McKinsey Global Survey results:

Moving women to the top

A majority of executives believe gender diversity in leadership links to better financial performance, but companies take few actions to support women in the workforce.

As the number of women participating in the workforce grows, their potential influence on business is becoming ever more important. Seventy-two percent of respondents to a recent McKinsey survey believe there is a direct connection between a company's gender diversity and its financial success.[1] Indeed, the share saying so has risen in the past year, even in the face of continued economic turmoil.

Yet companies have not so far successfully bridged the gap between men and women in the top levels of management. This is not surprising, since the survey shows that diversity isn't a high priority at most companies and that there's great variability in the number of gender-diversity policies that companies have pursued. For both of these factors, the results suggest that more is better: at companies where gender diversity is higher on the strategic agenda and more related policies are implemented, executives say that company leadership is also the most diverse. Among respondents at companies that include gender diversity as a top-three agenda item and those at all companies, there is a 32 percentage-point difference between the shares who say women fill more than 15 percent of their C-level positions. The degree of support from CEOs and other top managers is another important factor influencing a company's performance on diversity, respondents say, so it is notable that few companies' top management teams currently monitor relevant programs. The differences executives report at the most diverse companies suggest some ways all companies can improve their gender diversity and, eventually, financial performance.[2]

[1] The online survey was in the field from August 31 to September 10, 2010, and received responses from 772 men and 1,042 women, representing the full range of regions, industries, tenures, and functional specialties.

[2] McKinsey's research on gender diversity and financial performance began in October 2007 with "Women matter: Gender diversity, a corporate performance driver," available free of charge on mckinsey.com. In that study, we found that the 89 listed European companies (all with market capitalization of more than €150 million) with the highest levels of gender diversity also had higher returns on equity, operating results, and stock price growth than the averages in their respective sectors, from 2005 to 2007. Work from other organizations, such as the nonprofit organization Catalyst, also supports this view.

Jean-François Martin

Who thinks women matter?

Since last year's survey, the share of respondents who believe there is a connection between diverse leadership teams and financial success increased 12 percentage points, to 72 percent.[3] And though more women than men think so (85 percent, compared with 58 percent), it is notable that a majority of men agree.

By contrast, the share of respondents whose companies have gender diversity as a top-ten agenda item has held steady at 28 percent. There has, however, been some movement at the bottom: last year, 40 percent said it was not on their companies' agenda at all, and this year that figure has fallen to 32 percent.

Where diversity is a higher priority, executives also report a higher share of women in their senior ranks. At companies where gender diversity is a top-three agenda item, for example, 87 percent of respondents report that more than 15 percent of their C-level executives are women[4]; only 64 percent of those whose companies rate diversity as a top-ten item, and 55 percent of all respondents, say the same. There is also some geographic variability: respondents in Asia-Pacific and developing markets are more likely to say that gender diversity is a top-ten agenda item for their companies (35 percent and 34 percent, respectively) than those in other regions.[5] In Latin America, just 21 percent of respondents say their companies' agendas include gender diversity as a top-ten item, with 27 percent of those in Europe and 28 percent of those in North America also saying so.

Around the world, more than 80 percent of respondents say that since the financial crisis began, there has been no change in their companies' view of gender diversity as a strategic issue, no matter what that view is; this figure seems at odds with the rise in the past

[3] In this year's Women Matter survey, the ratio of female to male respondents was much higher than it was in 2009. We have weighted the 2010 results in accordance with the gender ratio in the 2009 survey, enabling a meaningful comparison of responses year over year.

[4] The reverse is also true: at companies where respondents report that their midlevel, senior manager, and C-level ranks include more than 15 percent women, 19 percent say gender diversity is a top-three item on the strategic agenda; that figure falls to 8 percent at all organizations.

[5] Respondents in the Asia-Pacific region include executives working in the following locations: Australia, Hong Kong, Japan, New Zealand, the Philippines, Singapore, South Korea, and Taiwan.

