

# Diversity Matters

L A T I N A M E R I C A

Why diverse companies are  
healthier, happier and more  
profitable

June 2020



# Contents

Preface:	
Diverse companies could emerge stronger after the current crises	04
Executive summary	06
Introduction:	
A comprehensive look at diversity, health and performance in Latin American companies	16
Commitment to diversity encourages better business practices	22
Commitment to diversity fosters more effective leadership behavior	30
Diversity underpins employee happiness and organizational health	36
Why diverse companies win: the clear link between diversity and financial performance	46
The gap that remains: diverse groups remain significantly underrepresented	52
Companies need to take bold action	58
Conclusion	66
About the Authors	70

## Preface

# Diverse companies could emerge stronger after the current crises

This week we release *Diversity Matters: Latin America*, a groundbreaking new report on the impact of diversity across organizations in Latin America. Drawing on a comprehensive study of 700 large companies and a survey of nearly 4,000 employees across the region, the report shows that diverse companies are more innovative, collaborative, and profitable than their non-diverse peers.

Since we conducted the research for the report in late 2019, however, the global context has changed dramatically. Many of the world's citizens are on lockdown in their homes, businesses are shut, flights are grounded, and borders are closed due to coronavirus. We are also experiencing a wave of demonstrations around the world against systemic racism. It is a time of great anxiety and uncertainty. But it is also a time for reflection—for individuals, organizations, governments and civil society—as we collectively come to terms with how to deal with the effects of these global crises and their repercussions.

These times offer new perspectives on diversity and inclusion too. This report clearly shows that diverse

environments can positively impact individual and collective behavior. Right now, our individual and collective behavior is being tested, on a global scale. So is our sense of community.

These crises throw diversity in the global community into stark relief. Who has access to medical treatment and who does not; who has access to sanitary living conditions and who does not; who benefits from state protection and who does not. The report shows that truly understanding and embracing diversity runs deeper than a narrow definition of diversity as representation.

When we talk about diversity and inclusion, we are also talking about how to welcome, include, consider and engage people from all backgrounds. This is now more important than ever.

Looking beyond the immediate crises, Latin American companies will need a great deal of resolve and resilience to rebuild and navigate an economically and socially viable path to the “new normal”<sup>1</sup>. Leaders will need to call on

the strengths of all individuals in their organizations to find opportunities to restore and adapt their operations.

Moving forward will also take re-imagining. The world will see shifts in the preferences and expectations of individuals—as citizens, as employees, and as consumers. Institutions that reinvent themselves to make the most of better insight and foresight, as preferences evolve, will disproportionately succeed. Diversity and inclusion could play an important role in this re-imagining, as diversity has been shown to bring multiple perspectives to bear on a problem and thus create better solutions.

In the coming months, as organizations take their stand on systemic racism and begin to rebuild after the health pandemic, those that embrace diversity and inclusion will be more likely to achieve the innovation, collaboration, teamwork and effective leadership that will be needed to navigate going forward.

<sup>1</sup> Kevin Sneader and Shubham Singhal, “Beyond coronavirus: The path to the next normal,” March 2020, McKinsey.com.

# Executive summary

Latin American companies that embrace diversity typically outpace other firms in key business practices such as innovation and collaboration, and their leaders are better at fostering trust and teamwork. These companies are also likely to have happier work environments and better talent retention. All this pays off both in stronger organizational health and in bottom-line results: diverse companies are significantly more likely to achieve financial outperformance than their non-diverse peers.



These findings stem from a comprehensive study by McKinsey & Company on the state of diversity in corporate Latin America. The study draws on four major sources:

**\_A data set of nearly 700 public companies spanning all major industries, headquartered in Brazil, Chile, Peru, Argentina, Colombia, and Panama. These were filtered from a larger sample to ensure that only companies with complete gender and financial data were included in the data set.**

**\_An extensive survey of 3,900 employees across various levels of more than 1,300 of the largest companies throughout the region, creating a holistic understanding of diversity from the employees' perspective. Companies included in the survey each had more than 500 employees**

**\_The Organizational Health Index, a McKinsey proprietary database, which drew on surveys of nearly 60,000 employees at 40 companies in Latin America as well as our global data set of 5 million surveys in 100 countries**

**\_In-depth interviews with more than 30 senior executives from leading companies in Latin America.**

The study, the first of its kind in the region, broadens the lens to consider gender, ethnicity and sexual orientation when assessing the relationships between companies' diversity and their organizational health—and ultimately, their financial performance. There is still a lot that is unknown about these relationships, making this study explorative rather than definitive.

By branching into new territory, however, the study shines new light on the interconnectedness of diversity and positive business practices, effective leadership behaviors, organizational health, and business performance.

While correlation does not prove causality, the study nonetheless finds a clear link between diversity in senior management and companies' health and performance. Importantly, commitment to diversity is strongly correlated to positive outcomes, more so than actual diversity demographics. Companies that

are perceived by employees as committed to diversity are likely to reap significant benefits.

The study also shows that, despite the strong link between diversity and corporate success, women and minority groups remain greatly underrepresented in leadership positions in Latin American firms. That points to the urgency of taking action to foster diversity in the workplace.

## Commitment to diversity encourages better business practices

In companies that embrace diversity, employees are likely to experience greater freedom, in terms of both their identity and their ways of working. Our study shows that employees in companies perceived as diversity-committed are 111 percent more likely to report that they can be themselves at work, which likely empowers them to participate and contribute. These companies also tend to have fewer employees who report feeling like a stranger at work.

It follows that employees in companies that embrace diversity report much greater levels of

innovation and collaboration than their peers in other firms. Such employees are:

# 152%

more likely to report that they can propose new ideas and try new ways of doing things

# 76%

more likely to say that the organization makes use of client feedback to better serve its clients

# 77%

more likely to agree that the organization applies external ideas to improve its performance

# 72%

more likely to report that the organization consistently improves its way of doing things

# 64%

more likely to say that they collaborate by sharing ideas and best practices

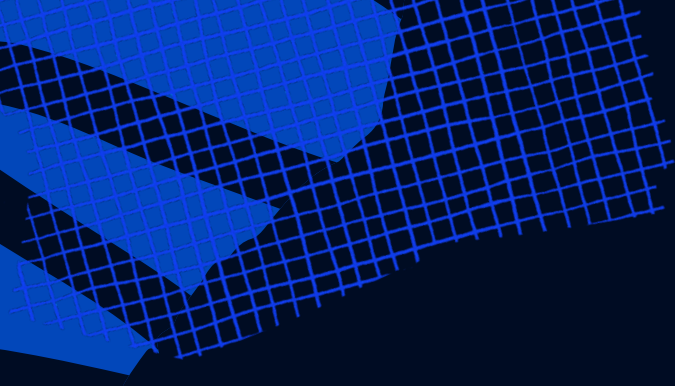
## Commitment to diversity fosters more effective leadership behavior

Companies' levels of commitment to diversity are closely correlated with their leaders' capacity to nurture trusting, high-performing teams. In our study, employees in companies perceived as being committed to diversity were 80 percent more likely to agree that their leaders promote trust and open dialogue; and 73 percent more likely to report a pro-teamwork leadership culture that positively affects how people behave.

Linked to our findings on innovation, above, we also observed that leaders in companies perceived as diverse seem to have a stronger innovation agenda: in these companies, employees were 66 percent more likely to report that their leaders promote innovation. In diversity-committed companies, employees were also 54 percent more likely

to feel that their leaders shape the values of their organization.

Last but not least, diversity-committed companies are more likely than other firms to promote mentorship for employees from every background. Companies perceived by employees as being diversity-committed have a higher proportion of employees that have mentors, regardless of their gender, ethnicity or sexual orientation. Specifically, non-male employees are 19 percent more likely to have a mentor than their peers in companies not committed to diversity. This figure is 15 percent for non-white employees and 23 percent for non-heterosexual employees.



## Diversity underpins employee happiness and organizational health

McKinsey's global research shows that effective business practices and leadership behaviors create stronger organizational health—defined as the capacity to deliver superior performance over the long term. This study reinforces this link in Latin American companies and suggests that diversity is a powerful enabler of both healthy practices and better outcomes.

In addition to diversity-committed companies' strengths in innovation and leadership, we found that these companies tend to excel in motivation—a key dimension of organizational health. In such firms, 63 percent of employees indicate that they are happy at work, compared to only 31 percent in companies that are not perceived to

be committed to diversity. Employee happiness levels are consistently higher in companies perceived as being committed to diversity, regardless of employees' gender, sexual orientation or ethnicity—the numbers tell the same story for each group. Diverse companies are up to one-and-a-half times more likely to have happier employees across all roles and levels of the organization including entry-level employees, managers and C-level executives.

Moreover, employees at diversity-committed companies want to stay longer and they aspire to reach higher levels in the organization. These employees are 36 percent more likely than their peers in other firms to report that they want to stay three or more years in the same company. And they are 15 percent more likely to report the desire to be promoted.

Focusing in on specific demographic groups, our study finds that non-male employees in diversity-committed companies are 12 percent more likely to want to move to the next level in their organization, compared to their peers in other companies. Similarly, non-heterosexual employees of

diversity-committed companies are 18 percent more likely to want to do so, compared to peers in other firms.

McKinsey's global research has proven the correlation between organizational health and business performance. Our Organizational Health Index database finds that companies with top-quartile organizational health have three times greater total return to shareholders than bottom-quartile firms. This correlation holds true in Latin America: companies with higher Organizational Health Index scores are 59 percent more likely to outperform financially than their peers.

## There is a clear link between diversity and financial performance

Commitment to diversity is shown to increase levels of happiness and generate a series of positive employee behaviors, higher

motivation, and a desire to stay longer in an organization. Companies perceived to be committed to diversity are also more likely to engage in better management and leadership practices. But does this lead to better financial performance?

