



Women Matter 2012

Making the Breakthrough

Contents

- 1 Foreword
- 3 Introduction
- 6 Women's representation has grown but is lower on executive committees than on boards
- 9 Many companies are investing heavily in gender diversity but have yet to see results
- 15 Making the breakthrough
- 20 Key issues vary by country
- 22 Methodology
- 24 The authors

Foreword

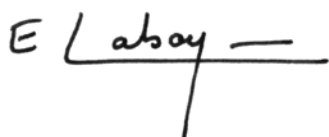
Since 2007, McKinsey & Company's Women Matter research has been making the business case for increasing the number of women in senior management roles. It argues that the very best minds, men's and women's alike, are needed to address today's business challenges. And it has shown a link between the specific leadership behaviors that women tend to adopt more frequently than men, and corporations' organizational and financial performance.

This report, Women Matter 2012: Making the Breakthrough, is the fifth in our Women Matter series and is part of McKinsey's global research program into women's representation in business. Today, women remain underrepresented on corporate boards and executive committees. This report presents our recent work to benchmark the gender diversity programs of 235 European companies, the majority of them among the Continent's largest. We wanted to learn about the initiatives they were taking to promote more women into senior positions, and to discover what seemed to be working well or less well, and why. To do so, we conducted quantitative and qualitative surveys, and interviewed senior executives, including CEOs and board members, at every company.

The results show that the vast majority of companies are taking the issue extremely seriously, devoting precious resources to redressing the gender imbalance. Many have made important progress, with training programs established to open the organization's eyes to the value of diversity, recruitment and promotion processes rethought to counter unwitting biases, clear goals set for the number of women in senior positions, and, in some companies, more women in top jobs. Nevertheless, many companies also express frustration that their efforts do not always gain traction. The truth is, putting initiatives in place does not guarantee they will be well executed.

The research shows the way forward. The best-performing companies in terms of the proportion of senior positions filled by women all have a critical mass of initiatives in place within what our earlier research established as a supporting ecosystem. But they excel on three particular fronts: they have the highest levels of management commitment, they monitor women's representation carefully, and they seek to address men's and women's mindsets the better to support gender diversity. Not coincidentally, these same companies are those that are most diligent in driving through their gender diversity programs.

Their achievements point the way to others, showing how they can reinforce what they have already achieved and, with sustained effort, make a real breakthrough in terms of the numbers of women who contribute to their success.

A handwritten signature in black ink that reads "E Labaye" followed by a horizontal line and a vertical stroke extending downwards.

Eric Labaye
Director, Global Knowledge and Communications
McKinsey & Company

Introduction

Since 2007, our Women Matter research has been making the business case for increasing the number of women in senior management roles. Companies need access to the biggest possible talent pool and, we would argue, the different and complementary perspectives and leadership styles that women bring. Indeed, our research has shown a link between the proportion of women on executive committees and corporate performance.¹

Today, despite the considerable efforts many companies have made, progress in many places is slow. While more women sit on Europe's corporate boards, it is from a low base and so, in most countries, their representation remains limited. Moreover, on executive committees—which are critical given their influence on everyday corporate decision making and the fact that more women here mean more women candidates for boards—the needle on the gauge is lower still. At current rates of improvement, women will still account for under 20 percent of seats on Europe's executive committees 10 years from now.

Government support in the form of tax breaks, legislation, and support mechanisms such as paternity leave or child care facilities can affect women's representation in the workplace. So can the way many women think about themselves and their careers. (The sidebar, "Companies are not the only influencers," discusses both in more detail.) But much of the hard work that needs to be done to lift women's representation inescapably lies within companies, where, despite the considerable effort applied in many institutions, a disproportionate number of women systematically fail to reach middle and senior management roles, let alone executive ones. It is companies that are the focus of our work.

This report, the fifth in our Women Matter series, presents the results of our research into the gender diversity practices of 235 European companies, the majority of them among the Continent's largest. We conducted surveys and interviewed senior executives, including CEOs and board members, at every company to learn about the initiatives they were taking and to discover what seemed to be working well or less well, and why. (See sidebar, "Methodology," for further details.)