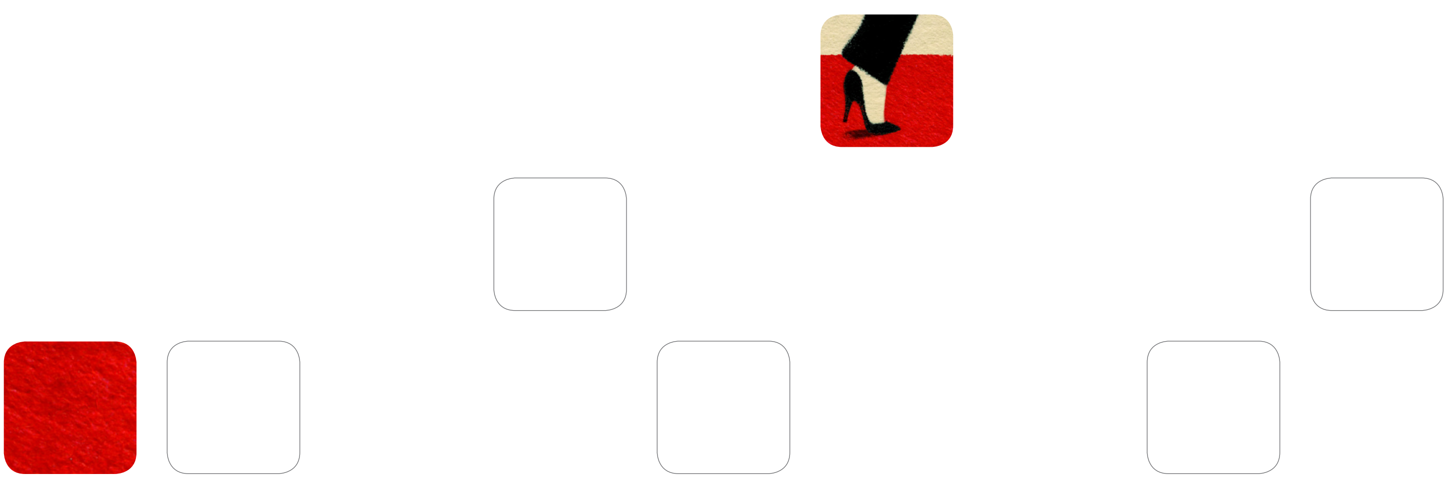
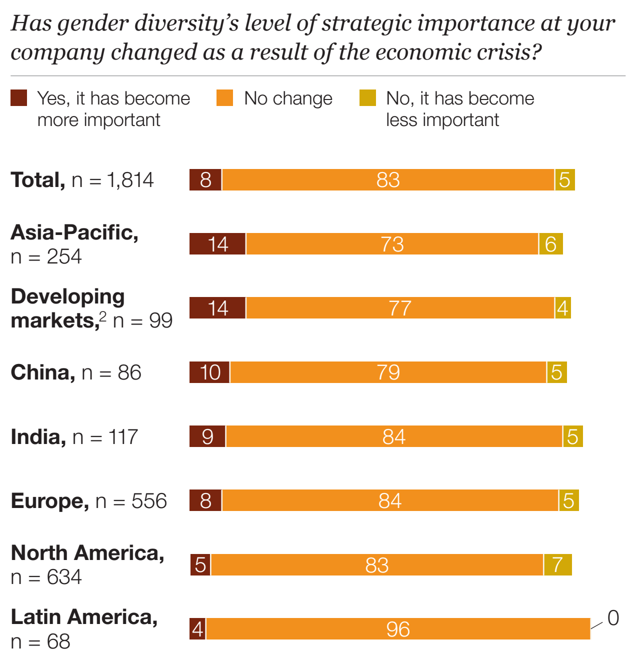


Exhibit 1

Where women matter

% of respondents[1]



[1] Respondents who answered "don't know" are not shown.
[2] Excludes China, India, and Latin America.

year in the share of those who believe that companies with more women leaders perform better. Respondents in Asia-Pacific and developing markets are likelier to say gender diversity has become a more important strategic issue at their companies (Exhibit 1).

Gender diversity in (in)action

Not surprisingly, the higher the priority of gender diversity, the more likely a company is to take actions in support of it. While the average number of actions a company takes is only 2.5 out of the 13 the survey asked about, that figure rises to 5.0 at companies where gender

diversity is a top-three agenda item. When asked to select the actions their companies have implemented, respondents most frequently choose flexible working conditions (Exhibit 2), and the share of respondents who say their companies enable this has jumped 13 percentage points since last year, to 43 percent. After flexible working conditions, respondents say that their companies are likeliest to have implemented support programs for reconciling work and family life, as well as programs to encourage female networking and role models, both in equal shares (29 percent).

It's notable, if not surprising, that larger companies are likelier to take more actions to achieve diversity: more than half of respondents at companies pursuing seven or more measures have more than 20,000 employees, compared with 19 percent at the smallest companies.

