: not "one" glass ceiling

EMEA industries, number of companies = 130¹, percent women



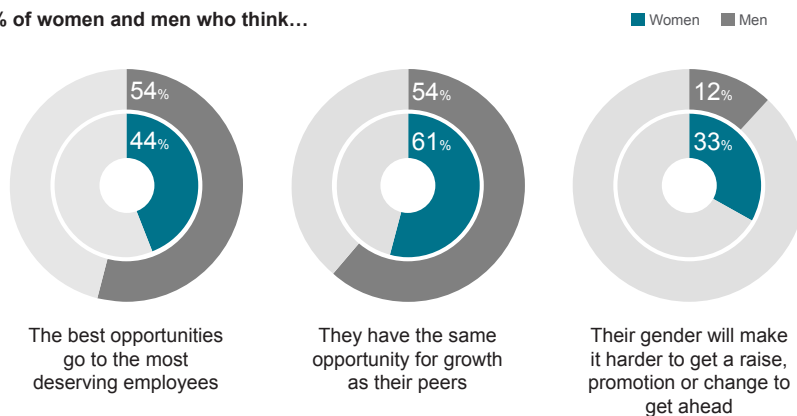
¹ Companies with more than 10,000 employees and/or revenues greater than EUR 1 billion, and that provided data in 2012

²³ *Women Matter 2012: Making the Breakthrough*, McKinsey, March 2012.

Our recent study in the United States also showed that some industries struggle to attract entry-level women (technology), while others fail to advance women into middle management (healthcare) or senior leadership (professional services). Each industry and each company needs to understand where it has the most significant pipeline challenges and focus its efforts accordingly.

In the United States, women see an uneven playing field at work²⁴

% of women and men who think...



While different talent pipelines call for different solutions, most corporations need to ensure that their recruitment, appraisal, and career management systems are gender-neutral and performance-focused, and that they do not hold women back in their professional development. Human resource functions also have an essential role to play in ensuring that there is at least one female candidate on every promotion and recruitment shortlist for senior positions.

In addition, measures to facilitate work-life balance, as well as career flexibility, or measures to neutralize the negative impact of a career break, are important factors to maintain the pipeline in a women's life cycle: career break such as maternity leave need active management to ensure talented women go back to work. Companies can also offer personalized career paths in order to retain the best talents.

²⁴ *Women in the Workplace*, McKinsey & Company and LeanIn.Org, 2016.

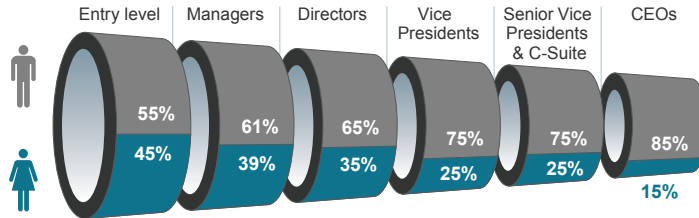
Regional focus

KEY FACTS & PERSPECTIVE

60%
of women are less likely to go from director to VP

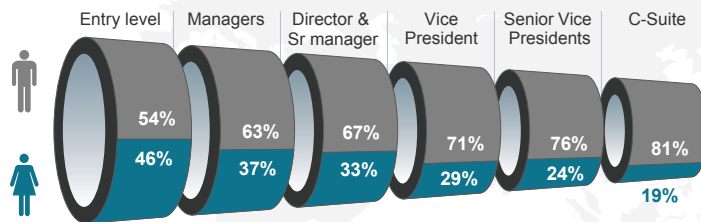
[CANADA] Key areas to prioritize in Canada's corporations.

Gender representation in the corporate pipeline in 2015
Percent of employees by level



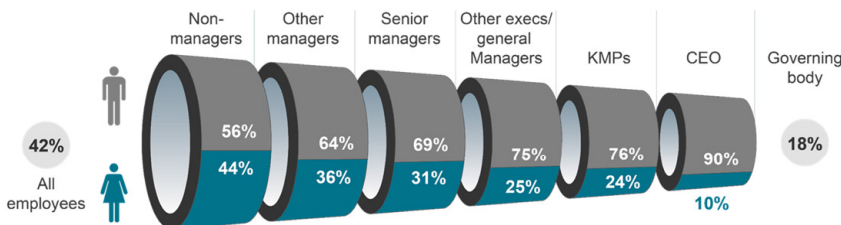
[UNITED STATES]²⁵ In corporate America, women fall behind early and continue to lose ground with every step.

Gender representation in the corporate pipeline in 2016
Percent of employees by level



Gender representation in the talent pipeline in 2015-16

Percent of employees by level (n=2,499)



Improvement in share of women since 2013-14

Percentage point change



[AUSTRALIA] In Australia, there has been some improvement since 2013-14 in the share of women represented at each stage of the company's organization, but progress is slow, and only 10 percent of women had reached a CEO position in 2015-2016.²⁶

²⁵ *Women in the Workplace*, McKinsey & Company and LeanIn.Org, 2016.