The results are telling. The vast majority are taking the issue most seriously, devoting precious resources to redressing the gender imbalance. Indeed, 63 percent of companies have at least 20 different initiatives in place as part of their gender diversity programs. Many have made important progress, with training programs established to open the organization's eyes to the value of diversity, recruitment and promotion processes rethought to counter unwitting biases, targets set for the number of women in senior positions and managers made responsible for meeting them, and, in some companies, more women filling senior positions. Some CEOs are tackling the issue with impressive vigor. "It didn't take long after our new CEO took over and it became clear that gender diversity was on the strategic agenda that four more women took on very senior roles," said one interviewee. And a few companies have implemented such innovative and effective programs that they are now recognized standard setters.

But despite such successes, many companies still express their frustration at the absence of more concrete results. Indeed, in only 8 percent of the biggest companies in the survey did women account for more than a quarter of the top jobs.² It is important to note that a number of companies have only recently embarked on gender diversity programs, so it may take time for them to see results. But we should not ignore the fact that some companies admit their initiatives are not always gaining traction, particularly with managers lower down the organization.

Our research helps shed light on why this might be and shows the way forward, helping companies build on what they have already achieved to make the final breakthrough.

¹ See Women at the top of corporations: Making it happen; www.mckinsey.com/locations/paris/home/womenmatter.asp.

² As not all companies gave data on women's representation within their companies, this is 8 percent of a subset of the large companies in the survey. See Methodology for more details.

Companies are not the only influencers

Responsibility for the underrepresentation of women at senior management level and for changing the status quo does not, of course, lie entirely with companies. Cultural and socioeconomic factors, which vary by country, are powerful influencers of women's role in the workforce. For example, academic literature suggests women's representation in the workforce is higher in those European countries where men were mobilized to fight during times of war and women took their place in paid employment.* And there is a correlation between the representation of women at the top and both the overall employment rate of women and the number of hours they work relative to men (Exhibit A).

Governments therefore have various tools at their disposal that can affect gender diversity in the workplace. Tax incentives can encourage more women to work. So can support mechanisms such as child care facilities and parental leave (Exhibit B).

Some governments, such as those of Norway, Sweden, France, Italy, and Belgium, have set legally binding quotas for the proportion of women sitting on corporate boards or introduced corporate governance codes and/or voluntary charters. And a few are turning their attention to the composition of executive committees, understanding that more women are needed here to feed board positions, to act as role models for women further down the corporate hierarchy, and of course to influence corporate decision making.

Women's own behavior also contributes. McKinsey research in the United States shows that young women, just like young men, start out with high ambitions. But while they never lose belief in their own abilities, they do frequently turn down advancement opportunities because of commitments outside work, risk aversion to positions that demand new skills, or a desire to stay in roles that they feel provide personal meaning.** A reluctance to promote themselves is also an issue. "Women think that everyone can see how hard they work, so they don't have to communicate it," one executive told us.

* See "Women, war, and wages: The effect of female labor supply on the wage structure at midcentury"; Daron Acemoglu and David H. Autor; Massachusetts Institute of Technology and National Bureau of Economic Research; 2004.

** See "Changing companies' minds about women"; Joanna Barsh and Lareina Yee; The McKinsey Quarterly; September 2011. McKinsey's Women Matter 2007 report also reviewed why women's ambitions might be constrained. See http://www.mckinsey.com/locations/paris/home/womenmatter/pdfs/Women_matter_oct2007_english.pdf.

Exhibit A

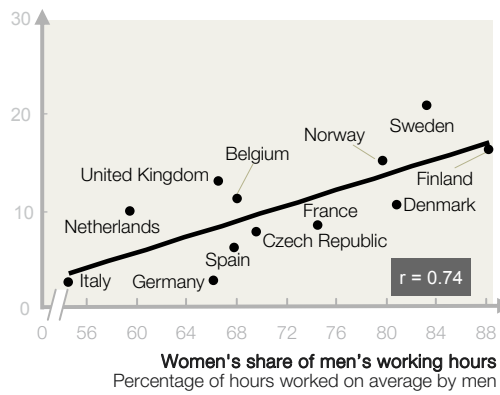
Influence of socioeconomic factors on women's representation on executive committees, 2011