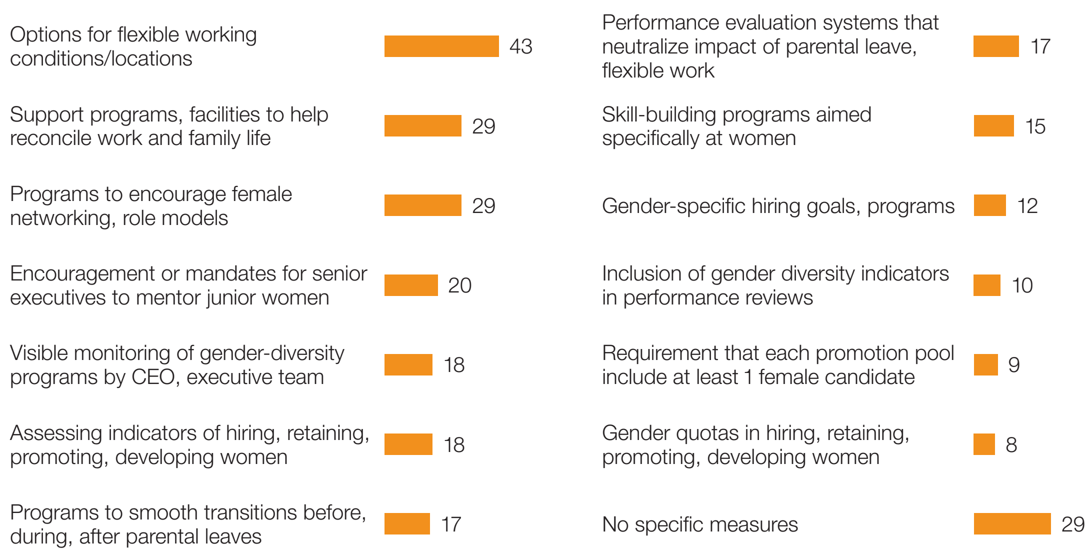
The responses of C-level executives highlight a few actions that seem to boost gender diversity markedly. For each potential action, we divided companies into two groups: those where respondents say they had taken the action and those where they had not. We then looked at

Exhibit 2

Taking action?

% of respondents,[1] n = 1,814

Over the past 5 years, which measures has your company undertaken to recruit, retain, promote, and develop women?



[1] Respondents who answered "other" and "don't know" are not shown.

Exhibit 3

Regional diversity

Measures undertaken over the past 5 years to recruit, retain, promote, and develop women, % of respondents

By region

	Asia-Pacific, n = 87	**Europe,** n = 482	**North America,** n = 435	**China,** n = 130	**India,** n = 30	**Latin America,** n = 88	**Developing markets,**[1] n = 91
Options for flexible working conditions and/or locations	49	47	49	25	48	35	37
Support programs and facilities to help reconcile work and family life	38	26	32	22	33	18	28
Programs to encourage female networking, role models	40	23	38	26	27	13	27
Gender quotas in hiring, retaining, promoting, developing women	9	6	5	15	8	4	22
Requirement that each promotion pool includes at least 1 female candidate	8	9	5	11	11	7	13

[1] Excludes China, India, and Latin America.

the share of companies with more than 15 percent of women at C level. Three actions stand out: visible monitoring by the CEO, skill-building programs aimed specifically at women, and encouraging or mandating senior executives to mentor junior women.

Responses also indicate substantial region-by-region differences in approaches to recruiting, retaining, promoting, and developing women employees. Respondents in China and developing markets say their companies are more likely to use hard measures—gender quotas or requirements for female representation in promotion pools, for example—than those in Asia-Pacific or North America, where companies rely more on soft measures such as flexible working conditions or mandates for senior executives to mentor junior women (Exhibit 3).

How CEOs can overcome barriers

The last piece of the gender diversity puzzle, this survey suggests, is how engaged the CEO and top management are in following the progress of gender diversity programs. Just 18 percent of respondents say their companies' CEO and executive team visibly monitor these efforts, though nearly half say visible monitoring has the biggest impact on increasing gender diversity in general—more than any other tactical measure (Exhibit 4).