Our findings clearly corroborate a robust business case for diversity in Latin America in terms of gender, sexual orientation, and ethnicity. The positive relationship between performance and gender diversity identified in previous McKinsey research persists: in Latin America, companies with gender-diverse executive teams are 14 percent more likely to outperform than their industry peers. Additionally, companies perceived by employees as being gender diverse are 93 percent more likely to outperform financially than their industry peers.

Another new finding is that companies perceived to have greater diversity of leadership in terms of sexual orientation are 25 percent more likely to outperform financially than their peers. We also observed positive results when

analyzing the correlation between employees' perception of ethnic diversity in their organizations, both in senior levels and in the overall firm, and the likelihood of financial outperformance. (Although this correlation was positive, the small sample size for this particular analysis did not allow for a conclusive, statistically significant finding.)

Additionally, incorporating our research into employee happiness, there is a positive relationship between happiness levels and financial performance. Companies that have happier employees are more likely to have higher earnings, and this pattern is present in most industries.

## Much remains to be done: companies need to take bold action

While these established benefits of diversity are cause for celebration, the stark reality is that minority

groups remain significantly underrepresented in corporate Latin America. Despite the proven business case for diversity, only 11 percent of executives in Latin American corporations are female—and more than half of all companies in the region have no women at all on their executive teams.

But many top-performing companies and forward-thinking leaders in the region believe in the value of investing in a more diverse workplace and in the urgency of taking action. Building on recent McKinsey research, and insights gathered from leaders interviewed in this study, we propose that companies focus on the following actions to strengthen diversity and inclusion:

**\_ENSURING REPRESENTATION OF DIVERSE TALENT,** by developing a bespoke business case that aligns diversity goals to the company's business strategy; setting and publishing data-driven goals for representation of diverse talent; and advancing women and minorities into executive, line management, technical and Board roles.

**\_STRENGTHENING LEADERSHIP AND ACCOUNTABILITY,** through defining inclusive leadership as a core competency that is role-modelled by leaders, assessed in reviews and supported by capability-building; strengthening accountability of executives and senior managers for delivering against diversity targets; and actively tracking progress through dashboards that are visible across the organization.

**\_ENABLING EQUALITY AND FAIRNESS OF OPPORTUNITY,** by ensuring that hiring, promotions and pay are transparent and fair; encouraging diverse talent to benefit from sponsorship and ensuring they have access to the resources they need to succeed; investing in de-biasing tools, and managerial training, to support fair decision-making in talent management; and promoting and tracking the uptake of flexible, agile working initiatives for all employees.

**\_PROMOTING OPENNESS AND TACKLING MICROAGGRESSIONS,** including upholding a zero-tolerance policy for discriminatory behaviors and harassment; improving managers' awareness of existing privilege and strengthening their ability to tackle microaggressions; encouraging open discussion around difficult topics and empowering employees to share upward feedback.

**\_FOSTERING BELONGING IN THE WORKPLACE,** by ensuring that managers visibly support varied forms of diversity; encouraging diverse talent to contribute their unique strengths and bring their whole selves to work; and explicitly assessing belonging and engagement through employee experience surveys.

It is our hope that the research presented in this report will give Latin American companies renewed confidence that diversity really does matter—and that taking action to foster it has a statistically significant likelihood of leading to improved organizational and financial performance.



Introduction

# A comprehensive look at diversity, health and performance in Latin American companies



Since 2007, McKinsey & Company has pioneered research into the business case for diversity in the workplace—consistently indicating that a strong relationship exists between diversity and business performance, across many countries. Essentially, companies that embrace diversity are significantly more likely to have stronger financial performance than their industry peers. Findings from two series of reports, *Women Matter* and *Diversity Matters*, have contributed to the global conversation around diversity, particularly diversity and inclusion policy-setting and transformation efforts by corporations, the public sector, and third-sector organizations.

The first report on the subject, *Women Matter*, published in 2007, identified a positive relationship between corporate performance and the elevated presence of women in the workplace in several Western European countries, including the United Kingdom, France and Germany. Reinforcing its commitment to the business case for gender diversity worldwide, McKinsey broadened the geographical scope of the project by expanding this research to Asia in 2012, and then to Latin America in 2013. Both these additional studies reaffirmed the link between the presence of women in senior management positions

and the strength of the financial performance of those companies.

When McKinsey began incorporating data regarding organizational health into its research, it became clear that, apart from the clear link to financial performance, gender diversity is a driver of organizational health. Our Organizational Health Index (OHI), a proprietary diagnostic tool, is used to examine the relationship between a company's health—rated across nine dimensions<sup>1</sup>—and its financial performance. In 2007, for the first time, a marked correlation was observed between the presence of women in top management teams and the organizational health of the company<sup>2</sup>.

Following the OHI diversity findings and the *Women Matter* project, McKinsey expanded the focus of its research on diversity beyond gender, to include ethnic and cultural diversity. In 2015, the first study of the series *Diversity Matters* investigated the relationship between the level of diversity—defined as a greater share of women and a more mixed ethnic composition in the leadership of large companies—and financial performance<sup>3</sup>. Company performance was measured by the average earnings before interest and taxes (EBIT) margin from 2010 to 2013. This analysis found a statistically significant relationship between a more diverse leadership team and stronger

financial performance. Companies in the top quartile of gender diversity were 15 percent more likely than companies in the bottom quartile to have financial returns above their respective national industry median. Similarly, companies in the top quartile of ethnic diversity were 35 percent more likely to outperform financially than their industry peers.

In 2018, these findings continued to hold true on an updated, enlarged, and global data set. Our *Delivering through Diversity* study found that companies with greater ethnic and cultural diversity had a 33 percent greater likelihood of outperformance on EBIT margin. Additionally, the link between gender diversity and performance was stronger than before—the 2015 report had shown that companies in the top quartile for gender diversity on their executive teams were 15 percent more likely to experience above-average profitability than companies in the bottom quartile. Three years later, this number rose to 21 percent and continued to be statistically significant.

In our latest research, adding to this significant body of knowledge, we shine the spotlight on diversity in Latin American companies. This comprehensive study broadens the scope of diversity to include gender, ethnicity, and sexual orientation. It also improves our understanding of the correlation between diversity and organizational health by investigating issues such as effective leadership, motivation, innovation

and collaboration. It also examines the link between greater diversity and the likelihood of financial outperformance. The study assesses the following:

## The relationship between diversity and:



**better business practices**



**leadership behavior**



**employee happiness and organizational health**



**financial performance**

1. OHI's nine dimensions are direction, accountability, coordination & control, external orientation, leadership, innovation & learning, capabilities, motivation, work environment

2. McKinsey OHI, 2007 (60,000 respondents in 40 companies); also mentioned in *Women Matter: Time to accelerate*, McKinsey, 2017.

3. *Diversity Matters*, McKinsey & Company, 2015.

The analysis and findings of this study draw on four major sources, as follows:

over **693** public companies



**An expanded, region-focused data set**

We analyzed a database of 693 public companies headquartered in six Latin American countries—Brazil, Chile, Peru, Argentina, Colombia, and Panama. Analysis included financials (EBIT margin, revenues and market capitalization from 2014 to 2018) and the presence of women in executive teams. These companies were filtered from a larger sample to ensure that only those with complete gender and financial data were included in the data set.


We surveyed **3,900** employees



**A more holistic understanding of diversity from the perspective of employees**

We surveyed 3,900 employees in Brazil, Chile, Peru, Argentina, and Colombia from more than 1,300 of the largest companies in the region to understand the correlation between perception metrics (such as level of happiness, desire to stay on the job, level of collaboration, leadership practices) and diversity in terms of gender, ethnicity, and sexual orientation. Companies included in the survey each had more than 500 employees and we surveyed a wide range of employees across all levels and roles, including entry-level employees, managers, senior managers, vice-presidents and C-level senior executives.

Nearly 60,000 employees in more than **100** countries



**A broader view of corporate performance, including organizational health**

We included the OHI as a metric in our analysis in order to understand the correlation between organizational health and increased levels of diversity in the workplace. OHI data are based on an extensive survey of nearly 60,000 employees at 40 companies in Latin America as well as our global data set of 5 million surveys in 100 countries, providing a detailed picture of an organization's health compared to that of its peers. Health is measured on nine criteria, including leadership style, the company's ability to communicate a vision and a clear direction, company values, and the quality of the work environment.

We interviewed management teams of **~30** leading companies



**Insights from regional leaders**

We interviewed more than 30 senior executives from leading Latin American companies, across a wide range of industries including consumer goods, retail, banking, telecommunications, energy, and materials. The interviews added valuable insight into leaders' current diversity practices and their plans for the future.

The same caveat applies to the correlation analyses in this study as it did in previous diversity reports: correlation is not causation. While it is not causal, we observe a positive relationship between diversity and financial performance, a positive relationship between presence of women in executive teams and corporate health, and a positive relationship between companies' health and their financial performance in Latin America.

Finally, while it is not causal, there are compelling hypotheses for why this correlation persists. In our perception survey, we found a positive relationship between companies perceived by their employees as diverse and employee satisfaction—which is likely to generate a better working environment, attract better talent, and ultimately lead to improved company performance.



