OUR
SOCIAL IMPACT:
An update
Our contribution to society

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McKinsey & Company’s commitment to helping build a better society has been fundamental throughout our history. This commitment stems from our firm belief in the need for the private, public, and social sectors to work together to address the biggest challenges that our societies face—locally and globally. As a global firm that works with many of the world’s leading institutions across each of these sectors and in over 130 cities around the world, we consider it our obligation to use our expertise, capabilities, and networks to serve the greater good.

With the relationship between business and society sometimes fraught, and trust in institutions at a historic low, taking this obligation seriously matters more than ever. Concerns about the impact of globalization and automation on jobs, environmental sustainability, and inclusive growth are rising. Private sector organizations can—and, we believe, must—be part of the solution to these problems.

The work we do with our clients to drive substantial improvements in their performance often has, in itself, a positive impact on society. When businesses and governments become more dynamic, productive, and effective, this can result in higher growth, job creation, and better services for citizens. For example, our work with banks and telecommunications companies, particularly in emerging markets, has not only helped them to succeed in the marketplace, but also broadened financial inclusion, access to markets, education, and of course communication.

That said, our commitment to making a difference in society does not end with our work with clients. We also invest significant resources—including people, capital, and knowledge—to help address local and global challenges.

We are fortunate to partner with some remarkable philanthropies and social-sector organizations, and we undertake hundreds of pro bono projects across the globe every year. Through McKinsey Social Initiative (MSI), the independent not-for-profit organization we founded, we are now starting to tackle social issues directly. For example, Generation, which MSI launched two years ago, is already one of the world’s largest youth-employment programs, with proven success across five countries, and plans to scale to many more in the coming years.

Many other examples of our social impact are illustrated in this report, including our work to advance gender equality for women in the workplace and in society—a challenge to which I have a deep, personal commitment as the leader of our firm and as a UN Women HeForShe Impact Champion—our work to help address public health crises such as Ebola and Zika, and our efforts to shape the debate on how to make economic growth more inclusive and our system of capitalism more oriented to the long-term.

This report is not a definitive and comprehensive account. Rather, it is an attempt to capture the spirit of our efforts—as a firm, in our offices and practices, and among our people, including our alumni. We hope it gives you a sense of the many ways that our colleagues at McKinsey are trying to make a positive difference in the societies in which we work.

Dominic Barton
Global Managing Partner
Our approach

McKinsey is committed to making a positive social impact through our work with our clients, in the way we run our firm, and by using our resources to address some of society’s biggest challenges.

When we help businesses make lasting improvements to their performance, we also help them shape their contribution to society—including the goods and services they deliver, the jobs they create and the economic growth they drive. We also support governments and nonprofits as they serve society.

We embed social responsibility in the way we run our firm. Our values inform both our long-term strategy as a firm and the way we serve our clients on a daily basis. We want to build an institution that is strong, sustainable, and of enduring value to our people, to our clients, and to society.

We also invest our resources—our people, skills, knowledge and networks—to help address global social challenges. We do this through research, partnerships, pro bono consulting, the voluntary work our people do, and McKinsey Social Initiative (MSI), the nonprofit we founded.

**Research**
Our research addresses some of the world’s biggest issues, including tackling natural resource challenges, improving urban transport, and providing affordable housing. We seek to generate new thinking and to identify practical solutions.

We founded the McKinsey Global Institute (MGI) in 1990 to be our business and economics research arm. MGI’s mission is to develop a deeper understanding of the global economy, and to provide business and political leaders with the insights they need to make good decisions.

**Partnerships**
McKinsey works with many different types of organizations. Thanks to our global reach and breadth of expertise, we can bring together groups to tackle problems that cannot be addressed by any single institution alone.

**Empowering our people**
Many of our people sit on the boards of nonprofit organizations at a global or national level or in their local communities. Others volunteer their time to serve with charities and community groups. We encourage colleagues to find time for this and we have programs in place to enable it.

**Engaging with our communities**
Over the past two years, we’ve supported more than 1,000 charities, NGOs, schools, and other organizations through pro bono consulting or board service (see page 34–35).

We also respond to international emergencies, such as the Syrian refugee crisis, the Ebola outbreak in West Africa in 2014–16, and Typhoon Haiyan in the Philippines in 2013. We help government and NGO leaders take control of the situation and accelerate and deliver on recovery.

**McKinsey Social Initiative**
We launched McKinsey Social Initiative, an independent nonprofit, in 2014. MSI’s mandate is to design, implement, test, and scale solutions to big problems. Its first initiative, Generation, seeks to address global youth unemployment.
Education to employment
In the wake of the 2008 financial crisis, employment levels fell—most of all for young people. In some European countries, more than half of young people were unemployed. In 2012, McKinsey launched a global research project to understand the journey from education to employment.

The findings were striking. While 75 million young people around the world were unemployed (and many more under-employed), 40 percent of employers surveyed said they could not fill entry-level vacancies because of skills shortages. We also reviewed more than 150 education-to-employment initiatives around the world to understand what practices worked best. We identified challenges the field was facing: specifically, achieving the level of scale required to have impact on the problem, and generating a positive return on investment for both employers and learners to make participation in such programs systemic. So we set out to develop and test a new approach that would address these two areas—one that would be effective, scalable, and evidence-based.