²⁶ *Women in leadership: Lessons from Australian companies leading the way*, McKinsey, forthcoming 2017.

Perspectives from engaged leaders & thinkers



Thomas Buberl
CEO, AXA

“ When defining gender policies, companies set ambitious goals but often lack women in their talent pools to actually reach their targets. Taking time to build and grow a robust female talent pool was necessary because it was not conceivable to us to promote women who were not ready for leadership roles just to meet a quota. This would have been counterproductive.

Today, thanks to robust human resources practices, we have identified many more women in our talent pools.



Barbara Dalibard
CEO, SITA

“ In order to ensure that women reach top positions, you have to monitor every single step of your talent pipeline so the percentage of women who are promoted is equal to the percentage of people applying. In addition, you need to make sure that people are coached about the gender bias because they tend to dismiss it.



Iris Bohnet
Professor and Author, John F. Kennedy School of Government at Harvard University

“ The research shows that organizations that make bundled promotion decisions, versus deciding to promote one person in, say, March and another in April, and another in June, tend to promote a more diverse group of people. Otherwise it's too easy to default to the kind of people you've always promoted, those who fit the mold. But when you make a portfolio choice and promote ten people or more at the same time, it becomes much more in our face that we wouldn't want to put forward ten white American men, for example; that instead, some diversity in skin color and ethnicity and gender could actually benefit the organization. I see many big companies moving in this direction.



Shobana Kamineni
Executive Vice Chairperson, Apollo Hospitals; President, Confederation of Indian Industry

“ I think each obstacle requires a different thought process. The most basic step in India is to help the rural uneducated women. Illiteracy is not acceptable, we should aim for 100% literacy.

And from there you move towards different calibrated responses, from skills training to entering the workforce to providing an enabling and fair environment. For example, maternity leave. India has increased this to 28 weeks but we also need to give paternity leave, as sometimes maternity leave can be discriminatory for women because companies think that if a person is going to leave for 28 weeks they might as well hire a man!

We also need equalizers in the hiring process of companies, and across the board, for example in pay levels or promotions.



Takeshi Niinami
President, Chief Executive Officer, Board Member, and Representative Director, Suntory Holdings Limited

“ Women should intentionally be more promoted than men to ensure the number of female managers remains sufficient. Some men in the older generation might consider this an unfair policy. As a CEO, I believe it is my role to promote women in particular, and to convince my organization that diversity has a great value. It takes time to provide evidence to the entire organization, but commitment, determination and long-term vision of a leader are key to overcome this challenge. In general, the middle management is focused on short-term deadlines and deliverables; hence, it is the role of the top management to convince them by sharing a long-term perspective.



Isabelle Kocher
CEO, ENGIE

” There are really two different issues at stake here: the lack of diversity in management and leadership positions and the lack of diversity in the STEM careers.

I remember that a study by McKinsey and Lean In, “Women in the workplace in 2016,” showed that the representation of women at entry-level positions varied widely across all industries. Women would hold 68 percent of entry-level jobs in healthcare and pharmaceuticals but only 34 percent in energy and basic materials. Nonetheless, there was a common characteristic in all the studied industries: the number of women continuously decreased along the pipeline.

How do we fix a leaky pipeline?

As a business, various initiatives can be taken to ensure women are represented at each level of the organization. For example the setting of specific and public targets. Last year, ENGIE went through a complete reorganization. A key aspect of the process was the appointment of executive management teams for all 24 business units. I made it a prerequisite that women fill 30 percent of the 330 slots. The initial proposition fell short of this goal, so I postponed the final decision. We finally reached the desired target—and no appointment was questioned.

Organizations can also implement mentoring programs to support women and their ambitions.

We also need more role models in organizations. Women in leadership positions could help younger ones by showing them through their actions and advice that women can have both a fulfilling professional career and a family life.

But there is another issue, which calls for different solutions: how do we increase the number of women at the first end of the pipeline in STEM-related fields?

This is a larger issue, which goes beyond the issue of gender diversity in the corporate world. We need to incite women to study in STEM fields. In 2012, only 14 percent of young women who entered university in OECD countries chose science-related fields of study. The problem is that according to many forecasts, future job growth will in fact be in STEM-related fields. If this trend continues, women will miss out on extraordinary job opportunities and the global gender gap will only grow wider.

Bola Adesola
Managing Director and
Chief Executive Officer,
Standard Chartered
Bank Nigeria



” Education is key to building our pipeline and will help with eliminating socio-cultural and religious barriers. Women need to be up to date with global trends, innovations and perspectives. Also, women should not shy away from mobility opportunities, which increase exposure, versatility and better position for leadership roles.