# Commitment to diversity encourages better business practices



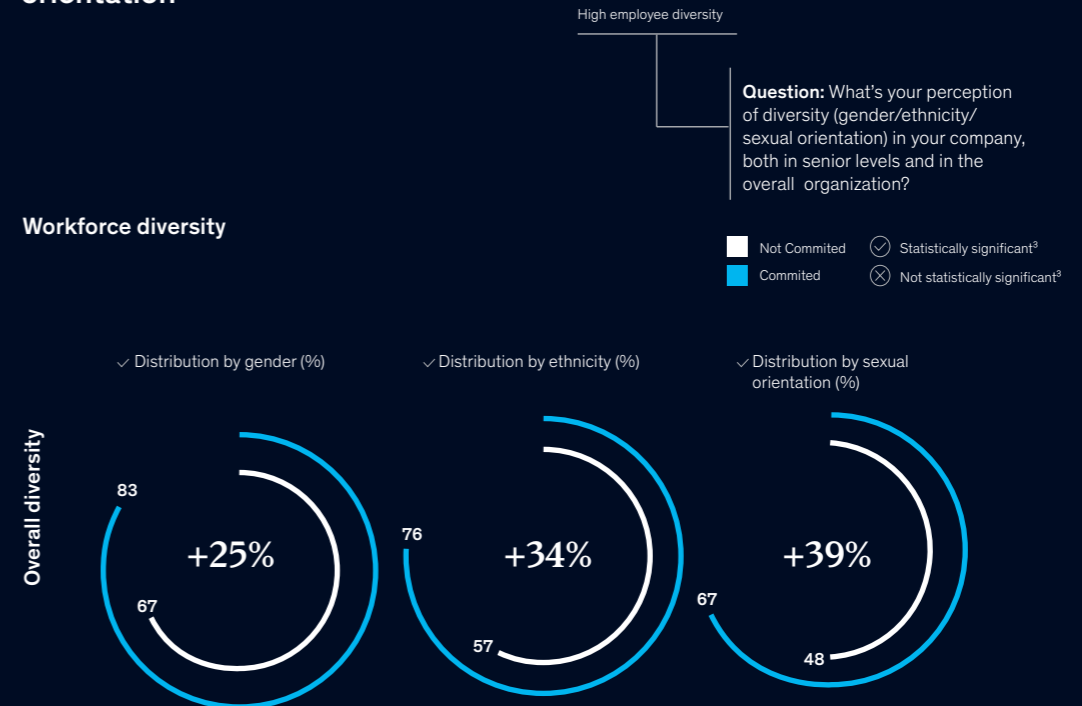
Our perception survey—conducted with 3,900 respondents from large companies in Latin America—brings new insights to light on the relationship between diversity and positive individual and collective behaviors. It also adds an important dimension to these findings: perceptions of diversity matter too.

There is an important distinction between commitment to diversity and current diversity levels in the workplace<sup>1</sup>. Commitment to diversity is forward looking: it does not mean the company currently has a high level of diversity. Rather, it indicates that the company is trying to become a more diverse entity. Commitment is important. Our research indicates that 83 percent of employees in companies committed to diversity believe that their organization has a highly diverse workplace in terms of gender, while only 67 percent of employees have the same belief in companies not committed to diversity—a 25 percent gap. When we approach diversity in terms of ethnicity and sexual orientation, the gap rises to 34 percent and 39 percent respectively (Exhibit 1).

1. Companies committed to diversity were classified according to the question "Do you agree that your company is committed to gender diversity?". We decided to ask specifically about commitment to gender diversity for two main reasons: (i) Latin American companies are usually vocally committed to diversity in terms of gender, which would be easy for employees to relate to when answering the questionnaire; and (ii) as supported by the presented data, Latin American companies committed to gender diversity are usually also more committed to diversity in terms of sexual orientation and ethnicity.

Exhibit 1

### Companies committed to diversity are perceived to have a more balanced pool of employees across gender, ethnicity and sexual orientation



**Question:** Do you agree with: "The company where I work is committed to gender diversity"?

Our analysis reveals that companies perceived as committed to diversity are more likely than their peers to engage in positive business practices. Specifically, these companies are more likely to present a risk-free environment, where employees feel

they have a greater degree of freedom, both in terms of identity and in ways of working. It is not surprising, then, that employees in companies that embrace diversity report much greater levels of innovation and collaboration than their peers in other firms

1. Includes CEO, vice-presidents and directors  
 2. Low employee diversity: Includes answers "Low", "Very low" and "None". High diversity: includes answers "High" and "balanced/medium"  
 3. Using a 2-tailed T-test with 95% confidence and assuming unequal variances

## Greater levels of innovation and collaboration

We found that employees in companies committed to diversity are 152 percent more likely to report that they are able to propose new ideas and try new ways of doing things. This correlation was found to be positive and statistically significant for all employees, regardless of gender, ethnicity or sexual orientation. One finding that stands out is that non-heterosexual employees in diverse companies are 225 percent more likely to feel open to innovation and able to propose new ways of doing things than their peers in other companies.

Similarly, employees across these companies felt more open to innovation regardless of their roles or positions within the company. This was found to be particularly pronounced in junior or field employees such as cashiers or drivers, who are 241 percent more likely to say they can try new ideas than employees in companies not committed to diversity.

Additionally, employees in diversity-committed companies are 62 percent more likely to report that they are incentivized to collaborate with other teams, and 64 percent more likely to say that they collaborate by sharing ideas and best practices. It is worth noting that these correlations are positive for all countries covered by our perception survey: Argentina, Brazil, Chile, Colombia, and Peru.

**152%**

more likely to propose new ideas;

**62%**

more likely to be incentivized to collaborate with other teams and

**64%**

more likely to share ideas and best practices

Employees in companies committed to diversity are 152% more likely to propose new ideas; 62% more likely to be incentivized to collaborate with other teams and 64% more likely to share ideas and best practices.

In terms of innovation, findings indicate that employees in companies committed to diversity are 72 percent more likely to believe that the organization consistently improves its way of doing things. They are also 77 percent more likely to report that their organizations consistently apply external ideas to improve their performance, and 76 percent more likely to say that the organization makes use of client feedback to better serve its clients.

**72%**

more likely to report that the organization consistently improves its way of doing things

**77%**

more likely to agree that the organization applies external ideas to improve its performance, and

**76%**

more likely to say that the organization makes use of client feedback

Companies committed to diversity are more likely to have better innovation practices. Employees are 72% more likely to report that the organization consistently improves its way of doing things, 77% more likely to agree that the organization applies external ideas to improve its performance, and 76% more likely to say that the organization makes use of client feedback]

## Greater personal freedom

It is not surprising that in companies that embrace diversity, employees are 111 percent more likely to report that they can be themselves at work, which likely empowers them to participate and contribute. Again, this was found to hold true for all employees, regardless of gender, ethnicity or sexual orientation and across all levels and roles within the organization.

Finally, our research also shows that employees at diversity-committed companies, across all countries in our perception survey, are 45 percent less likely to feel like a stranger at work. This holds true across all categories of gender, ethnicity and sexual orientation (Exhibit 2). In terms of roles across the company, this was found to be most notable, and statistically significant, for junior employees. Field employees in diversity-committed companies are 42 percent less likely to report feeling like a stranger at work than those in companies that do not embrace diversity. This figure is 68 percent for entry-level or non-managerial roles such as analysts and engineers.

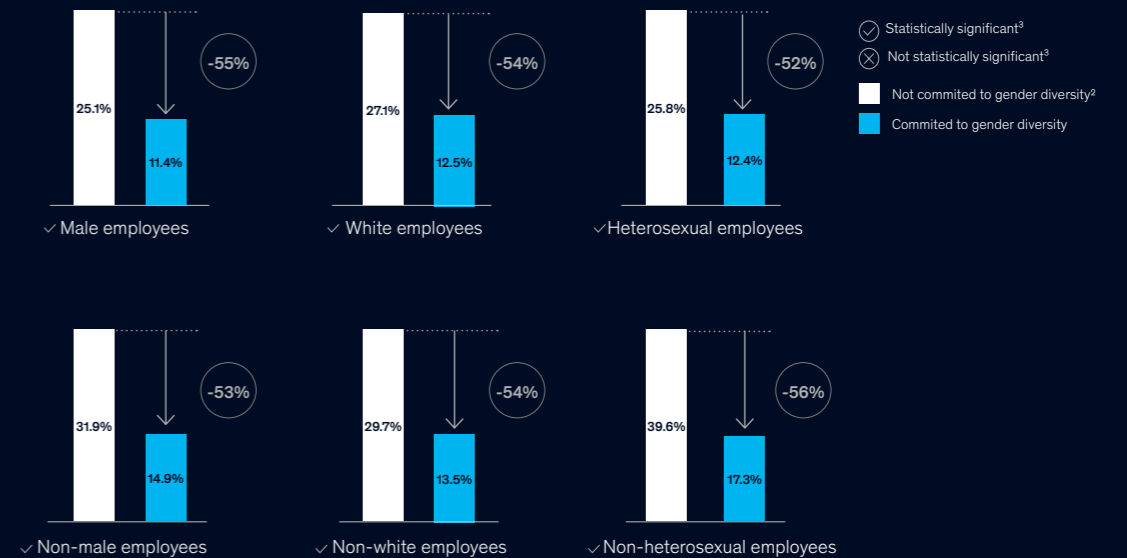


Exhibit 2

### Companies committed to diversity tend to have fewer employees who feel like a stranger, regardless of gender, ethnicity or sexual orientation

**Question:** How often do you feel like a stranger at work?

Proportion of employees that often feel like a stranger<sup>1</sup> at work



Going into further detail, our study also indicates that minority and non-minority groups have similar reasons as to why they feel like a stranger at work. First, they do not feel part of the group as they have different interests to others

or come from a different background. Second, they indicate that they have trouble interacting with others at work: for example, they mention that they are not included in decision making and that people do not listen to them.

1. Often: employees who responded "very often" or "often". Not often: employees who responded "sometimes", "rarely" and "almost never"  
 2. Diverse companies classified according to the question "Do you agree that your company is committed to gender diversity?"  
 3. Using a 2-tailed T-test with 95% confidence and assuming unequal variances

SOURCE: Survey with employees from large companies. Sample: N=2980.

Commitment to diversity fosters more effective leadership behavior





Companies' levels of commitment to diversity are closely correlated with their leaders' capacity to nurture trusting, high-performing teams. The survey asked employees about their perception of a variety of leadership practices. Across the board, companies perceived as committed to diversity displayed better results than those that do not embrace diversity.