“Our ambition was to develop a new approach—something scalable, cost-effective, and transformative in outcomes for both our employers and graduates. Generation is starting to do that, as we partner with nonprofits, governments, and employers across the world.”

Mona Mourshed, senior partner, McKinsey, and president of Generation

EMPLEOYMENT AND SKILLS

Work is important. Having a job not only helps people meet their basic needs, but has far-reaching consequences for health and happiness. For individuals, the personal and social costs of unemployment can include poverty, homelessness, family breakdown, social isolation, low self-esteem, and poor health. For businesses, the availability of a skilled workforce is critical. For governments, the costs of unemployment, both direct and indirect, can be huge.

Through our research, pro bono support and the work of Generation, we strive to help individuals build skills and achieve their work ambitions, empowering them to lead independent and fulfilling lives. These efforts also help businesses succeed by attracting the workforce they need.

Opportunity to work

75m
young people unemployed globally

40%
of employers cannot fill entry-level vacancies
In 2014 we founded Generation to tackle the youth employment challenge. Today it is the world’s largest demand-driven employment program. Participants undergo intensive training in industries that are experiencing skills shortages. Graduates are placed into jobs, and their progress is evaluated on a regular basis. In a little over two years the nonprofit has served more than 14,000 young people in 49 cities in five countries (India, Kenya, Mexico, Spain, and the United States). More than 80 percent of Generation graduates are placed into jobs. Collectively, they have earned more than $50 million in salary.

The ultimate goal is that it becomes self-supporting, with employers paying program costs. Combining innovative program design and rigorous analysis, Generation shows how McKinsey seeks to inform the debate, and then find solutions to global social problems.

**82%**

of Generation’s graduates have been placed in jobs; 79 percent retain the same job for more than six months

**88%**

of employer partners say Generation graduates outperform their peers

**98%**

of employers say they would hire Generation graduates again

“I always dreamed of working in the healthcare sector. My family couldn’t afford to support my further studies, as my father was unwell and unable to work. Today I have a nice job. I’m happy that I work in a hospital and get to care for patients. That’s why Generation means a lot for me—it has shown me a new way of life and made me able to make my own career. I give my salary to my mother; she runs our entire house with that salary.”

Nasni, Generation India graduate, 2015
Cost per employed day

Cost-benefit analysis can help to inform what works—and what doesn’t. In its analysis of education-to-employment programs, Generation found the available information on job-training programs of limited use, so it developed its own metric: cost per employed day (CPED). This combines three important factors—job placement, retention, and cost—in one readily understandable number, akin to the well-known concept of total cost of ownership.

At Generation, the CPED figure varies depending on the market, ranging from about $5 in India to $26 in the United States; in most cases, it is substantially less than comparable programs. Once Generation managers realized the power of CPED, they used it to make operational improvements: for example, by working more closely with employers to track retention rates and mentoring people as they moved into work.

The future of work

The promise of automation is that it will bring higher productivity and faster economic growth, as well as greater efficiency, safety, and convenience—but it also poses challenges for jobs, skills, wages, and the nature of work itself.

Through its research, MGI is building an understanding of the disruption—and opportunities—that automation, including robotics and artificial intelligence, is likely to bring to the world of work. MGI has calculated that currently demonstrated technologies could affect 50 percent of the world economy, or 1.2 billion employees and $14.6 trillion in wages, although this is likely to take at least two decades. While much of the debate about automation has focused on the potential for mass unemployment, MGI’s analysis suggests that people will need to continue working alongside machines to produce economic growth. In the future, MGI plans to explore the evolution of labor demand and what this might mean for employment, as well as the potential jobs of the future and the role of human skills.

Capability building

McKinsey Academy began as an internal start-up in 2013. Now, more than 20,000 participants later, it is fast becoming our global hub for skills training, capability building, and leadership development. Faced with a rapid pace of disruption, organizations’ long-term success depends on embedding the right capabilities across their teams. Employers face an increasing need to reskill mid-career workers whose roles have changed. Using the latest technology and behavioral science, McKinsey Academy’s mission is to accelerate the transformation of individuals, organizations, and communities.

Developing future leaders

Youth Leadership Academy is a 12-week program for Malaysian undergraduates, founded by McKinsey colleagues in 2007. Students work in teams to find new solutions to societal challenges, learning problem-solving and communication skills. Last year’s winner, Project Paplet, is a social enterprise that produces booklets for nonprofits from recycled paper.

We are also a knowledge partner to Young Leaders for Indonesia and the Mekong Business Challenge, which promote entrepreneurship among university students, and McKinsey colleagues mentor teams in the Singapore International Foundation’s Young Social Entrepreneurs program.

2–6 x

The average income of Generation graduates increases 2–6 times from the amount they earned before the program and most earn incomes above the 50th percentile relative to their peers.

$50m

is the combined salary Generation graduates have earned.

40%

of Generation graduates have dependents; 54% of graduates are female.

50%

of the world economy could be affected by automation, including robotics and artificial intelligence.

1.2b

employees would be affected by disruptions in the world of work.
Gender inequalities remain deeply entrenched in every society. Women are often unable to access the work they would like. In many corporations and other organizations, including at McKinsey, women are under-represented, particularly in leadership positions.

Increasing the representation of women is something we care about, not only because it is the right thing to do, but because there is a compelling business and economic case.