Managing one’s career takes planning and organization to make deliberate career advancements; something most women are not well accustomed to. Having role models and a strong network of women in leadership for example, could help them navigate the path to the top and improve their self-confidence. Women also need to take a more strategic and focused approach to planning their career development.



09

MOVING THE NEEDLE IN CORPORATIONS



© Getty Images

It takes government and business-led interventions to create an environment that offers women better opportunities—one that enables women to train for and work in skilled, better-paying sectors, occupations, and roles; that reshapes social norms and attitudes; and that supports work-life balance.

To achieve this, companies need to embark on a broad transformational change journey that will entail reevaluating their traditional performance models and challenging the long-term viability of their prevailing leadership styles.



Corporate change happens via system-wide transformations

Getting more women to the top is driven at the societal, institutional, and individual level

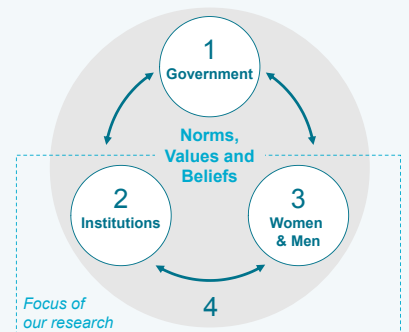
Greater participation of women in corporate senior management requires action at three levels: in society, in corporations and in individual mind-sets. To drive change in society, government can help with policies and infrastructures, for example by reviewing tax systems so that they do not create disincentives to women working; or creating childcare or elder support facilities, which are key enablers for women's participation at work and can help address the double-burden syndrome, in particular when women occupy management positions.

They can also drive cultural and social change, through educational programs, or legislation to address wage gaps, for example. Corporations have a role to play to provide an environment which is both inclusive and supportive of women's development. Finally, everyone has a role to play in changing the mind-sets, and addressing the unconscious bias at individual levels, for both men and women.

Within companies, three game changers tend to make a difference

Our studies highlight three game changers that distinguish the best-in-class companies that have achieved gender diversity in their top management.²⁷

- 1. Persistence:** Best-in-class companies initiated diversity programs earlier (three to five years ago versus one to three years ago). This indicates it takes time to effect tangible, sustainable results.
- 2. CEO and management commitment:** Companies that have successfully ingrained gender diversity at the leadership level are twice as likely to place gender diversity among the top three priorities on their strategic agenda, to have strong support from the CEO and management, and be committed to integrating gender diversity at all levels of the organization.
- 3. Holistic transformation programs:** Best-in-class companies have initiated holistic change programs to ingrain gender diversity. Specifically, those companies are more likely to have change agents and role models at all levels of the organization; they also have developed and communicated a compelling change story to support the programs, policies, and processes they have put in place.



- | | |
|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1
Tax
Legislation
(e.g., quota)
Infrastructure
(e.g., day care facilities)</p> | <p>2
"Ecosystem"
Management commitment
Development programs
Collective enablers</p> |
| <p>3
Mind-sets and behaviors
Perception</p> | <p>4
Cultural/historical factors
(e.g., war history, political situation)
Socioeconomic factors
(e.g., labor intensity, salary levels)</p> |

It takes **3-5** years to see the impact of gender diversity programs

60% of the CEOs in best-in-class companies are fully committed to diversity versus

47% in others

Best-in-class companies' CEOs put gender diversity

2.4 times more often on the top 3 of the strategic agenda

²⁷ Companies with one woman CEO or 30 percent at n-1 level, 233 companies in Europe and Turkey; *Women Matter 2016: Reinventing the workplace to unlock the potential of gender diversity*, McKinsey, 2016.

Regional focus

KEY FACTS & PERSPECTIVE

[CANADA] In Canada, best-in-class companies that have achieved gender diversity in their top management have all used five key change drivers:

1. Go beyond a vocal commitment to diversity by cascading a clear business case for change.
2. Set targets, track performance, share results, and hold leaders accountable.
3. Create formal sponsorship programs to help promote women.
4. Make flexibility compatible with promotion.
5. Raise awareness of, and combat, unconscious bias to create a truly inclusive environment.

[AFRICA] Our *Women Matter* research in Africa suggests that four actions will be key to driving greater gender diversity among the leadership of African organizations:

1. Make gender diversity a top board and CEO priority.
2. Anchor gender diversity strategies in a compelling business case.
3. Confront limiting attitudes toward women in the workplace.
4. Implement a fact-based transformation strategy.