Number of countries = 12

Women's representation on executive committees, 2011
Percent



Women's representation on executive committees, 2011
Percent



SOURCE: European Commission; Eurostat; 2010 Catalyst Census

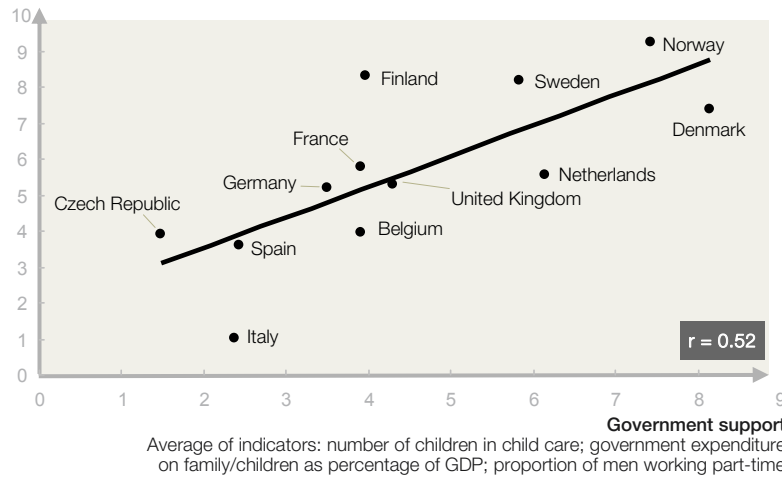
Exhibit B

Correlation between government support and women's position in the workplace

Number of countries = 12

Women's position in workplace

Average of indicators: board representation of women; women's share of men's working hours; employment rate of women



SOURCE: European Commission; Eurostat; 2010 Catalyst Census

Women's representation has grown but is lower on executive committees than on boards

McKinsey's first Women Matter study in 2007 highlighted how few women held top management jobs in European companies. Exhibit 1 shows the situation four years on in a range of European countries.

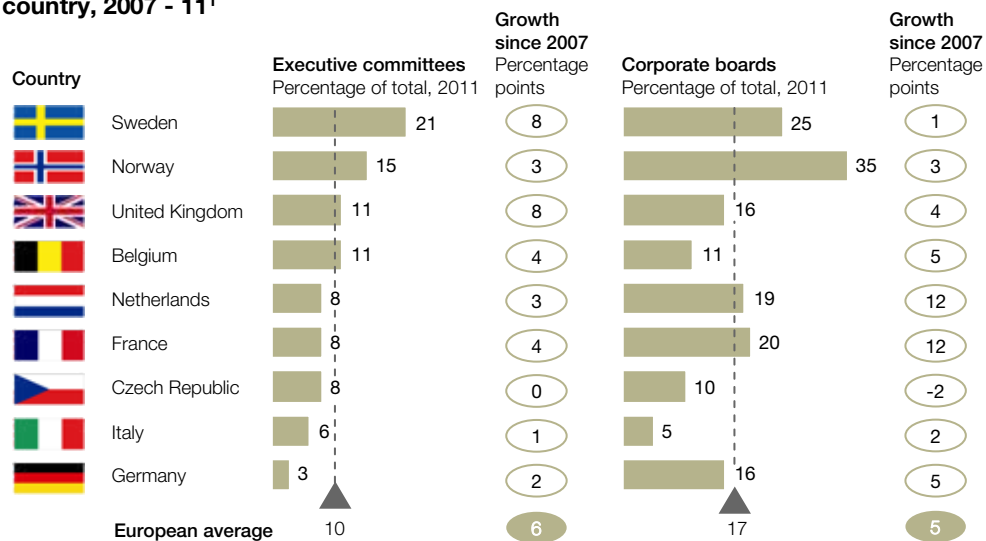
In eight out of nine countries, there are now more women on corporate boards. Twenty percent of board members in France, for example, are women, compared with 8 percent in 2007. In the Netherlands, the figure stands at 19 percent, compared with 7 percent four years earlier. We expect that at least some of this effect is related to the introduction of legally binding quotas in several countries, including Norway, Belgium, France, and Italy, and non-binding ones in others. In most countries, however, quotas have only recently been introduced and companies have several years to comply. Hence, quotas cannot be credited with all the progress to date. Prominent public debate has played a part too. Norway, which introduced a quota system in 2008, has the highest proportion of women

sitting on its boards. Sweden, with the second-highest proportion, has no quotas. On average, women now hold 17 percent of the seats on the boards in these nine countries, five percentage points higher than in 2007.