Through long-running investments in research, partnering with leading organizations to make change happen, and in sustained efforts to improve the diversity of our firm, we have sought to advance gender parity for women in the workplace and in society.

Women at McKinsey
Our ability to help our clients depends on attracting and retaining the world’s best people, who offer the diverse perspectives that can improve problem solving. That is why we are investing in internal progress under the banner of “All In.”

Women make up 42 percent of McKinsey people, but the number in senior leadership is much lower. To do better, we are introducing new policies, new working models, new approaches to recruiting women and ways of sponsoring women at the firm. To guard against unconscious biases, we are building inclusive leadership courses into our learning programs.

Women Matter
Our internal efforts are based on more than a decade of research. According to our “Women Matter” research, companies with more women on their executive committees have better financial results. We have also explored the barriers to career progression that women face and why programs to increase the number of women in leadership positions often fail.

“2017 marks the tenth anniversary of our ‘Women Matter’ research series. Over the years we have witnessed some progress but are also conscious that change needs to happen much faster.”

Sandrine Devillard, senior partner
One of the most prominent pieces of research is the 2015 MGI report on the power of gender parity. This report found that if women participated in the economy identically to men, $28 trillion could be added to global GDP by 2025. MGI also developed the Gender Parity Score, which measures how far each country is from parity, identifies actions that would help narrow the gap, and sets out a roadmap for action and investment.

We are committed to continuing this research and turning our findings into action.

The journey starts early, as women make their initial education and career choices. In the tech sector, for example, the number of young women completing engineering and technology programs has dropped significantly in the past 30 years, and more women than men leave the industry within 10 years.

Women in STEM Award

In 2016, McKinsey launched the Women in STEM Award—a science, technology, engineering, and math (STEM) scholarship for undergraduate women enrolled at selected US universities. The award comprises $1,500, a dedicated McKinsey mentor, and an invitation to a STEM leadership cohort of exemplary undergraduates with similar backgrounds.

A network of leaders who are personally committed to making gender balance a top management priority.

We helped create the network in 2015, with German Chancellor Angela Merkel as sponsor.

A group of men in leadership positions committed to changing workplace conditions, cultures and mindsets to enable women and men to advance equally.

We have been part of the group since its creation in 2010 in Australia.

A group of Italian companies committed to supporting and increasing women’s representation in top positions.

We co-founded the group in 2009.

$28t

could be added to global GDP by 2025 if women participated in the economy identically to men
Partnerships and training
We are a founding member of UN Women’s Private Sector Leadership Advisory Council, which offers advice on accelerating women’s economic empowerment. Dominic Barton, McKinsey’s global managing partner, is one of ten private-sector champions for UN Women’s HeForShe, an initiative that engages men as advocates for women’s rights. When McKinsey became a HeForShe 10x10x10 Impact Champion, one of our consultants spent a year with UN Women on secondment to help create the program and publish the first report for the World Economic Forum (WEF). Since then, other consultants have spent time on secondment at UN Women.

In a five-year partnership with LeanIn.Org, we are researching the state of women in the workplace in America. The first reports found that women fall behind early and face greater challenges the more senior they become. The premise of all this analysis is simple: understanding the barriers to success for women in the workplace is the first step toward solving them.

We run executive master classes to help newly hired or promoted senior executives from underrepresented groups succeed, including women, LGBTQ+, and black executives. The programs focus on leading oneself, leading others, and leading an organization and are an opportunity for participants to improve how they personally influence and effectively lead transformational change.

Undergraduate Women’s Impact Award
Our Women’s Impact Award, open to undergraduates at selected US colleges, celebrates and supports women who strive to make a meaningful difference on issues such as global public health, economic development and sustainability. Tara Bansal, a 2017 graduate of Duke University, won an award in 2015. She received a stipend and was paired with a McKinsey mentor.

Tara worked with a Bangalore-based think tank, the Jana Urban Foundation, and a microfinance institution, Janalakshmi, to develop microfinance opportunities for young women in the slums of Bangalore. While interviewing slum residents, she met young women whose ambitions far outstripped the types of opportunities that were available to them. “I became interested in the potential for an education loan. My mentors were very helpful in helping me think through questions like: how much money should the average loan be, how can we limit the possibility of women dropping out, what interest rates should be set to make the program sustainable.” Working with loan collectors on the ground, she identified families who had young daughters interested in getting involved, and Janalakshmi is awaiting bank certification to go ahead with the loan model.

Tara is joining our Washington, D.C. office as a business analyst.
The challenges of sustainable development are complex, daunting, and cross all boundaries. The consequences of climate change and ecosystem damage often disproportionately affect disadvantaged populations. Often resources such as clean air, clean water in rivers and ocean fisheries are used for short-term interest in ways that damage or destroy them for future generations.

Pessimists believe that growth and sustainability are at odds with one another; we think economic growth and sustainability are closely aligned. Over the past decade, we have sought to develop an authoritative fact base and analytical tools that enable sound decision making that takes into consideration both economics and the environment. In doing so, our work has enabled business and consumers to reduce greenhouse gas emissions, make more efficient use of resources and protect precious natural environments.

Enough for all forever

Resource economics
In 2007, McKinsey published the greenhouse gas (GHG) emissions cost curve, when leaders the world over were seeking ways to meet their commitments to reduce GHG emissions at low cost. The cost curve evaluated the GHG emissions-reduction potential and cost of more than 200 measures, and clarified the opportunities in three areas: energy efficiency, sustainable land use, and clean tech.