Exhibit 4

Effecting future change

% of respondents[1]

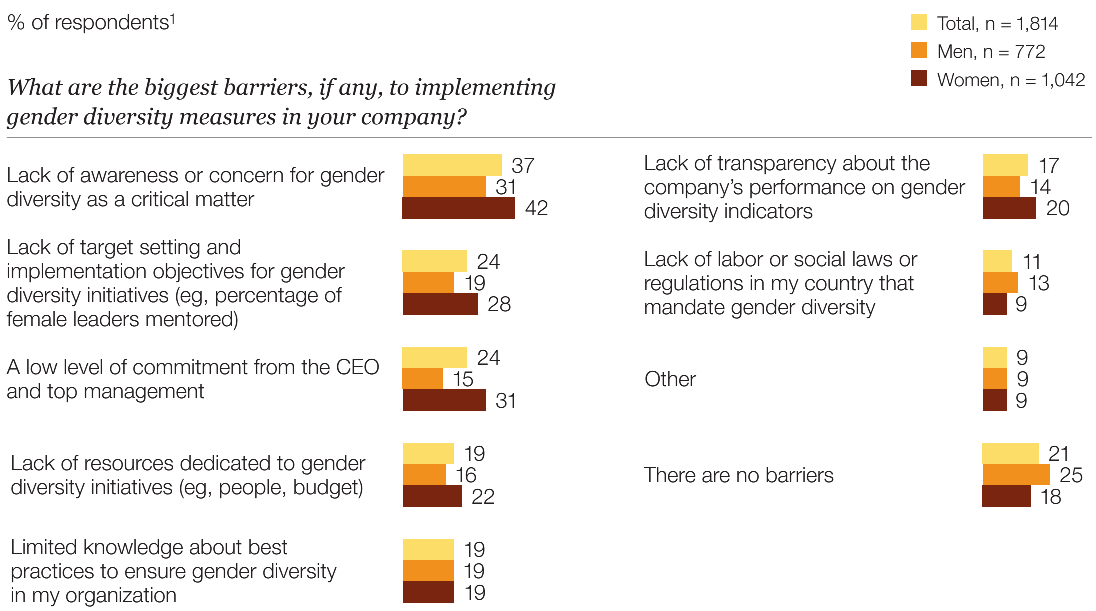
Which of the following tactical measures, if any, have the biggest impact on increasing gender diversity in corporations' top management?

Visible monitoring of gender-diversity programs by CEO, executive team	48
Flexible working conditions, locations	46
Programs to reconcile work and family life	38
Senior executives mentoring junior women	31
Programs encouraging female networking and role models	30
Assessing indicators of gender-diversity performance	29
Diversity indicators included in executives' performance reviews	24
Evaluation systems that neutralize parental leaves, flexible work arrangements	23
Programs to smooth parental-leave transitions	21
Skill-building programs aimed at women	19
Gender-specific hiring goals, programs	16
Requirement that each promotion pool include at least 1 female candidate	16
Gender quotas in hiring, retaining, promotion, or developing women	15
No specific measures	4

[1] Respondents who answered "other" and "don't know" are not shown.

Exhibit 5

Barriers to diversity



[1] Respondents who answered "don't know" are not shown.

Twice as many women as men say a low level of CEO and top-management commitment is one of the biggest barriers to implementing gender diversity at their own companies (Exhibit 5); the single most frequently chosen barrier among all respondents, however, is a lack of awareness of or concern for gender diversity as a critical matter. A very small share—just 7 percent—of all respondents say their companies have had difficulty in implementing a top-management monitoring policy. Of those respondents whose companies have implemented monitoring in the past five years, 65 percent of them say the measure was impactful; this is a higher share than that of any other action for which executives report using and, subsequently, having an impact on company diversity.

C-level executives are aware of their potential impact: 49 percent of men and 60 percent of women in top management agree that their visible monitoring has the biggest impact on increasing diversity at corporations in general.

Looking ahead

- A majority of executives believe that gender diversity improves financial performance, but far fewer translate that belief into action. Improvement in gender diversity can result from increasing top-management attention—from both men and women—and positioning it higher on the strategic agenda.

- The actions that senior executives indicate boost diversity the most may be a good place for other companies to start: visible monitoring by the CEO, skill building specifically aimed at women, and mentoring, perhaps even on a mandatory basis.

- CEOs and top-level executives who are aware of their potential impact on this issue can benefit their companies by paying visible attention to it.

Contributors to the development and analysis of this survey include **Charlotte Werner,** a consultant in McKinsey's Paris office; **Sandrine Devillard,** a director in the Paris office; and **Sandra Sancier-Sultan,** a principal in the Paris office.

The contributors would like to thank Georges Desvaux, a director in the Paris office, for his extraordinary contributions to this work.