But women's representation is lower where it perhaps matters most—on executive committees. On average, women now hold 10 percent of executive committee roles in the nine countries, compared with 4 percent four years ago. But in none of the countries has the percentage of women on these committees grown by 10 percentage points over the four-year period. Indeed, given current growth rates, the proportion of women sitting on Europe's executive committees will still be less than 20 percent by 2022. Among the 235 companies we surveyed, the change was barely discernible—up to 11 percent from 10 percent, although relatively few companies were able to provide data for the four-year period.³

Exhibit 1

Women's representation on executive committees and corporate boards by country, 2007 - 11¹



¹ The 2011 figures are mostly derived from 2010 annual reports

SOURCE: Analysis based on annual reports of companies listed on each country's main index, and press searches. Italian data provided by Aliberti Governance Advisors

³ See Methodology.

The problem is not only at the top: women are increasingly outnumbered as they rise through the ranks

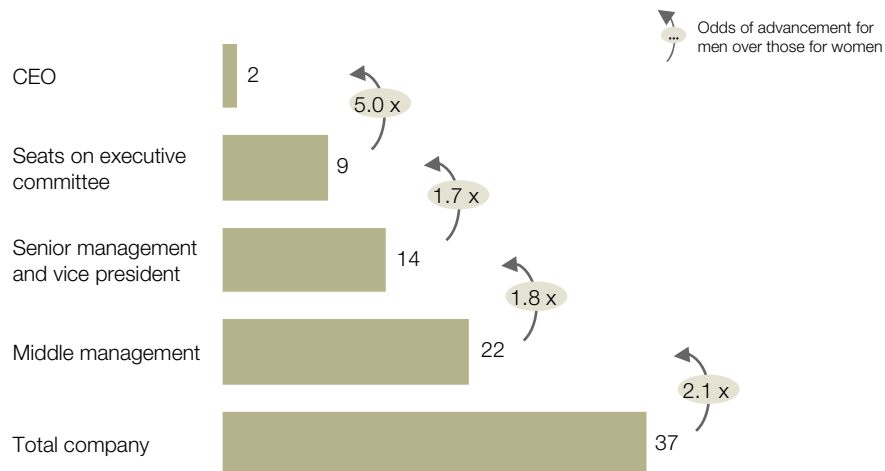
Most discussion and analysis about women’s representation in business focuses on boards and, to a lesser extent, the executive committee. What often goes unmentioned is the pipeline that feeds those positions. Our research shows that although many—but not all—companies now recruit their fair share of women, women become increasingly underrepresented as they move higher up the organization. This is a discouraging finding if it serves as any measure of future female representation on executive committees (Exhibit 2).

Different sectors have leaks and blockages in different parts of the pipeline. In financial services, for example, almost half of all employees are women, but their representation shrinks by more than half at middle management level. By contrast, in those sectors where there are fewer women overall—such as transport and logistics as well as energy and basic materials—women have a relatively good chance of promotion to middle management and beyond. For example, women hold 11 percent of the places on the executive committees of the companies in our survey in energy and basic materials, the same as in consumer goods despite these having proportionally fewer women in their organizations (Exhibit 3).