Firstly, we asked if employees think that leaders in their companies promote teamwork, finding that those in companies perceived to be committed to diversity are 73 percent more likely to report a pro-teamwork leadership culture. In addition, employees in those companies are 80 percent more likely to agree that their leaders promote trust and open dialogue.

Secondly, we observed that leaders in companies perceived as diverse seem to have a stronger innovation agenda. This correlation is positive for companies surveyed in Argentina, Brazil, Chile, Colombia, and Peru. Employees in companies committed to diversity are 66 percent more likely to report that their leaders promote innovation. Employees also indicated that these leaders seem to have a larger influence—employees in diversity-committed companies are 54 percent more likely to feel that their leaders shape the values of their organization (Exhibit 3).



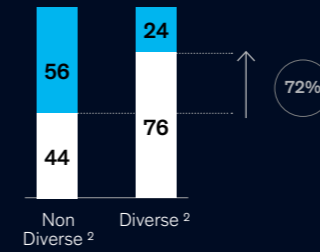
Exhibit 3

**Diverse companies tend to have better leadership style**

Disagree<sup>1</sup> (blue square) Statistically significant<sup>3</sup> (checkmark icon)  
 Agree<sup>1</sup> (white square) Not statistically significant<sup>3</sup> (cross icon)

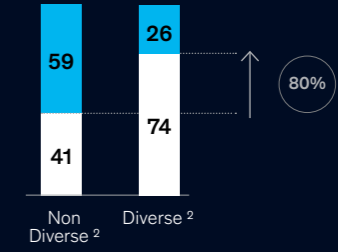
**Question:** Do you agree with: "Leaders promote a teamwork culture that positively affects how people behave"?

**Leaders promote teamwork**  
 % of total



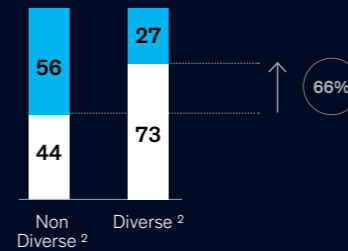
**Question:** Do you agree with: "Leaders promote trust and open dialogue"?

**Leaders promote trust**  
 % of total



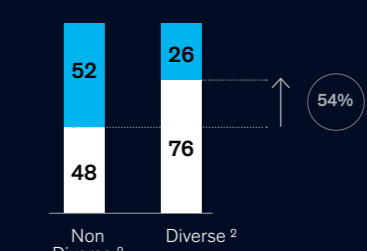
**Question:** Do you agree with: "Leaders promote innovation"?

**Leaders promote innovation**  
 % of total



**Question:** Do you agree with: "Leaders shape the values of the organization"?

**Leaders shape values**  
 % of total



1. Disagree: "strongly disagree", "disagree", "neither agree nor disagree". Agree: "agree", "strongly agree"  
 2. Diverse companies classified according to the question "Do you agree that your company is committed to gender diversity?"  
 3. Using a 2-tailed T-test with 95% confidence and assuming unequal variances

SOURCE: Survey with employees from large companies. Sample: N= 2980

Thirdly, diversity-committed companies are more likely than other firms to promote mentorship for employees from every background and across all roles within the organization. Overall, 75 percent of employees in diversity-committed firms have a mentor in the company, compared to 68 percent in firms not committed to diversity. Diversity-committed companies have a higher proportion of employees that have mentors, regardless of their gender, ethnicity or sexual orientation.

Specifically, non-male employees are 19 percent more likely to have a mentor than their peers in companies not committed to diversity. This figure is 15 percent for non-white employees and 23 percent for non-heterosexual employees. (Results for male and white employees being more likely to have a mentor are also positive but not statistically significant.) Diverse companies are also more likely to offer mentorship across all roles. This was found to be positive and statistically significant for field employees—who are 16 percent more likely to have a mentor than peers in other firms—and for managers who are 18 percent more likely to have mentors than peers in other firms.

A fourth key finding related to leadership behavior is that companies committed to diversity are far more likely to give employees equal opportunities to grow and develop, regardless of their roles and levels within the organization. This was found to be true and statistically significant for all groups of employees surveyed, most notably for field employees who are 118 percent more likely to report that they feel they have equal opportunities than their peers in non-diverse companies (Exhibit 4). A related finding is that the percentage of employees who participated in an important development or training opportunity in the last two years is 59 percent higher in diversity-committed companies than in other firms. This holds true for all employees, regardless of gender, ethnicity or sexual orientation.



Exhibit 4

### Companies committed to diversity are more likely to give employees equal opportunities to grow and develop regardless of their roles and levels

Non Diverse  Diverse   
✔ Statistically significant<sup>1</sup> ✘ Not statistically significant<sup>1</sup>   
Proportion of employees who feel they have equal opportunities



**Question:** Compared to my colleagues in this company, I believe that I have an equal opportunity to grow and develop

<sup>1</sup> Using chi square test with 95% confidence  
<sup>2</sup> % confidence  
 Field employee n=852; Entry-level or non-manager n=1033; manager n=615; senior manager/director n = 272; vice president and senior vice president n=118; c-level or senior executive n=90  
<sup>3</sup> Using chi square test with 93% confidence

SOURCE: Survey with employees from large companies. Sample: N=2980

# Diversity underpins employee happiness and organizational health



McKinsey's global research shows that effective business practices and leadership behaviors create stronger organizational health—defined as the capacity to deliver superior performance over the long term. This study reinforces this link in Latin American companies and suggests that diversity is a powerful enabler of both healthy practices and better outcomes.

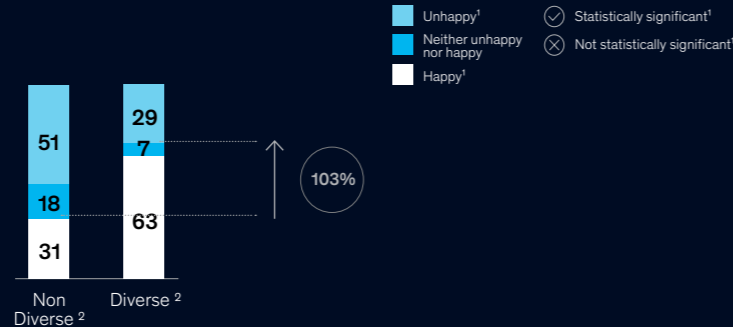
## Happier employees

Our data show that companies perceived as committed to diversity are significantly more likely than other firms to have happy employees—a key dimension of organizational health. This potentially creates a virtuous cycle for such companies, with greater health and happiness appearing to drive further gains in financial performance.

Exhibit 5

### Companies committed to diversity have happier employees

#### Happiness self-report % of total



1. Happy includes answers "Very happy" and "Happy", while not happy includes "very unhappy" and "unhappy".  
2. Using chi square test with 95% confidence

SOURCE: Survey with employees from large companies. Sample: N=2980

In such firms, 63 percent of employees indicate that they are happy at work, compared to only 31 percent in companies that are not committed to diversity. When we break down the respondents of our perception survey into different levels of happiness, the difference between companies committed to diversity and those that are not becomes apparent. In companies not committed to diversity, a staggering 51 percent of employees report that they are unhappy, or very unhappy, at work. This number drops to 29 percent in companies committed to diversity (Exhibit 5). We find this correlation between commitment to diversity and levels of happiness to be positive for all countries analyzed in our perception survey: Argentina, Brazil, Chile, Colombia, and Peru

Happiness levels are consistently higher in companies perceived as being committed to diversity, regardless of employees' gender, sexual orientation, or ethnicity (Exhibit 6). Over 60 percent of male, non-male, white, non-white, heterosexual and non-heterosexual employees in diversity-committed

companies report that they are happy compared to approximately 30 percent in other companies. Nevertheless, it is worth noting that the gap in happiness levels between companies committed to diversity and companies not committed to diversity is consistently larger for minority employees.

Exhibit 6

### Companies committed to diversity tend to have higher happiness levels across employees' gender, ethnicity and sexual orientation



#### Question: In general, how happy are you in your current company?

1. Happy includes answers "Very happy" and "Happy", while not happy includes "very unhappy" and "unhappy".  
2. Using chi square test with 95% confidence

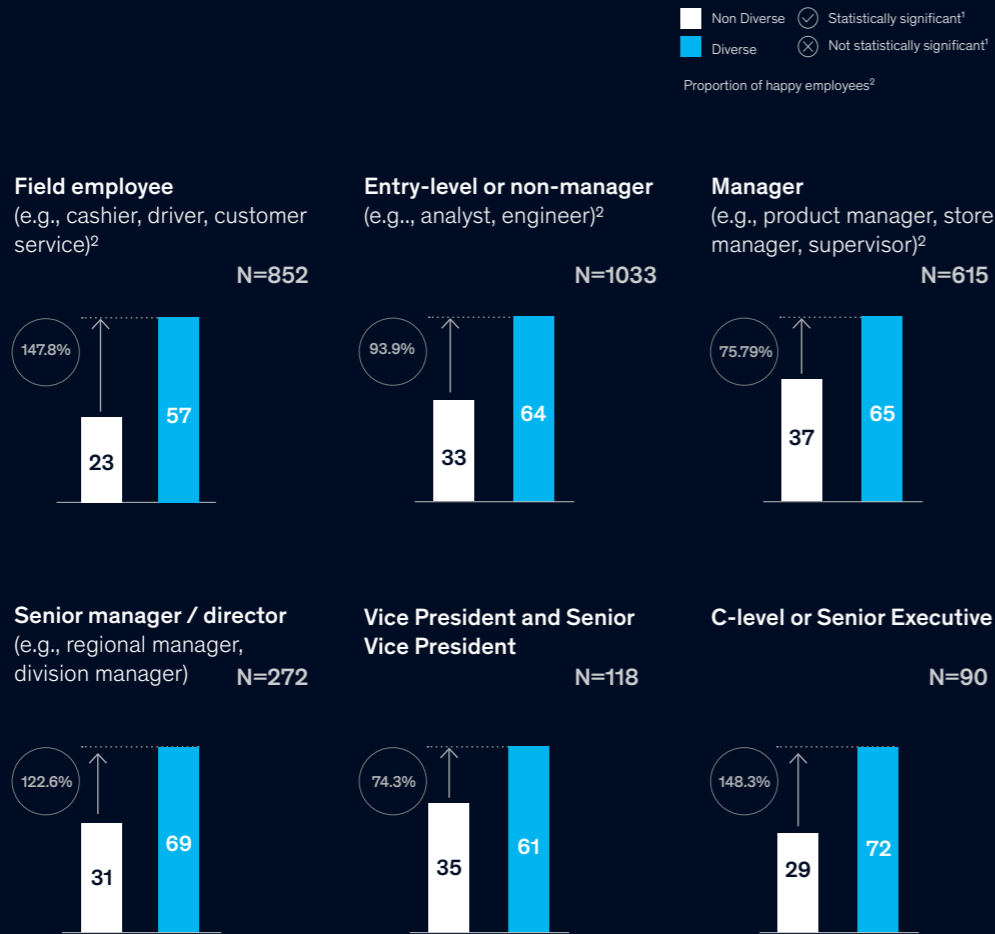
SOURCE: Survey with employees from large companies. Sample: N=2980

Diverse companies are also up to one-and-a-half times more likely to have happier employees across all roles and

levels of the organization including entry-level employees, managers and C-level executives (Exhibit 7).