[MEXICO] In Mexico, where women's representation in top management is the lowest in Latin America, McKinsey hosted a CEO workshop on the topic of gender diversity, as part of the 2016 Women's Forum CEO Champions initiative. For the first time in Mexico's history, a group of global leaders, CEOs, and senior executives, discussed in a closed workshop key, concrete, and innovative ways to promote the advancement of women in Mexican companies. The group identified five key steps that could change the situation in Mexican corporations:

1. **Encourage the top team to show its commitment to the cause.** The responsibilities of the C-suite include making change initiatives a strategic priority, with real accountability for results; setting measurable targets for the number of women in top positions; and promoting a corporate culture consistent with these gender diversity goals.
2. **Set clear gender performance targets, (not just quotas) that balance complexity with cohesiveness.** While quotas can be helpful at establishing importance, specific targets can give organizations the focus they need to improve, monitor progress and ultimately achieve gender balance.
3. **Implement tangible mentoring and role-model programs for women.** In this way, women can learn to mentor and otherwise assist other women facing similar challenges, develop valuable skills, build wider networks, and gain acceptance and affirmation for their careers.
4. **Reset mind-sets.** For example, Mexican organizations tend to think that any woman who takes maternity leave will "want to stay at home" permanently. This mind-set has a powerful but negative effect on the advancement of women.
5. **Talk about it.** Open communication at all levels is essential for a successful gender-diversity transformation.

[ASIA] Our 2015 study in Asia highlighted the importance of strengthening the regulatory environment to accelerate change in corporations. The initiatives governments could launch include:

1. Efforts to measure, compare, publicize, and celebrate or reward diversity in firms.
2. Enforced action to address discrimination and barriers, e.g., laws against sexual harassment.
3. Incentives and/or enabling policies to provide better childcare.

Perspectives from engaged leaders & thinkers



Janina Kugel
*Chief Human Resources Officer and
Managing Board member, Siemens*

“ We need to change the frameworks in companies and in society, look at school systems, childcare, look at tax systems... everything is interdependent and only if you change different parameters you will change the behaviors. Policy makers need to think of the framework that will increase equal opportunities. This includes tax environment, childcare and elder care, schools system and legislation on gender pay gaps. Gender discrimination exists in most societies and these are patterns that we need to change, e.g., perception that girls are not equally able to perform such or such tasks.

In a company, it is important to clearly state that discrimination is neither accepted nor tolerated and to leave no room for ambiguity. You need the framework to change, to have diverse interview panels, to make sure there is no bias-linked perception. Diversity is about differences, and we should not try to teach people to act like the majority does, but educate the majority to include differences. Inclusion is the way forward!



Gail Kelly
Former CEO, Westpac

“ The priority for companies is to try and start designing work differently, so career paths don't exclude women once they want to have children, or once they're trying to grapple with the multiple roles of being a mother and having a career. The priority for families is to treat their sons and their daughters equally; to give both access to excellent education; to encourage their girls as well as their boys to do maths, and science, and engineering. And for fathers to weigh in and to do their half-share of the work at home. And not to have the view that that's his wife's work. The priority for a government is to make sure that they offer support for parental time out and develop innovative ways to ensure affordable and quality childcare. The productivity dividend to the economy will be substantial.



Ilian Mihov
Dean, INSEAD

“ I think everyone who is seriously working toward gender balance knows there is no “silver bullet” for achieving it. Some approaches that we see working well include support from the top of the organization, using hard data to support discussions about gender issues (such as faculty gender diversity task forces with quantitative analyse and gender dashboards), including both men and women in efforts to promote balance, and being open to innovate. For example, before she was the Academic Director of our Gender Initiative, Professor Zoe Kinias, proposed to ameliorate a gender gap in performance using a values writing exercise. She found that encouraging everyone to affirm their self-systems through this type of writing exercise buffers women against the self-doubt that can result from working in masculine systems and improved their performance. That type of intervention is one that can complement support from the top and other promising approaches.



Michel Landel
CEO, Sodexo

“ In addition to metrics, and efforts to build the pipeline for women, raising awareness is essential. We have engaged the organization through communications campaigns and training to both raise awareness and address unconscious bias. I am absolutely convinced that we need to fundamentally change the culture of the company as in the end solving this issue will require deep cultural and societal change.



Iris Bohnet

Professor and Author, John F. Kennedy School of Government at Harvard University

” Why is this so hard? Part of the answer has to be that we have not always focused our attention on the tools with the highest return on investment. For example, in the United States, we have spent a lot of money, time, and effort on diversity training programs, thinking that addressing mind-sets or the biased beliefs that some might have, will automatically lead to a more diverse, inclusive and equal workplace. Today, sadly, we have enough evidence to suggest that that’s just not happening.

Rather than isolating gender equality and treating it as a woman’s problem, what we have to do is change the world to make it easier for everyone to thrive and succeed. For example, we can start by de-biasing our job advertisements, which requires relatively simple and straightforward corrections of the words that we use. We now have algorithms that can measure how gendered a particular text is—not just a job advertisement, but also a letter of recommendation. If you are looking for a leader, for example, some companies have discovered if you combine “leader” with “team,” then that helps neutralize the job ad to appeal to women and men. These kinds of things have a measurable impact on the kind of people companies can recruit or attract.