Building on the cost curve, we have worked to identify ways to improve efficiency, promote sustainable growth, and create the systemic changes needed to achieve these goals. The recent MGI report Beyond the supercycle: How technology is reshaping resources, for example, explains how technological advances will change supply and demand dynamics in the resource sector, raising productivity, increasing energy efficiency, and unlocking value to the global economy.

Science-based emissions targets
In 2013, we supported the World Wide Fund for Nature (WWF) and CDP (formerly the Carbon Disclosure Project) on their report The 3% solution: Driving profits through carbon reductions. The report showed how US companies could save costs through energy-efficiency measures and by transitioning to low-carbon energy sources, and so cut carbon emissions by 3 percent a year. This report paved the way for “science-based GHG reduction targets.” These are emissions reduction targets set in line with internationally agreed climate goals, and are now promoted by the “Science-based targets initiative,” a partnership between CDP, UN Global Compact, the World Resources Institute and WWF.
Supply chains and the circular economy

We supported The Sustainability Consortium on its 2016 report on working with the consumer-goods industry to develop more sustainable products. The most significant environmental and social issues exist largely upstream from the manufacturer (in the supply chain) or downstream (from how consumers use and dispose of products). As a consequence, few manufacturers know where the sustainability risks are, or what to do about them.

The McKinsey analysis detailed how to make global supply chains more environmentally sound, for example by retailers committing to a common platform to measure and track consumer product sustainability and by manufacturers making supply-chain visibility and performance a priority.

The circular economy (CE) goes beyond resource efficiency to a higher level of sustainability. In a circular economy, companies design components and products for reuse; they also develop service-based business models, such as leasing versus ownership, which extend the life of a given product and therefore help reduce resource consumption. Since 2012, we have worked with the Ellen MacArthur Foundation (EMF), a UK-based group that promotes CE, to create an analytical framework for an economy that is restorative and regenerative by design. This work informed the CE agenda of various countries and cities and of the European Commission.

Project Mainstream

Led by the CEOs of nine global companies, in partnership with the WEF and EMF, Project Mainstream aims to accelerate the transition toward a circular economy. Take plastic packaging. The system is too complex for any single business, city, or government to change it. Despite recycling initiatives, the way we use plastics is wasteful, with 93 percent of packaging material from virgin sources. By getting consumer goods companies, retailers, plastic producers, packaging manufacturers, cities, and others to work together, Project Mainstream was able to identify solutions, such as better collection, sorting, and reprocessing practices.

Ecosystems

By 2050, 9.7 billion people will live on earth and need to eat. Up to a quarter of the world's agricultural land is already severely degraded, however, and 13 million hectares of forests are cleared each year. McKinsey is the WEF’s knowledge partner for its System Initiative on Shaping the Future of Food Security and Agriculture, which seeks to develop a long-term strategy to achieve a 20 percent improvement each decade in food security, environmental sustainability, and economic opportunity.

We have also turned our attention to the state of the oceans. Over-fishing has impoverished ocean ecosystems. We developed a methodology that combines economic analysis with management expertise to identify ways to return fisheries to sustainable levels. We supported the Global Ocean Commission on its 2014 report, From decline to recovery: A rescue package for the global ocean. Working with Ocean Conservancy, we led a comprehensive effort to analyze where the majority of ocean plastic comes from, how it leaks into the sea, and how to reduce the flow.

“Solving the equation of growth and sustainability is what we are passionate about. How do we enable the next billion people to grow out of poverty and improve environmental results significantly on a global level? How do we navigate the major transitions ahead of us in energy and mobility?”

Matt Rogers, senior partner
Cities and urban mobility
By 2030, more than 60 percent of the world’s population will live in cities. Increasing urbanization will have far-reaching economic, social, and environmental implications: cities generate 80 percent of global GDP, and account for 70 percent of the world’s carbon emissions.

The economic power of cities has been a core theme of MGI’s research. Its research has looked at how to build the cities of the future in an environmentally sustainable way, where to focus to reduce GHG emissions, and how to manage waste. Today, cities have become a battleground for action on key environmental issues.

Our latest research looks at urban mobility and our report, An integrated perspective on the future of mobility, sets out social, economic, and technological trends that are poised to disrupt transportation. Reduced congestion and pollution, combined with a shift towards electric vehicles, could change the way we use public space and live in our cities.

We have worked with the New Climate Economy (NCE) project since its establishment in 2013. NCE examines how countries can achieve economic growth while dealing with the risks posed by climate change. We work with NCE’s Coalition for Urban Transitions Initiative to address climate change and urban development.

Working with smallholder farmers in Sub-Saharan Africa
Gillian Pais took nearly a year out from her role as a consultant in our Toronto office to support a social enterprise working with smallholder farmers in Sub-Saharan Africa. She helped the organization to enter into a new country and worked with the local government to launch a program for thousands of farmers in a rural area. The program involved improved inputs, like seeds and fertilizers, and advanced planting techniques, which enabled the smallholders to double production.