Exhibit 2

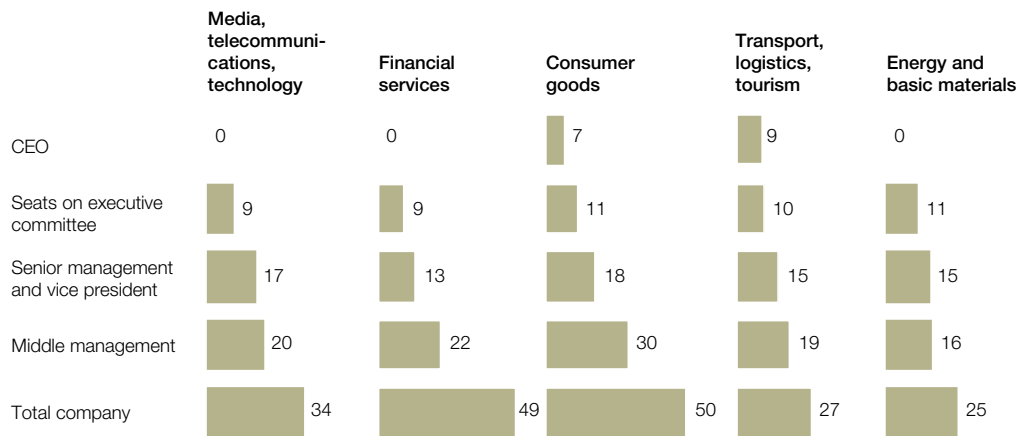
Average percentage of women at various organizational levels

Number of companies = 130¹



¹ Companies with more than 10,000 employees and/or revenues greater than €1 billion, and that provided data
 SOURCE: Women Matter 2012; McKinsey

Exhibit 3

Average percentage of women at different organizational levels in Europe, by sectorNumber of companies = 130¹

¹ Companies with more than 10,000 employees and/or revenues greater than €1 billion, and that provided data
 SOURCE: Women Matter 2012; McKinsey

The reasons women falter vary.⁴ At entry level, it is partly a question of a sector's image: businesses viewed as male-dominated tend to attract fewer women. Further up the ladder, many talented women leave a company when they decide to have children or take on other family commitments. Some leave before that, having reached the conclusion that they will never be able to reconcile their personal and professional goals if they stay. Others get stuck on the ladder—often once they return to work after having children or perhaps when they decide to work part-time—unable to see a clear route to advancement despite their skills and potential, or having decided that a more junior

role will give them a more balanced life. Higher up still, they can lack a network or sponsors to help build their standing. And at every stage, women can encounter unhelpful attitudes held by men and women alike. But whatever the reason, the end result is that the odds are consistently stacked against women climbing higher at every step of the career ladder—not just at the top.

⁴ See "Unlocking the full potential of women in the US economy"; http://www.mckinsey.com/client_service/organization/latest_thinking/unlocking_the_full_potential.aspx.

Many companies are investing heavily in gender diversity but have yet to see results

McKinsey’s Women Matter 2010 report showed that gender diversity was best supported within an ecosystem consisting of three parts:

- **Management commitment**, which means the CEO and the executive team champion gender diversity and set targets for the number of senior women in the organization
- **Women’s development programs**, which equip women with the skills and networks they need to master corporate codes and raise their ambitions and profiles
- **A set of enablers**, which together help ease women’s progress through the company. These include indicators to identify inequalities and track improvements, human resources processes and policies, and support mechanisms such as help with child care.

We identified 41 initiatives that lie within these categories.⁵ In our latest research, we asked the 235 companies to tell us which initiatives they had put in place and which they felt were well implemented.

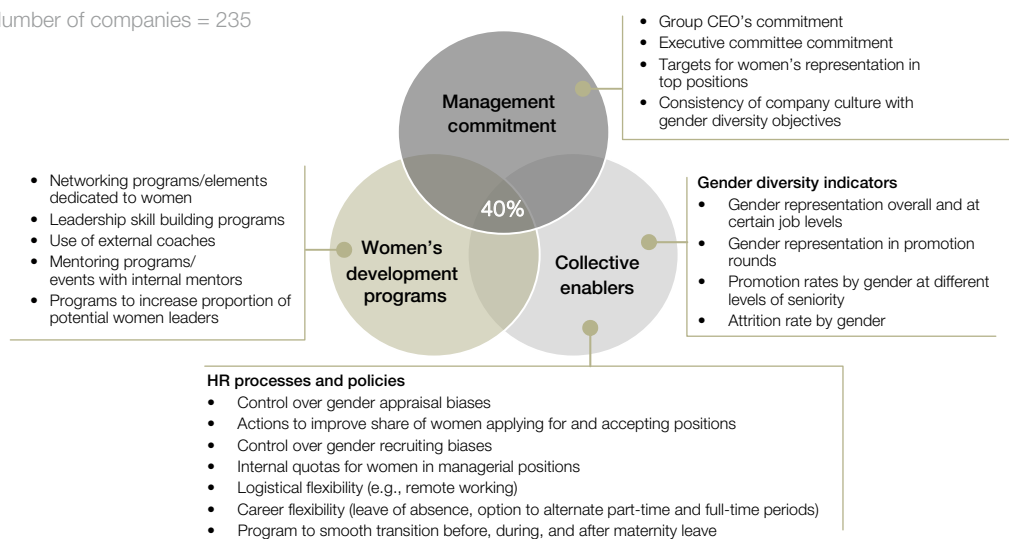
We found that the overwhelming majority of companies are tackling gender diversity: over 90 percent had programs in place. Moreover, 63 percent of the companies surveyed had each instituted at least 20 different initiatives, investing considerable money and energy in promoting gender diversity. Some 40 percent of all companies have built particularly strong, well-balanced ecosystems. These companies had introduced at least half of the measures that fall within each category. These are shown in Exhibit 4.