The recruitment process is the low-hanging fruit. It gets more complicated when people enter the door, because now we’re talking about the evaluation process which really is fraught with bias. And it’s fraught with bias because as soon as I know your name—meaning who you are, male or female—, your nationality, maybe I know your ethnic background or know where you went to school—a first impression is created in my mind. And that often leads to a halo effect, where I’m so affected unconsciously by this first impression that I really can’t give justice to whatever else I learn about you.

So what can we do? We can learn from some real-life examples. For example, symphony orchestras in the United States introduced curtains in the ’70s to blind themselves to demographic characteristics of the musicians auditioning for a job. And it turns out that the curtain helped increase the share of women in our biggest symphony orchestras in the U.S. from about 5 percent in the 1970s to now almost 40 percent.



Shobana Kamineni

Executive Vice Chairperson, Apollo Hospitals; President, Confederation of Indian Industry

” Fundamentally, if you have clear policies of justice you create an environment for gender equality. For instance, allowing people to work from home when they need to is an enabler for women’s participation in the workforce, but we’ve seen in many companies that the men are also keen to work from home and want such policies in place. This is a huge social and attitudinal change, and one where technology has been a key enabler.

Technology has also become an equaliser in many ways. It now allows women to be in sectors which were male-dominated such as the manufacturing industry. This whole trend of industry 4.0 and the disruption will benefit women because more automation allows women to be on par with men. For example, you can work in a car factory without doing any heavy lifting or moving machinery, but doing more design and creative work or supervision of automated processes. Technology is a great enabler also in healthcare: with robots, you could see more women orthopaedic surgeons! Thanks to technology, you will see more women participating in complicated tasks that used to require strength and endurance.



Margarita Zavala

Presidential Contender and Lawyer, Mexico

” In the end, closing the gender gap requires a transformation beyond public policies like direct transfers or scholarships. For example, in Mexico, only a few of the boards of directors integrate women, which shows that gender equity policies have favored affirmative action in politics but have not reached other areas. We really began to pay attention to gender gaps in the economy until we managed to reduce them in politics. The processes of political and economic inclusion of women should have taken place at the same time.



Angel Gurría

Secretary-General, Organisation for Economic Co-operation and Development

” OECD research has identified enablers for female participation and equal opportunities: access to childcare, parental leave, right to flexibility in the workplace, principles for unbiased interviews, and overall anti-discrimination policies. These policies would favor a more diverse environment in which different ethnic backgrounds, genders, sexual orientations and family structures can be better represented.

Governments and employers must do better in giving women and men the tools they need to succeed at home and at work. This means well-paid maternity and paternity leave, affordable and good-quality childcare, the right to flexible work, and limiting excessively long hours. We need to normalize fathers’ responsibility for unpaid work and normalize mothers’ advancement in paid work.

The solutions are not so difficult or expensive. In Mexico, the OECD has worked with the ministry of education to set up the NiñaSTEM Pueden program, which brings distinguished women leaders in sciences – engineers and researchers, for example – in front of primary and secondary school pupils to share their success stories and inspire girls.

Attitude and culture are the most difficult aspects to change in societies and organizations. We need to challenge gender norms, so men feel at ease with decisions like taking paternity leave. It can take generations to change norms and stereotypes, but having the right policies in place can speed things up.



Thomas Buberl
CEO, AXA

” What I see as a big challenge is to operate a cultural shift between gender diversity and inclusion. One is more quantitative, the other more qualitative. Reaching gender balance is a first encouraging step. Reaching true inclusion, whereby all individuals truly believe that gender diversity is a strength and act in an inclusive way, is another one. Let me give you a quick example. In a board room, gender balance is having as many women as men. Inclusion however, is making sure that those women are listened to and that their opinions have the same weight as men’s.



Justin Trudeau

Prime Minister, Canada

” To make gender equality a reality, we need to start by making it a priority in everything we do.

For companies, that means employing an equal number of women and men, especially at the highest levels of leadership. It means breaking down the many barriers women face to get to those executive positions, and changing the social norms and gender biases they face when they’re in them—like the pressure to not show emotion or to behave in traditionally masculine ways. And it means creating a workplace environment that accommodates the different needs of a diverse workforce—from flexible work arrangements and parental leave policies to a workplace culture free of harassment and discrimination of any kind.

Our government is working hard to build a more gender-equal Canada. We named a gender-equal cabinet—the first in Canada’s history—and included a gender-based analysis in our 2017 budget for the first time, too. From the Canada Child Benefit to investments in childcare and early learning, we’re supporting families so that parents have more opportunities to succeed and prosper—which disproportionately benefits women. Meanwhile, we’re investing in jobs and internships for young people, and helping provide young women with opportunities to advance their careers.

We’re also taking action to strengthen women’s participation in business and leadership. In fall 2016, we introduced legislation to promote gender diversity on boards by requiring publicly-traded corporations to disclose gender diversity of their boards and senior management, as well as their policy on diversity. And this summer, we launched our Feminist International Assistance Policy, which focuses Canada’s international assistance on initiatives that empower women and girls. We know there is much more work to do, but we’re committed to making gender equality a priority—and a reality.