Exhibit 7

### Diverse companies tend to have happier employees across roles and levels



Question: In general, how happy you are in your company?

1. Using chi square test with 95% confidence  
 2. Happy includes answers "Very happy" and "Happy", while not happy includes "very unhappy" and "unhappy".  
 3. Diverse companies classified according to the question "Do you agree that your company is committed to gender diversity?"

SOURCE: Survey with employees from large companies. Sample: N=2980

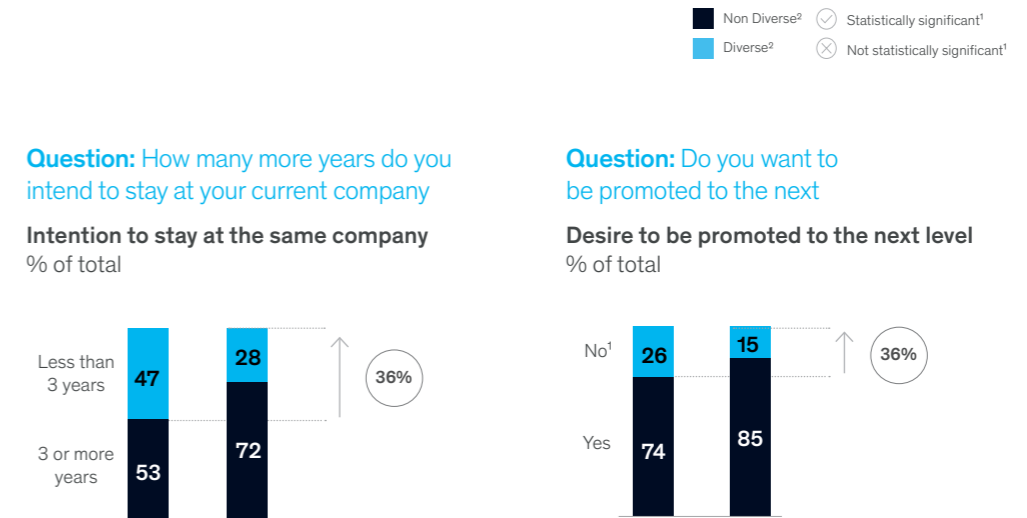
## Better retention

Another interesting finding is that employees in companies committed to diversity usually want to stay longer and they aspire to reach higher levels in the organization. These employees are 36 percent more likely to report that they

want to stay three or more years in the same company. In addition, they are 15 percent more likely to report the desire to be promoted (Exhibit 8). As a result, companies committed to diversity are more likely to have more employees who want to stay longer, regardless of gender, ethnicity or sexual orientation.

Exhibit 8

### Employees in companies committed to diversity usually want to stay longer and reach higher levels



1. "No" group includes 2 answers: "No, I'd rather stay in my current position" and "No, I would rather do a horizontal move to another area"  
 2. Using chi square test with 95% confidence

SOURCE: Survey with employees from large companies. Sample: N=2980

This sentiment is expressed throughout the organization, with employees in diversity-committed companies saying they want to stay longer, regardless of their role. This is most notable for entry-level or non-managerial roles. These employees are 55 percent more likely to want to stay longer in the organization compared to their peers in firms not committed to diversity. This figure is 28 percent for field employees, 32 percent for managers and 28 percent for senior managers.

Focusing in on specific demographic groups, our study finds diverse companies have more employees who want to move to the next level in the organization, regardless of gender, ethnicity or sexual orientation. Non-heterosexual employees in diversity-committed companies are 18 percent more likely to want to move to the next level in their organization, compared to their peers in other companies. Similarly, non-white employees are 15 percent more likely to want to do so.

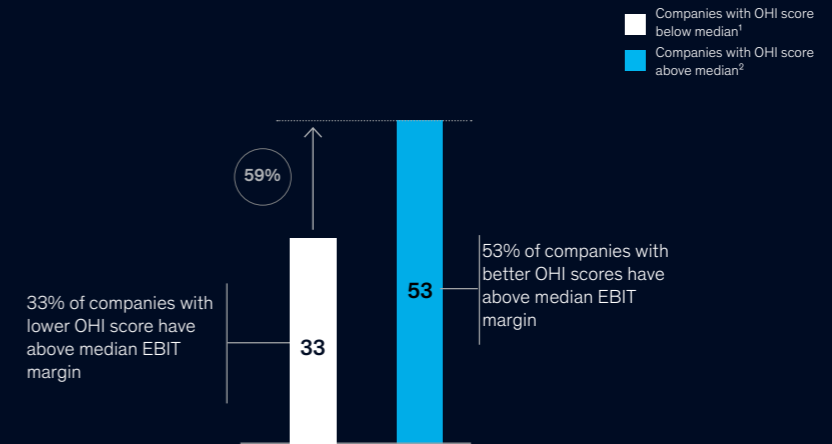
## A positive correlation between organizational health and business performance

McKinsey's global research has proven the positive correlation between organizational health and business performance. In this study, by including our OHI data we found that this relationship holds true for Latin America—higher-scoring companies are 59 percent more likely to outperform than their peers. Performance is measured as EBIT margin. When comparing Latin American companies with OHI scores above and below median, companies with OHI scores above median are 53 percent more likely to outperform financially than their peers, while companies with OHI scores below median are only 33 percent more likely to be high-performers. This relation is positive and statistically significant (Exhibit 9).

Exhibit 9

### Latin American companies with higher overall OHI<sup>3</sup> scores are 59% more likely to financially outperform their peers

Proportion of companies with above median EBIT margin



The 59% gap is expressive and it is statistically significant<sup>4</sup> with a 90% confidence level

1. Total number of companies: 18  
 2. Total number of companies: 17  
 3. Median OHI score: 71  
 4. Using a 2-tailed T-test with 90% confidence and assuming unequal variances.

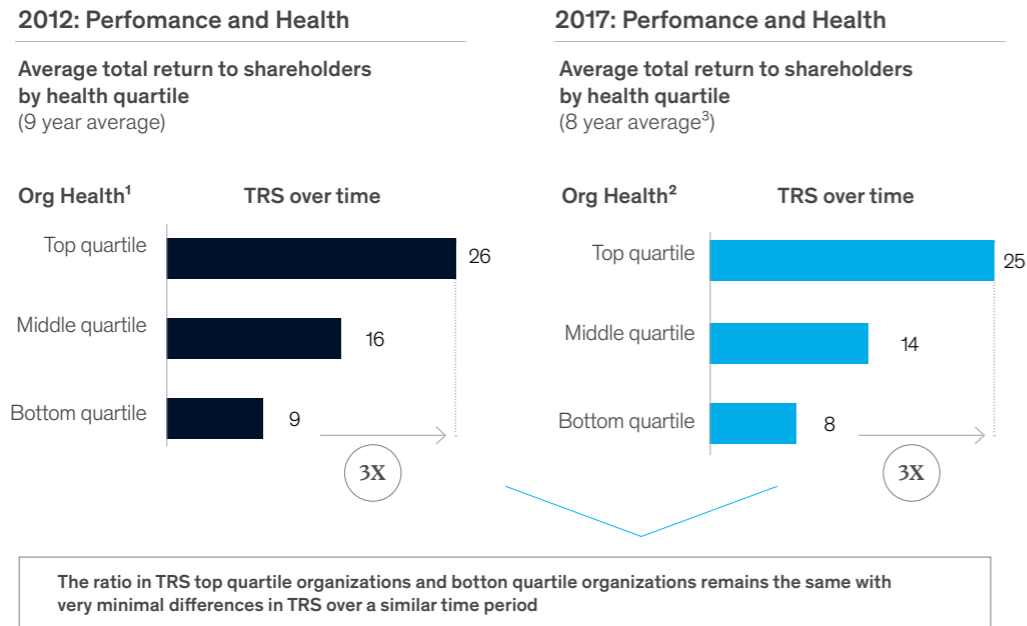


The OHI draws on an extensive McKinsey database, surveying nearly 60,000 employees at more than 100 companies, providing over one billion data points across geographies and industries. The index uses a diagnostic framework covering nine dimensions of organizational health—direction, accountability, coordination and control, external orientation, leadership, innovation and learning, capabilities, motivation, and work environment. Organizations are measured against these critical health outcomes to determine an overall OHI score.

The most recent global OHI survey, launched in 2017, found that companies with top-quartile health were found to deliver, on average, three times greater total return to shareholders than bottom-quartile organizations over an eight-year period— and these findings were consistent with prior research from 2012. Organizational health is also found to have a positive relationship with return on invested capital, sales growth, and enterprise value/earnings before interest, taxes, and amortization (Exhibit 10).