Exhibit 4

40% of companies have 50% of measures in place in all 3 parts of the ecosystem

Examples of gender diversity measures in each part of the ecosystem

Number of companies = 235



SOURCE: Women Matter 2012; McKinsey

⁵ See Methodology for full list.

In addition, gender diversity was among the top 10 strategic priorities for more than half the companies surveyed—double the number from 2010 (Exhibit 5). Women’s development programs have a more mixed response. Many companies are strong supporters, and women in particular often see them as a priority. But some feel such programs are either unnecessary or even counterproductive. Only 47 percent chose to offer women’s skill building programs, for example. “Women-specific programs stigmatize women. We prefer to focus on excellent talent management—for both men and women,” one interviewee said.

There would appear to be little doubt, then, that companies are making concerted efforts to make a difference. But are their efforts having an impact?

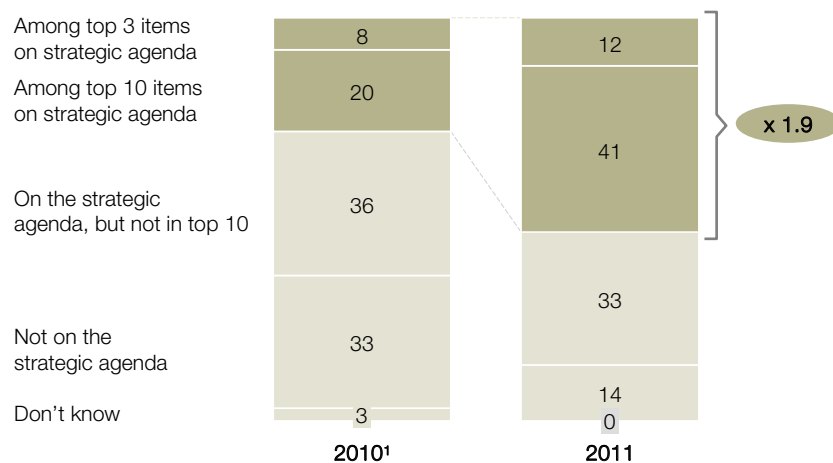
Significant gap between what is formally in place and what is regarded as well implemented

We asked the companies surveyed to rate the effectiveness of the various gender diversity initiatives they had put in place in terms of how broadly they were applied across the organization, how carefully monitored they were, and how well communicated. So, for example, some companies have targets for women in senior positions but no action plans to meet them. Others have targets and a plan but fail to communicate either. The most diligent have a target, a plan, and a communication strategy. Exhibit 6 shows some of the results: many companies are struggling to implement effectively what they have formally put in place.⁶