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LOOKING FORWARD



The case for gender parity in the economy and in the workplace has never been so strong. Despite progress in some parts of the world, change is slow to happen. We need to remove those persistent barriers which exist in and outside the workplace. And we need to build the conditions and mind-sets in our societies that will lead men and women to better share the work in the house, in the economy and in the decision making. It is very clear today what the priorities and actions are. It is just a matter of doing it. In this special edition, we have asked our eminent contributors to help us shape the vision for the truly inclusive and performing organization of the future. What would it look like? What would be the key attributes? How would they differ from today's dominant model? Hearing and reading their perspectives leads us to identify ten attributes which characterize this inclusive and performing organization which we hope to see flourish.

What would a truly inclusive and diverse company look like in the future?

Ten attributes synthesizing our contributors' perspectives

1. **Unorthodox.** Where policies, rules, norms, and practices are constantly challenged, to take into account the needs of all, not just of one dominant group.
2. **Polymorphic.** Allowing a diversity of leadership styles, recognizing that effectiveness comes in many forms.
3. **Empowered.** No "command and control," where everyone is empowered and has the ability to shape the future.
4. **Multifaceted.** Mirroring the society we live in (and the consumers), i.e., multicultural, with a broad range of religions, cultures, ethnicities.
5. **Meritocratic and fair.** Using fair processes, where everyone feels treated equally, and bias-free.
6. **Caring and safe.** A no-fear, non-hierarchical, and non-violent environment.
7. **Respectful.** Considering women as peers, and where everyone has the same share of voice and is heard by all.
8. **Balanced.** Enabling work-life balance, which means no more long hours, and understanding that performance is not linked to physical presence and time commitment.
9. **Global and agile.** Full connectivity, at global scale, and flexibility – leveraging technology.
10. **Inventive.** A forward-thinking CEO who is surrounded by bold and creative millennials.

Perspectives from all contributors

Imagine what a truly inclusive and diverse company would look like...



Janina Kugel

Imagine a company which would be blind and deaf... where there would be no way to bias decisions based on how you look, your gender, sexual orientation, disability, or ethnic background... An inclusive company will be a company which is the mirror of the society in which we live and work, on all dimensions. Where it's not the standard of the strongest, but the needs of the weakest that would define the operating principles.



Christine Lagarde

There is a period in a woman's life around the age of thirty where she suffers from a triple burden. Indeed, she is expected to perform at work, while having the best chances to have children by virtue of fertility, and she needs to maintain her relationship with her partner and family. Inclusive and diverse societies would look at this burden and organize themselves so that the support of young infants can be facilitated. No penalties would apply to women during this period of their lives. To achieve this in low-income and some emerging market societies, the big challenge is going to be better access to education, specifically girls' education.



Barbara Dalibard

In companies, all women struggle to be heard, for example in meetings. Most of the times, we have a lower voice, and are less comfortable to express our points of views loudly or violently—in particular as it is usually not well perceived for women. The result is that most of the time, we feel pressured and speak faster because we don't have the time to articulate our perspectives. In an inclusive and diverse company, women would get the same share of voice as men. When they start speaking, people would listen to them as they listen to others. We would not have to fight for time and share of our voice, and we would feel that our ideas are heard.



Angel Gurría

All the measures to improve work-life balance and challenge gender stereotypes should be in place in truly inclusive and diverse companies: access to affordable childcare, adequate paid parental leave, the right to flexible work, objective performance reviews, and effective anti-discrimination policies. But policies are not enough. We must create corporate environments in which workers are not afraid to challenge gender norms. Men should feel comfortable enough to take their full allowance of paternity leave, challenge a culture of long hours, or ask to leave early to pick-up children from school. Women should feel comfortable enough to request a raise or ask for flexible work hours. The inclusive company will be the one who can challenge the norms in order to recognize that efficiency comes in many forms, and that diversity is a strength.



Michel Landel

At Sodexo, we found with this survey that if the team's population is gender balanced between 40 and 60 percent, then all our performance indicators are better. I believe every organization in the world should have between 40 percent and 60 percent of women in their business units' leadership, and 50 percent in their executive committees. This means that we would have inclusive cultures where women and men can succeed and that barriers that prevent women from advancing are removed. We would see change happening faster. We would see probably over the years pay differences disappear, and much discrimination disappear as well. And we would see more effective organizations, better results, and overall progress in society and in the world.



Takeshi Niinami

In the inclusive company of the future, people can work at home using smart technology, people from any country can communicate from anywhere at any time. Artificial intelligence and IoT are fully utilized to enable communications among people from diverse backgrounds and cultures. People are praised on merit, and this inclusive organization has many cultures, religions. Both genders are equally represented, as well as a broad ethnic portfolio. Most importantly, this inclusive organization has experienced the difficulties of changing the mind-sets and culture, and has overcome those difficulties. Gender diversity has a cost, but the cost should be paid to experience overcoming the difficulties.