Gillian comments: “It was a humbling experience. While I was able to bring my project management skills to help the social enterprise start work in a new country, I also learned so much about the challenges of running an operation in the field, in a rural area, in the midst of unpredictability—from the weather, from your supply chain, from your program partners.” Gillian is now based in our Nairobi office.
Our health and wellbeing can determine our livelihoods and our quality of life. While the world has seen significant advances in life expectancy, a reduction in some of the common killers associated with child and maternal mortality, and progress on reducing malaria, tuberculosis, polio and the spread of HIV/AIDS, there is still a great deal to be done to fully eradicate a wide range of diseases and address persistent and emerging health issues.

We support leading institutions and national health systems to help improve the performance of complex health organizations and plan the introduction of new treatments and technologies. Together we are addressing urgent public healthcare challenges and improving outcomes for those in greatest need.

Emergency health response

Within our global network of consultants, we have more than 650 people with healthcare experience; 200 are qualified doctors with a background in patient care or research, and over 600 have a master’s degree or doctorate in medicine or life sciences. We can mobilize resources quickly and bring substantial expertise to crisis situations.

In 2014, an epidemic that began with a single case of Ebola in a remote part of Guinea was spreading rapidly in Guinea, Liberia and Sierra Leone, ultimately causing more than 11,000 deaths and widespread international alarm. McKinsey worked with the then UN Special Envoy, Dr David Nabarro, and offered strategic guidance to help coordinate the global response to the outbreak. We also worked with the World Health Organization (WHO) on its emergency response. We crafted plans for emergency operations centers (EOCs), which helped governments in neighboring countries to prepare and prevent spread, supported those leading drug and vaccine development and deployment, devised a bio-bank strategy for Ebola samples, and improved emergency-response frameworks for the future.

“By helping those who are tackling infectious disease and building healthcare systems, we are working to improve the lives of people in the greatest need.”

David Fine, senior partner
Tackling Ebola in Sierra Leone

Matt Craven, who trained as a medical doctor, is a consultant in our global public health practice. Before joining McKinsey, Matt had worked for five years in Africa, scaling up HIV testing and treatment in Tanzania, and overseeing construction of a 150-bed hospital in Rwanda. In 2014, Matt took a leave of absence to lead field operations for WHO’s response to the Ebola outbreak in Sierra Leone, the worst-affected country.

“I wasn’t going into a clinical role, so my rational brain knew the risks were very low, but of course I was still a little bit nervous,” he says. “Any anxiety quickly disappeared when I arrived, however. We were in crisis mode and everyone had a job to do.” Matt helped oversee the expansion of WHO’s field team from 60 people to more than 400. Ultimately, they helped to slow the disease’s rapid growth and then end it entirely.

Improving community health

Keeping people healthy is a critical task for every society. McKinsey supports hospitals, community health organizations, and nonprofits to improve operations, systems, and services.

One of the largest hospitals in South Africa, Charlotte Maxeke Johannesburg Academic, dispenses almost 250,000 prescriptions each year. On average, though, 20 percent of outpatients were erroneously told their prescription was out of stock.

Using the principles of lean production, which seeks to minimize waste while ensuring quality, we helped the pharmacy improve. For employees behind the counter, these reforms yielded a better working experience and led to higher morale. For patients, it meant less wasted time. False stock-outs were eliminated and the wait time dropped from six to two hours.

In 2012, Nigeria was Africa’s only remaining polio-endemic country, and the number of confirmed new cases was increasing. Immunization coverage was declining due to weak program management, lack of accountability, community mistrust, poor engagement of the country’s traditional structures, and little coordination between the government and its international partners.

Under the leadership of Nigeria’s Ministry of Health, supported by the Bill & Melinda Gates Foundation and the Global Polio Eradication Initiative, we helped to design and deploy polio EOCs. The EOC model required national and international organizations to co-locate their leaders and for them to meet regularly to develop and execute eradication strategies, improve vaccination campaigns, and respond immediately to outbreaks. Each organization contributed people to support the collection, analysis, and reporting of eradication data. The effort has clearly had impact: in February 2012, only 16 percent of local-government areas in high-risk states had vaccinated more than 80 percent of children under five; by September 2015, 97 percent had done so.

Supporting the Zika response in Brazil

In 2016, we helped the Brazilian government in its fight against the Zika virus, which was threatening the health of newborn babies. We helped Brazil put in place governance structures to coordinate the response across departments and agencies, and to upgrade the operations of the 27 state and 1,000 municipal EOCs. We also helped the government develop its strategy to combat the virus, including home visits to eliminate mosquito breeding sites and distribution plans for diagnostic kits. Although Zika still presents a serious threat, Brazil’s response helped to slow the spread of infections and bring an end to the public health emergency.
In recent decades, the rising tide of economic growth has not lifted all boats equally, and that reality shows little evidence of changing as globalization, new technologies, and automation polarize labor markets. Underlying trends like migration flows and aging populations that some countries face exacerbate these pressures. There is evidence that people want a more socially inclusive model of economic growth.

Through our research into global economic trends we are striving to inform that debate. By bringing together leaders from the public, private and social sectors to collaborate, we seek to develop solutions that broaden economic inclusion and tackle the challenge of inequality so that our economy can work for everyone.

Inclusive growth
Since its founding in 1990, MGI has published research on more than 20 countries, 30 industries, and core economic topics such as productivity and trade. In the past two years, MGI’s work has spanned all regions, including a new report on prospects for economic growth in Africa and another on opportunities in India. This year, it has published research on how Latin America can remove obstacles to competitiveness and has also looked at the slowdown in US productivity.