Exhibit 10

**The powerful relationship between performance and health found in 2012, remains robust in research conducted in 2017**



1. N= 272  
 2. N = 174  
 3. 8 year average used to exclude volatility from 2007/2008 global financial crisis

SOURCE: GSDB for health scores, CPAT database for financial data

## Greater likelihood of organizational health

The OHI findings are significant when adding research on diversity to the mix. For the first time, this study examined the correlation between organizational health and gender diversity in Latin America, and the findings indicate that gender diversity is strongly correlated with organizational health.

The methodology for our analysis followed three steps. First, we calculated the average representation of women

in executive teams in the sample of 38 Latin American companies for which we had OHI scores. We found the average representation to be 15 percent. Second, we divided the sample into two groups—17 above-average companies and 21 below-average companies. Finally, we compared the differences in OHI scores for companies above and below the 15 percent average.

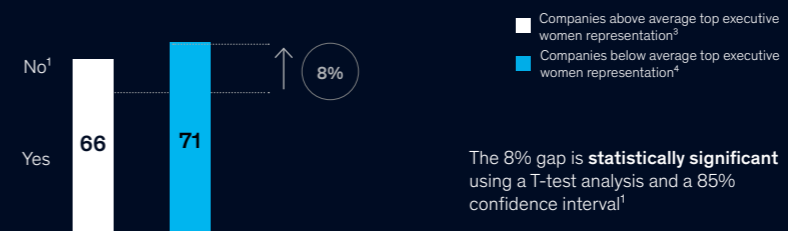
Analyzing OHI scores for companies with higher or lower than average gender diversity of executive teams revealed that companies with executive teams that are more gender-diverse are 8 percent more likely to outperform their peers in organizational health (Exhibit 11).

Exhibit 11

**In LatAm, companies with higher than average gender-diverse executive teams are 8% more likely to outperform their peers in organizational health**

LatAm<sup>2</sup>

**Average OHI score between companies with more and less average penetration of women in exec team**



1. Using a two-tailed T distribution, the T value is 11%. The threshold to be significant is <=5%  
 2. Sample n=38  
 3. N=21  
 4. N=17

We hypothesize that greater diversity generates a series of positive behaviors which are directly related to better

organizational health and in turn might drive better business performance.

# Why diverse companies win: the clear link between diversity and financial performance





Commitment to diversity is shown to increase levels of happiness and generate a series of positive employee behaviors, such as higher motivation, more collaboration, and a desire to stay longer in an organization. Companies committed to diversity are also more likely to engage in better management and leadership practices. But does this lead to better financial performance?

Our research indicates that the positive relationship observed in previous reports between gender diversity and performance also holds true in Latin America. Gender-diverse executive teams were defined as those with the number of women on executive teams above the industry sample average. Analysis based on data from 693 Latin American companies found that those with gender-diverse executive teams are 14 percent more likely to achieve financial outperformance than their industry peers, as shown by EBIT margin (Exhibit 12).

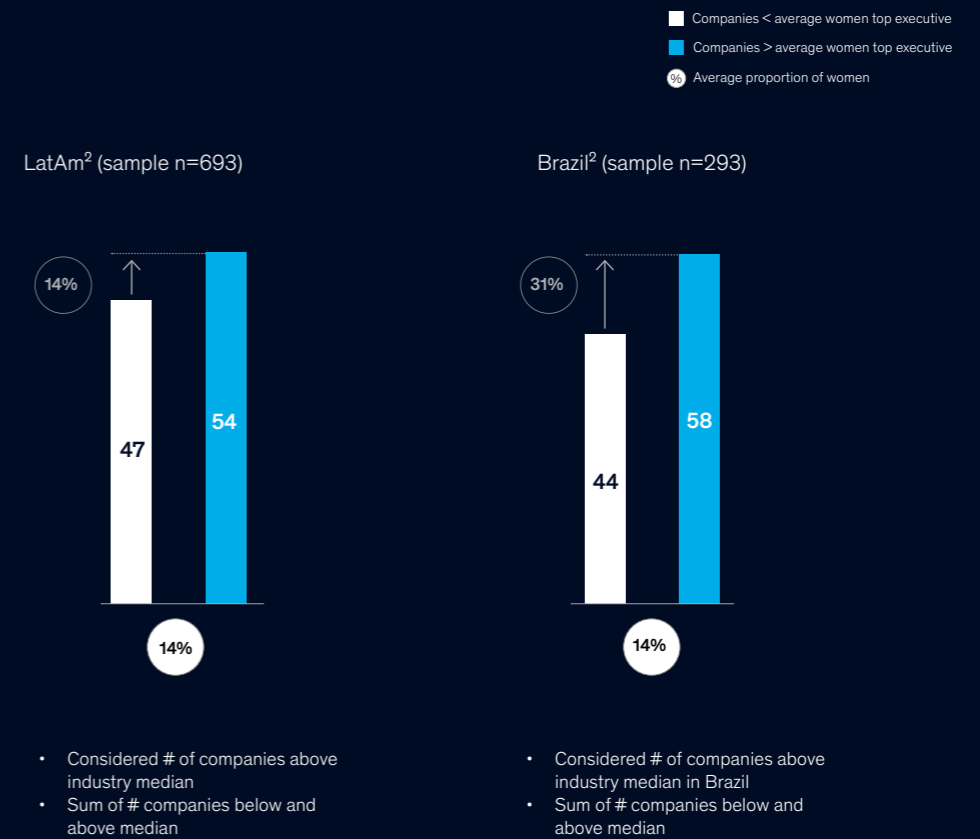


Exhibit 12

### The correlation between diversity and performance holds true for Latin America

Likelihood of financial performance<sup>1</sup> above regional or national median for companies with women on executive team above industry sample average

in Percent



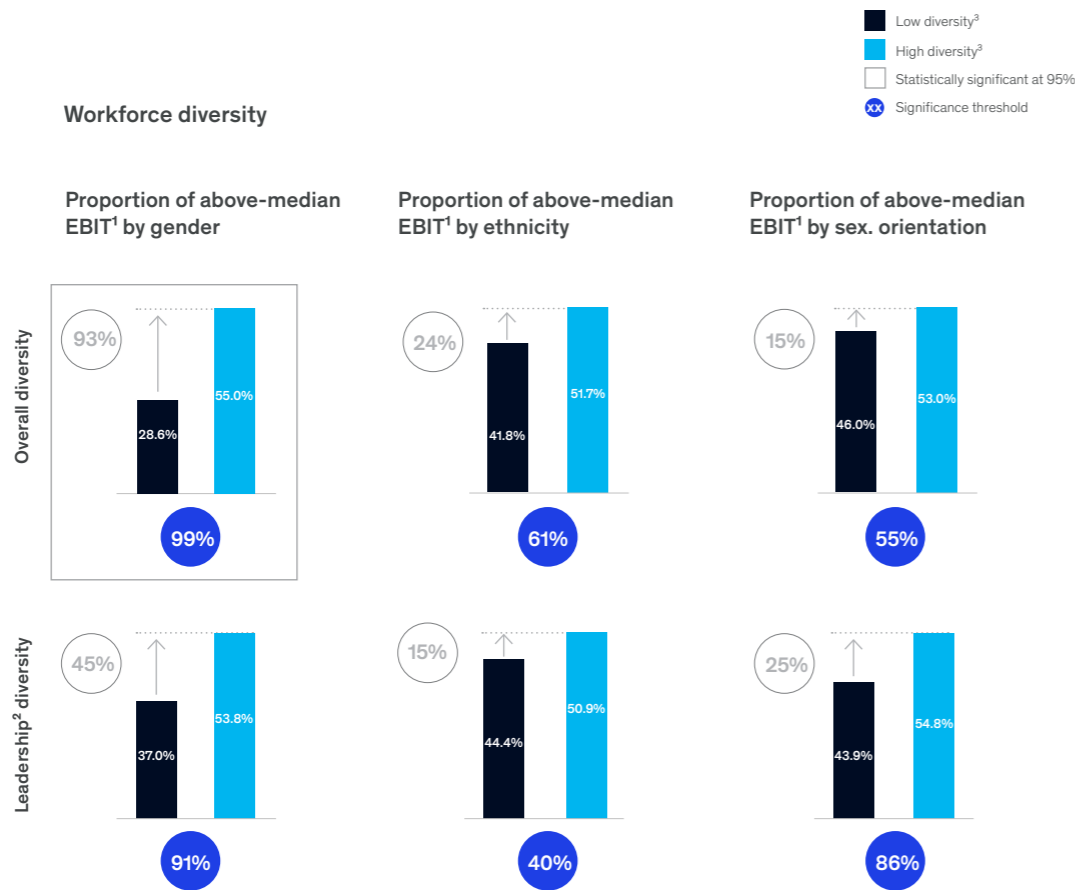
1. Average EBIT margin 2014-2018  
 2. Sample n=692 (n for companies with 0 women = 452; with 1+ women = 240)  
 3. Sample n=293 (n for companies with 0 women = 209; with 1+ women = 84)

Additionally, analysis revealed that companies perceived by employees as being gender diverse are 93 percent more likely to outperform financially than their industry peers (Exhibit 13).

Also, companies perceived by employees to have gender-diverse leadership are 45 percent more likely to outperform financially than their industry peers (Exhibit 13).

Exhibit 13

**Diverse companies are more likely to outperform their peers**



**Question:** What's your perception of diversity (gender/ethnicity/sexual orientation) in your company, both in senior levels and in the overall organization?

EBIT margins compared on the industry level.