Bola Adesola

In an inclusive company, maternity and paternity leave would be equal. There would be an equal pay for the same work done because men and women would have the same bargaining power and capabilities. I look forward to a company in which mobility is such that there is an equal ratio of male and female staff across the network. Finally, a truly inclusive company would have no unconscious bias in recruitment; we could even use blank CVs to ensure an approach based on merit and skills displayed so that gender, age, or religion are not part of the hiring decision.



Gail Kelly

Diversity will flourish in an environment where generosity flourishes. The truly inclusive company of the future is a place where there's an inclusive, open style of leadership. Diversity will not flourish when there's a hierarchical, command-and-control style. It just will not. They do not go together.



Thomas Buberl

When I succeeded Henri de Castries, himself succeeding Claude Bébéar, I publicly shared my wish that the next AXA CEO would be a woman. I hope to be able to make this happen.

Here's the future I imagine: a future where 50 percent of big CEOs are women, where cultural diversity and different backgrounds are truly reflected at all levels of organizations based on an inclusive culture enabling all employees to bring their authentic selves to work, to drive their professional career in a free and empowered way, and enjoy work-life balance without any form of gender discrimination.



Iris Bohnet

It's absolutely clear to me that there is a positive relationship between process and culture. The inclusive company of the future has implemented a fair process, where people know that they are actually treated equally, which leads to a more egalitarian culture. But to build this inclusive company, we have more work to do to create a true culture of inclusion in the area of informal kind of fears. It starts with running an inclusion diagnostic, where we try to understand, what is the culture here? Is it pretty inclusive? Are we listening to each other's comments? Are we interrupting each other? What are the micro-aggressions that people experience? Are they given voice? Are they overlooked? Are they frowned upon when they speak? These micro-behaviors matter. That's honestly where the big discussion is right now. That's what Silicon Valley is worrying about these days.



Ilian Mihov

Being truly inclusive and diverse—or balanced—as a company includes the numeric representation of men and women across levels and job functions, but there is more to it. It is about creating an environment in which both women and men engage fully and feel equivalently valued and fairly rewarded. Ideally, it would be the case that neither women nor men have any concerns about confirming gender stereotypes, because it is clear that the environment is bias-free and fully fair. In this world, we don't talk about gender diversity, or even gender balance not because we have regressed back to completely unacceptable practices of gender discrimination, but because we have created a new reality where no hidden or open biases disadvantage women because of their gender. We know that our societies and businesses are not there yet, but it is INSEAD's aspiration to play an integral role in moving the world in that direction. One thing I would change in the approach is to start thinking about gender balance as being more than a women's issue. We need to see it more as a business issue and as a societal issue. Gender balance and fairness is beneficial for men and women alike.



Margarita Zavala

I imagine it much more diversified in terms of growth. As more women enter the economic area of the country, productive activities will diversify.

I believe that, without being inherent to gender, honesty in public life would be something more expected and therefore demanded.

There are issues that weigh heavily on Mexico as an obstacle to close the gender gap. One is economic empowerment, but another is violence against women. And not only violence, but also access to justice, which is still different for women than for men.



Isabelle Kocher

I believe that the problem-solving ability would be much higher in a more inclusive and diverse company, since a problem would be considered from a greater variety of perspectives.

I also believe that there would be a stronger sense of acceptance. For instance, there would no longer be one definition of leadership. This could help employees feel more at ease and free to be themselves, thus increasing their well-being.

In my opinion, we have to review our definition of leadership and carefully assess the criteria we use when we hire or promote someone. Only then will we be more open-minded and fair to people from all backgrounds.



Lubna Qassim

At the helm of this organization of the future, I see a forward-thinking millennial who is very bold and creative in her/his decision making. I imagine that these individuals will not have the behaviors and traits which the present CEOs suffer from.

The modern CEOs of future would have no problem including and empowering women on their executive teams or boardrooms and treat them as equal partners. These CEOs will know what it requires to have diverse highly performing and healthy institutions in the modern world. I strongly believe it would be a different generation. I trust that men who are probably in their 20s today will be the ones who will take this mission forward. Let us start training these millennials so they fully understand what is needed to build an inclusive and gender-diverse workplace.

In the organization of the future, men would want to listen more, inspire more, and collaboratively work from top to bottom throughout the organization. Men would extend as much support to their female colleagues as they do to male colleagues and women would get the same invitations as men, whether to deals, strategic decisions, or corporate social events.

Until men change their attitudes, behavior, and perceptions, and start to take women seriously and not make assumptions on their behalf, I am afraid it may take another 200 years for us to achieve gender parity.