MGI’s 2016 report on income inequality, *Poorer than their parents? Flat or falling incomes in advanced economies*, showed that there had been a marked increase in inequality in most developed economies from 2005 to 2014. Moreover, incomes in two-thirds of households were flat or fell over that period. MGI concluded that the younger and less educated were particularly hard hit, and that these trends could augur serious social consequences—none of them good.

Long-term capitalism
When corporate leaders concentrate too much on delivering short-term numbers, the unintended consequence may be to hurt their long-term results—and also those of society. When, on the other hand, businesses make considered long-term investments in innovation and job creation, the result can be steady profits and a healthier community.

Still, the pressure to generate short-term financial performance continues to be unrelenting. In a recent *McKinsey Quarterly* survey, the majority of the 1,000 C-level executives and board directors questioned said that short-term pressure is growing.

We first set out the case for long-term thinking in 2011. Two years later, McKinsey teamed up with BlackRock and the Canada Pension Plan Investment Board (CPPiB) to launch the Focusing Capital on the Long Term (FCLT) initiative. Our aim was to lead research and develop practical solutions to help executives and investors take a long-term view. In 2016, the initiative became FCLT Global, an independent nonprofit backed by a coalition of founding supporters (BlackRock, CPPiB, Dow, Tata Sons, plus McKinsey) and 30 other institutions and member organizations from nine countries. Its work will include creating benchmarks that focus on long-term value creation and reorienting incentives so that asset managers give more emphasis to long-term performance.

An economy that works for everyone
Helping refugees in Jordan and Lebanon
Jordan (population: 7.6 million) hosts more than 650,000 Syrian refugees. We supported the United Nations Development Program and the UK government to encourage the private sector to be part of the response to the refugee crisis. Partnering with the International Rescue Committee and other organizations, we identified projects that would create jobs for refugees and host communities and growth for Jordan.

Five years ago in Lebanon (population: 5.9 million), which is host to 1.1 million Syrian refugees, Syrian expatriates founded an NGO, Basmeh & Zeitooneh (“basmeh” means “smile” and “zeitooneh” means “olive”). We worked with the group to help expand schooling, develop new teaching materials, and provide lower-cost teacher training.

“When the Syrian refugee crisis unfolded, I knew we had to do something, to bring McKinsey’s skills and expertise to addressing the very real, human need.”
Khaled Rifai, partner

Migration
MGI’s research often crosses borders. In a comprehensive report on the subject published in 2016, MGI noted that more than 90 percent of the world’s migrants moved voluntarily, usually for economic reasons. While migrants account for 3.4 percent of the world’s population, MGI estimated that they contribute 9.4 percent of global GDP.

For refugees, of course, the situation is different. The number of forcibly displaced people is at its highest level since the end of World War II. The conflict in Syria alone has displaced at least 11 million people, around 4 million of whom have taken refuge outside their country.

McKinsey has worked with a number of governments, NGOs, and other agencies to address refugee needs and those of the communities that host them. In addition, many of our people have volunteered in a personal capacity.

GoVolunteer
When Germany accepted more than a million refugees in 2015, Malte Bedürftig, a consultant in Berlin, stepped in to coordinate the volunteer efforts of his colleagues and friends. Then he set out to do something more systematic. Working with McKinsey Digital Labs, he developed an online platform that matches volunteers’ time and skills with the needs of social-sector organizations. The nonprofit Malte and his friends founded, GoVolunteer, manages the website and supports the volunteers and nonprofits. GoVolunteer has helped more than 30,000 volunteers get to work with some 1,000 nonprofits; it is active in Austria, Germany, and Switzerland.

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McKinsey has worked with a number of governments, NGOs, and other agencies to address refugee needs and those of the communities that host them. In addition, many of our people have volunteered in a personal capacity.

GoVolunteer
When Germany accepted more than a million refugees in 2015, Malte Bedürftig, a consultant in Berlin, stepped in to coordinate the volunteer efforts of his colleagues and friends. Then he set out to do something more systematic. Working with McKinsey Digital Labs, he developed an online platform that matches volunteers’ time and skills with the needs of social-sector organizations. The nonprofit Malte and his friends founded, GoVolunteer, manages the website and supports the volunteers and nonprofits. GoVolunteer has helped more than 30,000 volunteers get to work with some 1,000 nonprofits; it is active in Austria, Germany, and Switzerland.

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We are committed to helping public sector institutions solve their most pressing challenges. We support governments to improve their productivity, the delivery and implementation of vital services, and the outcomes of their programs to improve the lives of citizens and foster economic growth.

For example, we supported a government to transform a decaying Western European steel hub into a modern IT and logistics hub, reducing unemployment by 60 percent.

We work with donors, nonprofits, and nongovernmental organizations (NGOs) to develop and implement large-scale solutions to persistent challenges in education, public health, and economic development.

In Pakistan, we worked with the Punjab Ministry of Education to increase primary-school enrollment by 1 million children in 18 months and to upgrade infrastructure in 50,000 facilities. By advising employers, educators, and job trainers on how to improve the education-to-employment pipeline, we have helped improve the job prospects of over 900,000 students in more than 10 countries and secure $6 billion of additional funding for vocational and technical training.