1. Comparing the percentage EBIT Margin of 2018 with the industry's average.  
 2. Includes CEO, vice-presidents and directors  
 3. Low diversity: Includes answers "Low", "Very low" and "None". High diversity: includes answers "High" and "balanced/medium"

SOURCE: Survey with employees from large companies. Sample: N=171. Analysis was made on the aggregated level (not separated by industry/geography)

Going beyond gender, the study sought to deepen our understanding of the relationship between diversity in the workplace and financial performance in the region by including the dimensions of ethnicity and sexual orientation as part of the perception survey.

As a result, we found that companies perceived by employees as having more balanced leaders in terms of sexual orientation are those more likely to do well—being 25 percent more likely to outperform financially, in terms of EBIT margin, than their peers. When considering diversity in terms of sexual orientation in the overall organization, correlations between diversity and financial outperformance also continue to be positive, though not statistically significant.

Finally, we also observe positive results when analyzing the correlation between employees' perception of ethnic diversity in their organizations—both in senior levels and in the overall firm—and likelihood of financial outperformance. While the correlation between the perception of ethnic diversity and financial performance is positive, it was not found to be statistically significant due to the small sample size.

These findings clearly corroborate a robust business case for diversity in Latin America, in terms of gender, sexual orientation, and ethnicity.

Companies perceived by employees as gender diverse are **93%** more likely to be financial outperformers than their industry peers



The gap that remains: diverse groups remain significantly underrepresented



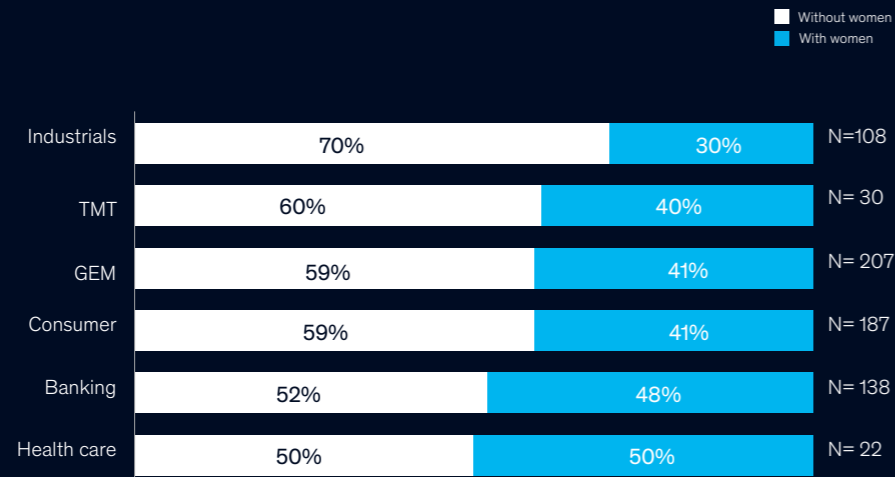
Despite the mature business case for diversity, our research demonstrates that women remain underrepresented in corporate Latin America, regardless of industry—on average, only 11 percent of

executives in Latin American corporations are female, and more than 50 percent of companies have no women at all on their executive teams (Exhibit 12).

Exhibit 14

**The proportion of companies with public information on executive team gender and no women listed is over 50%**

Proportion of companies with and without women in executive team



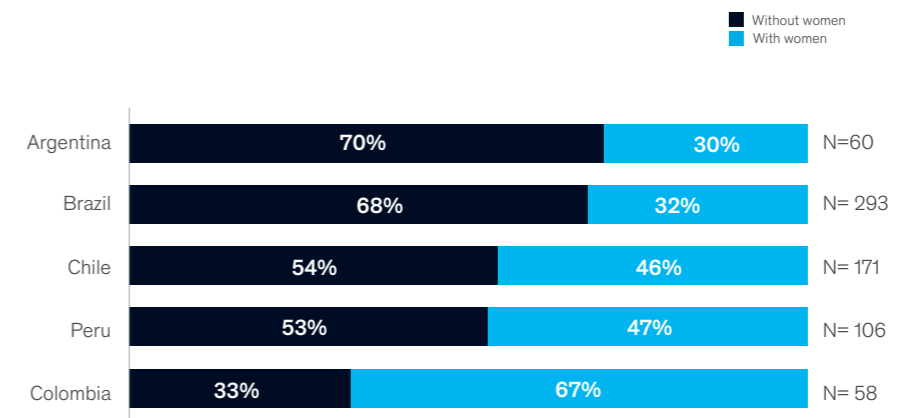
This lack of gender diversity persists across the region. A notable exception is Colombia, which is leading the way

in including more gender-diverse teams at executive level (Exhibit 15).

Exhibit 15

**Underrepresentation of women in executive leadership positions persists across countries in Latin America**

Proportion of companies with and without women in executive team by country



1. The analysis does not include Panama (N=4).



Exploring the reasons behind the significant underrepresentation of minorities in executive leadership positions, our perception survey indicates that it is not a lack of expectation around promotion that is driving this trend. Findings indicate that minority-group employees in fact have similar expectations regarding promotion to those of their non-minority counterparts. Our research also shows that minority groups are equally as likely to have mentors and sponsors as non-minority groups and there's no clear indication that minority groups make different use of network resources.

Nevertheless, even though minority employees have a similar pattern for desire for promotion and use of sponsorship and mentorship resources as non-minority employees, they are still more likely to plan to leave their organizations sooner. Our research indicates that non-male employees are 11 percent less likely than men to stay three years or more, and non-white employees are 6 percent less likely than white employees to stay three years or more at the same company (Exhibit 16). This correlation persists when looking at sexual orientation, although it is not statistically significant due to the small sample size.

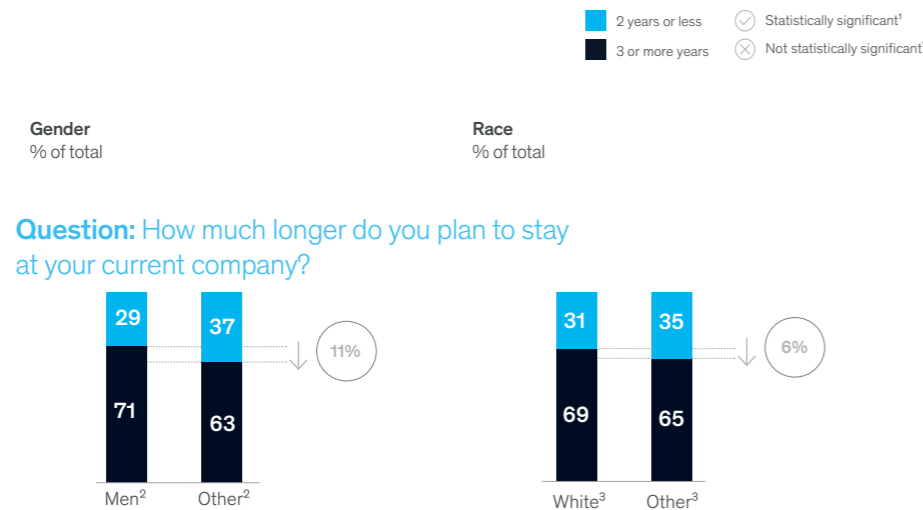
When we run this analysis for diversity-committed companies versus those not committed to diversity, the conclusion persists. The data indicates that, despite being more likely to stay longer in companies committed to diversity, minority employees are consistently more likely to leave earlier than non-minority employees.

For example, almost twice the percentage of women (41 percent, versus 24 percent of men responding to the same question) answered that they feel their gender would negatively affect their chance of getting a raise or promotion. The same pattern emerges in terms of sexual orientation: non-heterosexual employees are three times more likely to feel that their sexual orientation will reduce their chances of a promotion or a raise (Exhibit 17). If these perceptions are accurate, this may explain the low levels of diversity in executive leadership positions and the succession pipeline.

Our perception survey also sheds light on the daily career-related challenges faced by minority employees. Findings indicate that minority employees feel they have lower progression odds than other employees and that their gender, ethnicity, or sexual orientation may impact negatively on their career advancements.

Exhibit 16

**Minority employees are less likely to stay longer at the same company**



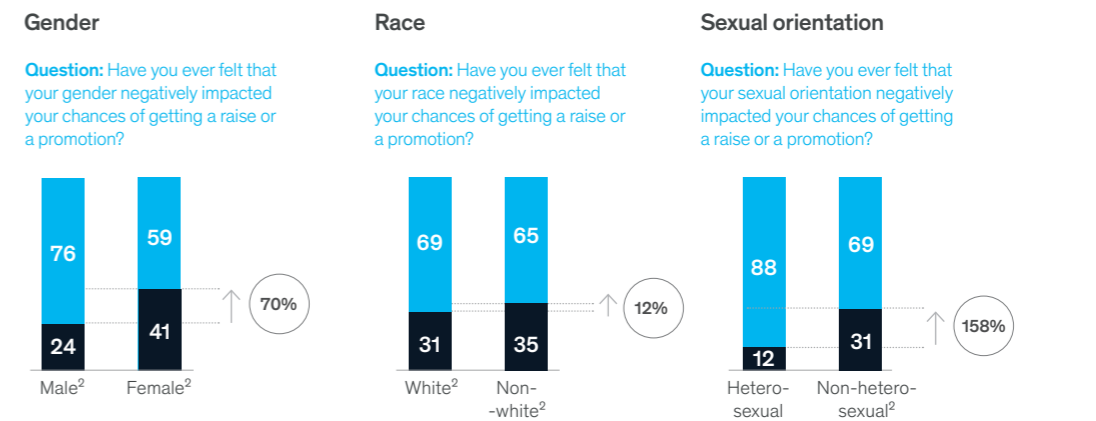
1. Using chi square test with 95% confidence  
2. Men n=2234; other n= 1666  
3. White n = 2468; other n= 1432

SOURCE: Survey with employees from large companies. Sample: N=3900

Exhibit 17

**Minority employees feel their gender or sexual orientation will have a negative impact on their chances**

**The impact of gender, race and sexual orientation on the likelihood of being promoted**  
% of total



1. Using a 2-tailed T-test with 95% confidence and assuming unequal variances  
2. Male n = 2022; female n = 1428; white n = 3327; non-white n = 369; heterosexual n = 3327; non-heterosexual = 369

SOURCE: Survey with employees from large companies. Sample: N=3523

# Companies need to take bold action



This study points to the interconnectedness of diversity, organizational health, and company performance. Diversity alone is not responsible for bringing better financial results. Instead, increased diversity is shown to increase levels of happiness and generate a series of positive employee behaviors such as more collaboration and innovation as well as the desire to stay longer in an organization. These factors may contribute to attracting better talent and having employees who perform to the best of their potential—leading to better organizational health which is ultimately linked to better financial performance.