Shobana Kamineni

The main pillars of the company of the future are meritocracy, singularity and customer focus. And they all enhance gender diversity.

Meritocracy because a workplace that rewards based on merit – with equal opportunity, pay scales, safety – is fundamental to gender diversity.

Singularity because organisational and business decision-making will increasingly be a convergence of artificial intelligence and human thought, and when this is applied across every group and sub-group of people – whether based on gender, social, cultural or religious attributes – it will help ensure decision-making is free and unbiased. And when you have an unbiased thought process, regardless of any culture, religion, or ethnicity, work gets done based on the task without bias.

Finally, customer focus, because we need diversity and representation to be able to predict and understand what customers want and need, which is the reason for a company's existence.



Justin Trudeau

A truly inclusive organization looks radically different from most of today's companies, but that doesn't mean we can't get there. And it's imperative that we do, because greater equality benefits all of us, in transformative ways.

When we imagine truly diverse, inclusive companies and organizations, we need to strive for diversity at all levels, especially leadership. That means people of all genders, racial and ethnic backgrounds, abilities, religions, sexual orientations, and more need to have a meaningful presence and voice across the company. Our government has worked hard to make sure people of every background have a strong voice in shaping our decisions. Our caucus is made up of people with a huge range of identities, and our gender-equal cabinet is the first in Canada's history. We're proud that a truly diverse set of voices shapes every aspect of our decision making—and we know that our policies and choices are stronger for it.

Beyond our leadership teams, there are hundreds of things we can do to start building truly diverse organizations, and they start with looking closely and thoughtfully at our practices. The Government of Canada is working to incorporate Gender-Based Analysis Plus (GBA+) guidelines across our practices and policies, to make sure we are looking explicitly at how our decisions affect people of varying identities. GBA+ helps us see how decisions affect people of diverse backgrounds and experiences, looking at aspects of identity like gender, race, ethnicity, age, religion, disability, and more. Using GBA+ helps us make sure people of many identities have a seat at the table in all kinds of decision-making. It also helps us make policy choices that respond to the diversity of Canadians' needs and experiences, and reduce inequality.

Inclusivity is a constant and unfolding process. We need to be good listeners, and seek out new ways to make sure a company, or a government, fully represents the voices of people of many backgrounds. And we need to keep asking ourselves (and asking others) how we can contribute broadly to building a more inclusive society and a more just world.

Each of us has immense power to create positive change. All of our actions and choices, no matter how small, shape the world around us. If we keep equality and justice in sight as we move through the world, we can shape it for the better. Better is always possible—and we can't afford to settle for anything less.

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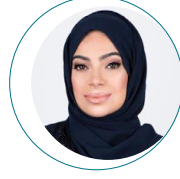
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ACKNOWLEDGMENTS

The authors would like to thank all the **McKinsey colleagues and alumni** for their contributions to this research over the past ten years, and for their leadership in driving the publication of over 20 reports, and many articles, across the world, including:

- **The Women Matter series**, which includes deep perspectives on Africa, Asia, Latin America, the Middle East, Turkey, Europe, and soon Australia.
- **Women in the Workplace**, which provides an analysis of the gender diversity situation in the United States. We would like to thank the contributions of LeanIn.Org, Dr. Marianne Cooper, and Dr. Ellen Konar, who codeveloped the employee experience survey together with McKinsey partners Alexis Krivkovich and Lareina Yee as part of the McKinsey Women in the Workplace initiative.
- **This report was deeply informed by the following McKinsey Global Institute publications:**
The Power of Parity publications, which include global and local reports
The world at work
A labor market that works
- **McKinsey Quarterly**, *How to accelerate gender diversity on boards*

All these publications are listed on the next page and available on [mckinsey.com](https://www.mckinsey.com):
<https://www.mckinsey.com/global-themes/gender-equality>.

In particular, we would like to thank the following colleagues, for their support and input in the production of this anniversary edition: André Andonian, Rima Assi, Dominic Barton, Jackie Charonis, Sundiatu Dixon-Fyle, Christine Hall, Rana Hamadeh, Kathryn Haynes, Dorothee D’Herdre, Grace Ho, Tania Holt, Vivian Hunt, Céline Joly, Masaharu Kamo, Elizabeth Kerr-Rivera, Rik Kirkland, Mekala Krishnan, Acha Leke, Anu Madgavkar, James Manyika, Nabila Mohd Hassan, Amuche Okeke-Agba, Kai Peter-Rath, Gary Pinkus, Lucia Rahilly, Lareina Yee.

We would like to express our sincere gratitude and appreciation to our external contributors, who have shared insightful perspectives as well as bold and inspiring ideas to accelerate change.

We would like to thank the **Women's Forum for the Economy & Society** for providing, every year since a decade, a platform where we can share these insights with a broad range of executives from around the world, and engage in constructive debates with the CEO Champions members to help advance women in leadership.

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Women Matter

October 2017

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