As participants in Feed the Future, a $3.5 billion US government initiative, we assisted in defining five-year strategies for USAID missions in 16 countries in Africa, Asia, and Latin America to reduce hunger and malnutrition and lift millions of smallholders out of poverty.

We help governments build stronger societies. For example, in Morocco, we have worked with the ministry of agriculture to develop an agricultural transformation program aimed at stimulating economic growth, creating jobs, and alleviating poverty. We have assisted the development of new industrial strategies and regional development strategies for poor regions of the country. We also supported Morocco when it hosted the COP22 UN climate change conference in 2016.

While this report focuses on where we make an investment, we are also privileged to serve governments, nonprofits, and other agencies whose mission is explicitly in service of society, and we support them to deliver that mission.
Our commitment to making a contribution to society goes a long way back and is embedded in our history. Here are a few examples of projects from our firm archive.

### 1960s: Tanzania
**Supporting a newly independent nation**
We worked with the government of newly independent Tanzania to increase literacy and decrease infant mortality by restructuring its education and health systems, decentralizing government operations, and helping to design Dodoma, the new capital city.

### 1970s: Hong Kong
**Informing government modernization**
Under the pressure of economic growth and a rising population, Hong Kong needed to improve its government administration. We helped to create a wide-ranging program of reform, reorganizing government structures and processes and helping to develop long-term plans for education, health, housing, and policing. This modernization of Hong Kong’s public services prepared it for a period of fundamental change and broad-based prosperity.

### 1980s: Arts
**Strengthening arts institutions**
McKinsey offices have long supported local and national arts and cultural institutions. During the 1980s, this included work with the Royal Ballet in the United Kingdom, Goethe Institute in Germany, and the American Symphony Orchestra in the United States.

### 1990s: Reunification
**Advising Germany on economic reform**
After the fall of the Berlin Wall, the newly unified German government asked us to advise the Treuhandanstalt, the agency set up to restructure and privatize East German industry. By the time the Treuhand was wound up in 1994, it had privatized more than 8,000 companies. Over the following three decades, this helped to raise the standard of living in former East Germany.

### 2000s: Tsunami
**Establishing relief agencies**
When the 2004 tsunami devastated coastlines around the Indian Ocean, McKinsey joined the reconstruction effort in Sri Lanka and Indonesia. In the year after the disaster, our teams helped to quickly establish effective relief agencies in both countries.

### 2010s: Global Health
**Assisting in the fight against polio and malaria**
In 2012, we helped Nigeria to design and implement a plan to help stop transmission of polio. There were just two reported cases in 2016, down from 122 in 2012. In 2014, we worked with global malaria experts to develop a plan to eradicate the disease by 2040. Although there are still more than 200 million cases each year, resulting in over 400,000 deaths, the number of cases is falling and child deaths have decreased by 70 percent.
In the past two years, we have supported more than 1,000 nonprofits—organizations that have a social-impact mission at their heart, ranging from local charities and chambers of commerce to international NGOs, global think tanks, and universities.

In addition to pro bono consulting support to help them develop strategies, implement transformations, or optimize operations, McKinsey partners are active members of the boards of more than half of these organizations.

Here are just a few of the 1,000+ organizations we have supported in the past two years:

- **African Union**
  The multilateral organization comprising the 55 African countries, working toward the vision of an integrated, prosperous, and peaceful Africa

- **Ashoka**
  A global organization that identifies and invests in leading social entrepreneurs

- **Asia Society**
  An educational organization that fosters closer ties between Asia and the West across the fields of arts, business, culture, education, and policy

- **Bolshoi Theatre**
  The historic Moscow institution, famous for its ballet, opera, and classical music

- **Girls Who Code**
  A US nonprofit dedicated to closing the gender gap in technology

- **Hands on Tokyo**
  An initiative that works to make volunteering easier to do and that brings together volunteers to work with disadvantaged communities and people with special educational needs

- **Human Rights Watch**
  An international human-rights NGO well known for its independent research, advocacy, and impact

- **Injaz Al-Arab**
  A youth education, entrepreneurship, and training program in the Arab world

- **Interfaith Youth Core**
  One of the world’s largest interfaith youth organizations that builds partnerships across religious communities

- **International Rescue Committee**
  The world’s largest nongovernmental refugee support and resettlement organization

- **Leket**
  Israel’s largest foodbank, whose vision is of a country where all surplus nutritious food is rescued and directed to those who need it

- **Lincoln Center**
  A world-class performing arts center, based in New York City, with a mission to promote arts, education and community relations

- **Marine Mammal Center**
  A California-based nonprofit that advances global ocean conservation through marine-mammal rescue-rehabilitation-release, research, and education

- **Norsken Foundation**
  A Swedish foundation that supports tech start-ups and entrepreneurs committed to social impact

- **Peace One Day**
  The NGO behind Peace Day, a worldwide truce and day of nonviolence, promoting peace and enabling lifesaving humanitarian work

- **Pratham**
  One of India’s largest NGOs, which works to ensure access to quality education

- **Rhodes Trust**
  The organization that operates the Rhodes Scholarship program, which supports exceptional future leaders to study at the University of Oxford

- **Royal Flying Doctors Service (Victoria)**
  One of the largest aeromedical services in the world, which provides emergency medical services and primary healthcare across Australia

- **Teach for America**
  A US nonprofit that enlists college graduates to serve as teachers in low-income communities