While causality cannot be proved through our research, our interview findings with large Latin American companies suggest that diversity can drive better company performance. We conducted a series of interviews with leaders in the region, collecting insights on the impact that can be generated through a more diverse environment and on the challenges in the path to a more diverse workplace in Latin America. Many forward-thinking leaders in the region believe in the potential value of investing in a more diverse workplace and in the urgency of undertaking actions to foster diversity.

Although most leaders acknowledge the importance of a diverse workplace, the level of commitment varies significantly across companies. Many regional leaders acknowledge that the topic is becoming more important over time, but do not see an urgency in getting it done, and

therefore are not taking concrete actions to increase diversity. On the other hand, there are many forward-thinking leaders who believe in the competitive advantage that can be obtained through a more diverse workplace. These companies view diversity as a top priority that will better position them in the market, as the following quotes show.

“

**“[Diversity is an] extremely important topic. A large part of the change will be driven by the public and civil society who are already demanding levels of equality in all areas. Therefore, the private sector has to be part of this paradigm shift.”**

CHRO of a leading consumer goods company

**“There is no way of being innovative and have a powerful brand if you don't have diversity in your talent pool.”**

CHRO of a leading consumer goods company

Diversity is becoming a more important topic because it generates impact. Leaders highlighted multiple benefits of a more diverse work environment. Some of them mentioned the impact on recruiting and retention—seeing diversity as a requirement for companies that are growing fast and need to recruit a large pool of employees. They also indicated that, in order to attract younger and high-performing talent, organizations need to show candidates that they are committed to diversity.

**“We wouldn't be able to expand so fast internationally if we didn't consider diverse profiles.”**

CHRO of a leading consumer goods company in Latin America

**“We have only men in our leadership. Because diversity is not a priority, we don't attract younger talent and the company doesn't renew itself.”**

Senior executive of a major bank

In addition, leaders report that diversity helps teams to generate better ideas. They mention how different points of view bring a broader perspective, generating more ideas and ultimately creating better solutions.

**“Diversity brings more complete business cases, taking into account more dimensions and variables.”**

HR Executive Director of a global mining company with relevant presence in Latin America

Finally, leaders mentioned that having a more diverse pool of employees helps companies to understand their customers' point of view better. A diverse set of employees is a better representation of what the actual group of consumers looks like, therefore helping companies to put themselves in the consumers' minds.

**“To understand each geographic specificity, diversity is essential. You need local people to understand how businesses work, how consumers think, what the culture looks like.”**

CHRO of a leading consumer goods company

”

Moving forward, we have identified some key initiatives that companies can take to foster diversity and capture its value. Based on recent McKinsey research, and insights gathered from

leaders interviewed in this study, we have found that companies leading the way in diversity and inclusion excel in five key domains:



### Ensuring representation of diverse talent.

Diversity leaders are taking steps to increase diverse talent across the pipeline by developing bespoke business cases that align diversity goals to the company's business strategy. This may include setting and publishing data-driven goals for representation of diverse talent. Companies are also advancing minority employees into executive, line management, technical and Board roles. Talent acquisition teams are finding ways to ensure that underrepresented talent is given access to opportunities they might not have had otherwise and are actively reaching out to non-traditional backgrounds.



### Strengthening leadership and accountability.

Companies that excel in diversity tend to define inclusive leadership as a core competency that is role-modelled by leaders, assessed in reviews and supported by capability-building. Several companies are strengthening accountability of executives and senior managers for delivering against diversity targets and are actively tracking progress through dashboards that are visible across the organization. Typically, accountability is led by the CEO, the executive team and the Board, with visible buy-in at the highest level.



### Enabling equality and fairness of opportunity.

Diversity leaders are ramping up their efforts to ensure that hiring, promotions and pay are transparent and fair. They are also encouraging diverse talent to benefit from sponsorship and ensuring they have access to the resources they need to succeed. Some companies are investing in de-biasing tools, and managerial training, to support fair decision-making in talent management. Additionally, they are promoting and tracking the uptake of flexible, agile working initiatives for all employees.



### Promoting openness and tackling microaggressions.

This includes upholding a zero-tolerance policy for discriminatory behaviors and harassment and improving managers' awareness of existing privilege and strengthening their ability to tackle microaggressions. Companies are also training all employees to be conscious of their communication styles. Others are encouraging open discussion around difficult topics, such as asking employees to share their day-to-day experiences, and empowering employees to share upward feedback.



### Fostering a sense of belonging in the workplace.

Forward-thinking organizations have moved beyond a narrow definition of diversity as representation and are fostering a sense of belonging where managers visibly support varied forms of diversity. Companies are encouraging diverse talent to contribute their unique strengths and bring their whole selves to work, for example, by offering coaching and support. They are also explicitly assessing belonging and engagement through employee experience surveys.



# Conclusion

While the progress of diversity leaders is cause for celebration, the blunt reality is that there are still massive challenges on the path towards building a more diverse corporate Latin America. Despite the proven business case for diversity, on average only 11 percent of executives in Latin American corporations are female—and more than 50 percent of companies have no women at all on their executive teams.

This study shows that commitment to diversity generates a series of positive behaviors, such as greater levels of happiness, more collaboration and innovation and more effective leadership, which are directly related to better organizational health.

It also sheds lights on the relationship between diversity and organizational health, finding that gender diversity in particular is seen to be positively correlated to organizational health—companies with executive teams that have a higher than average representation of women are 8 percent more likely to outperform their peers in organizational health.

Finally, the study reaffirms the positive relationship between diversity and financial performance seen in previous research and confirms that this holds true in Latin America—companies with higher Organizational Health Index scores are 59 percent more likely to outperform financially than their peers.

Our perception survey also adds an important dimension to these findings: perceptions of diversity matter too. Companies perceived by their employees to be committed to diversity, even if they are not yet diverse, are likely to reap the benefits that greater diversity can bring.

Many top-performing companies and forward-thinking leaders in the region believe in the value of investing in a more diverse workplace and in the urgency of taking action. It is our hope that, based on our extensive research, companies will feel confident that diversity really does matter and that taking action to foster it has a statistically significant likelihood of leading to improved organizational and financial performance.

# About the Authors



## Paula Castilho

Paula Castilho is a Partner at McKinsey & Company's São Paulo office. She is a core leader of McKinsey's Financial Institutions and Digital Practices in Latin America. Paula supports leading institutions in the region in their digital and agile transformations, focusing on the people and culture enablers of the transformation.

Paula is a core member of McKinsey's All In initiative in Latin America and has been at the forefront of the research supporting the insights presented in this report. In addition, she leads Diversity Recruiting for the Firm in Brazil.

Paula holds an MBA from Columbia Business School and a Bachelor's degree from the University of Pennsylvania.



## Heloisa Callegaro

Heloisa Callegaro is a Partner at McKinsey & Company's São Paulo office. She is one of the core leaders of McKinsey's Retail Practice in Latin America. Heloisa's work focuses on helping retail clients in the banking, grocery, and fashion industries achieve distinction in service strategy, digital services, and customer experience.

In addition to her client responsibilities, Heloisa is a leader within the firm on diversity, heading McKinsey's diversity

and inclusion initiative, All In, in Latin America. Furthermore, in the continued pursuit of a more diverse corporate Latin America, Heloisa co-authored McKinsey's groundbreaking 2013 study, Women Matter: A Latin American Perspective.

Heloisa holds an MBA from INSEAD (France), a Chemical Engineering Bachelor's degree from Universidade de São Paulo and a one-year scholarship in Chemical Engineering from Hamburg-Harburg University (Germany).



## Monica Szwarcwald

Monica Szwarcwald is a Partner at McKinsey & Company's São Paulo office and a core member of McKinsey's Digital Practice. Monica works with advanced analytics to support clients in industries such as banking, retail, and manufacturing.

Monica is a core member of McKinsey's All In initiative in Latin America and has been closely involved in the development and publication of this report.

Monica holds a Master's in Engineering from the University of Southern California and an Engineering Bachelor's degree from PUC-RJ.

## Contributors

Maria Helo is an Expert Associate Partner in McKinsey & Company's Bogotá office and Rocio Trujillo is an Engagement Manager in Santiago's office. With additional contributions from Adriane Hauer, Eduardo Nince, Luiz Rosemberg, Marina Schreiner and Matheus Fidelis in São Paulo, and Agustin Valenzuela and Karla Kammer in Santiago.

## Acknowledgements


The authors would like to thank the following senior colleagues sincerely for their commitment to this article: Fernando Ferrari, Francisco Ortega, Julia Sperling, Lareina Yee, Reinaldo Fiorini, Nicola Calicchio, Vicente Assis, Sundiatu Dixon-Fyle, and Tracy Francis. They would also like to thank Paula Afonso, Margaret Swink and Florencia Dellacqua for their contributions.


## Design and art direction

Conrado Sertorio, a McKinsey & Company creative manager; Ainá Calia senior graphic designer; and Amanda Talhari & Ana Cossermelli at Estúdio Barbatana for graphics and illustrations.

Brazil 2020 Opportunity Tree  
By McKinsey  
June 2020  
Copyright © McKinsey & Company  
Designed by Brazil Design Center

[www.mckinsey.com](http://www.mckinsey.com)

 @McKinsey

 @McKinsey

McKinsey  
& Company