- **Tommy’s**
  A British charity that works to save babies’ lives through funding research into pregnancy problems and provides information to empower parents to have a healthy pregnancy

- **Tsinghua University School of Economics and Management**
  The world-class business school of the Tsinghua University in Beijing, China

- **Tuberculosis Vaccine Initiative**
  A Netherlands-based global nonprofit that supports the discovery and development of new, safe, and effective TB vaccines and therapeutic vaccines

- **United Way**
  One of the world’s largest nonprofits, working to fight poverty and strengthen communities, addressing education, employment, and health challenges
On leaving McKinsey, our alumni often take up leadership roles in businesses, public sector and social sector organizations across the world. Many of them choose to do so in nonprofits and other organizations which are directly addressing some of society’s biggest challenges. Below are just a few of our many alumni who work in nonprofit organizations tackling societal challenges.

Alexander Ng is deputy director of the China Program for the Bill and Melinda Gates Foundation, and responsible for health & innovation.

Alice Bentinck and Matt Clifford co-founded Entrepreneur First, a start-up accelerator. They also founded Code First: Girls, a not-for-profit that helps women learn to code.

Alison Loat is managing director at Focusing Capital on the Long Term (FCLT). She also co-founded Samara, which works to improve political and civic engagement in Canada.

Amit Paley is CEO of The Trevor Project, a nonprofit that provides suicide prevention and crisis intervention for LGBTQ+ youth in the United States and beyond.

Andrew Morlet is CEO of the Ellen MacArthur Foundation, whose mission is to accelerate the transition to a circular economy.

Ashok Alexander is the founder of the Antara Foundation, which works on maternal and child health in India.

Bill Drayton is the founder, chair and CEO of Ashoka, a network that builds and cultivates a community of change leaders.

Brett Wigdortz OBE is the founder and CEO of Teach First, which seeks to improve educational achievement among lower-income students in England and Wales.

Byron Auguste is cofounder and president of Opportunity@Work, a nonprofit that aims to empower one million Americans whose talents are overlooked to learn and realize their potential.

Daichi Konuma is cofounder and CEO of Cross Fields, a Japanese program to develop leaders who are motivated by driving social value.

Diana Farrell is the founding president and CEO of the JPMorgan Chase Institute, a think tank dedicated to delivering data-rich analyses and expert insights for the public good.

Eleanor Donovan is program director for the Teach To Lead program at Teach For Australia, which develops teachers to become effective school leaders.

Eric Braverman is president of the Eric and Wendy Schmidt Group, which seeks to promote science and technology.

Fred Swaniker is founder and CEO of the African Leadership University, a disruptive university model with campuses across Africa that aims to develop three million leaders by 2060.

Giulio Boccaletti is chief strategy officer at The Nature Conservancy, which protects ecologically important land and waters.

Sir Harpal Kumar is the CEO of Cancer Research UK, the world’s largest independent cancer research charity.

Jaap Versfelt is the founder of Stichting leerKRACHT, which uses the power of teachers to improve the Dutch education system.

Jim Ayala founded Hybrid Social Solutions, a social enterprise that enables families and businesses in unelectrified parts of the Philippines to access a wide range of solar-powered lighting, charging, and livelihood solutions.

Laura Callanan is the founding partner at Upstart Co-Lab, which connects impact investing to the creative economy.

Lenny Mendonca is the founder and chairman of FUSE Corps, a non-partisan organization that develops cross-sector collaborations to help US local governments solve their problems.

Lynn Taliento is chief program officer at the Obama Foundation, the platform for President Obama’s post-presidency mission to empower young leaders to lead citizen-driven change around the world.

Menno van Dijk is cofounder and partner at THNK, School of Creative Leadership.

Nishan Degnarain chairs the WEF’s ocean initiative in San Francisco, an economic adviser to his native Mauritius and recently co-authored Soul of the Sea: in the Age of the Algorithm.

Sean Hinton is CEO of the Soros Economic Development Fund and director of the Economic Advancement Program of the Open Society Foundations, a global foundation that works to build open and inclusive economies.

Shiza Shahid cofounded the Malala Fund, which works on securing girls’ right to education and founded NOW Ventures, a global community of leaders who want to improve the world.

Steve Davis is president and CEO of PATH, an international organization leading innovation in global health.

Tilman Ehrbeck is a partner at Omidyar Network, a philanthropic investment firm that supports entrepreneurs to create opportunities for people to improve their lives.

Tony Danker is CEO of the Productivity Leadership Group, an organization created to boost management skills and close the United Kingdom’s productivity gap.

Yasmin Belo-Osagie and Afua Osei cofounded She Leads Africa, a professional-development program for young African women.

Yinuo Li is the China director for the Bill & Melinda Gates Foundation and founder of ETU School in Beijing, an elementary school that combines Western and Chinese teaching techniques.
McKinsey & Company is a global management consulting firm that serves leading businesses, governments, non-governmental organizations, and not-for-profits. We help our clients make lasting improvements to their performance and realize their most important goals. Over nearly a century, we’ve built a firm uniquely equipped to this task.

This report illustrates a selection of the things we do—as a firm and as individuals—to tackle society’s biggest challenges and make a positive difference in our communities. These are deep-rooted, complex issues, which are far from being resolved, but our commitment to social impact has long been at the heart of our firm.

For more information, visit: McKinsey.com/socialimpact