Exhibit 5

Gender diversity on the CEO’s agenda

Percentage of respondents, number of companies = 235



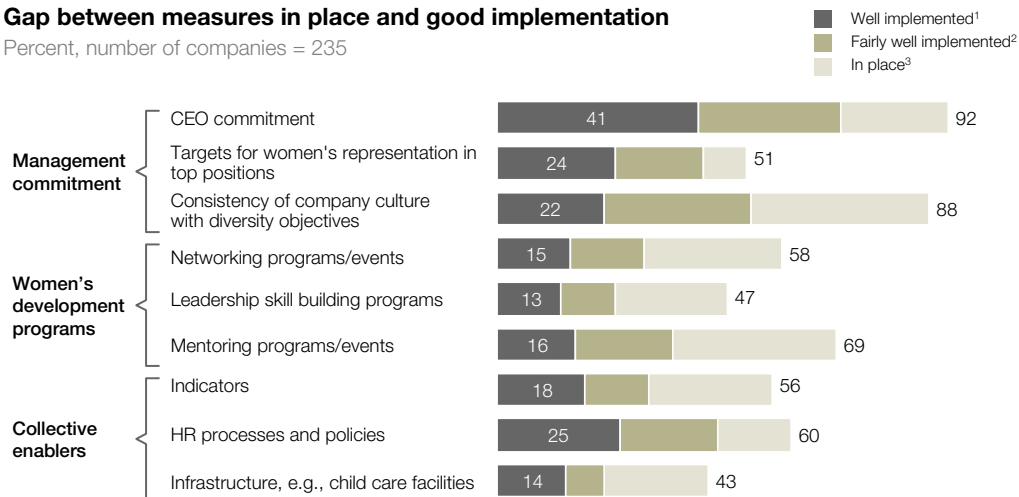
¹ The 2010 figures are from the Women Matter 2010 survey. There were 1,560 respondents to this survey
SOURCE: Women Matter 2012; McKinsey

⁶ Participants were asked to rate each initiative on a scale of one to four or five, depending on the initiative, where one meant there was no initiative in place. If an initiative was judged to be well implemented, it scored four or five. See Methodology for further details.

Exhibit 6

Gap between measures in place and good implementation

Percent, number of companies = 235



1 Measures were rated on a scale of 1 - 5, with the exception of management commitment measures, which were rated on a scale of 1 - 4.

"Well implemented" means an initiative was given a top score, i.e., 4 on a scale of 1 - 4 or 5 on a scale of 1 - 5

2 Scored 4 (management commitment 3)

3 Scored 2 or 3 (management commitment 2)

SOURCE: Women Matter 2012; McKinsey

Take women's development programs. The importance of these programs to helping women overcome obstacles in their career progression was highlighted in our 2010 report. Our latest survey shows, however, that while 69 percent of companies said they had mentoring programs in place for women, only 16 percent said they were well implemented, citing, for example, fast-waning enthusiasm from mentors and mentees alike. Some interviewees also suggested women feared association with what some regard as positive-discrimination measures that undermine meritocracy.

Likewise, although 92 percent of companies said they had the CEO's commitment, only 41 percent felt the CEO was really making good on that commitment, perhaps because they felt gender diversity was still not high enough on the agenda or because it was not always clear what actions were being taken to make a difference.

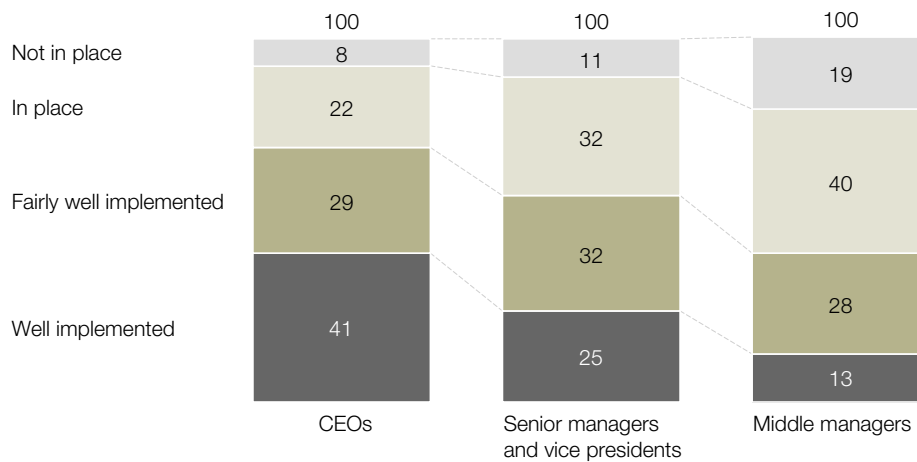
Top management commitment not always replicated lower down the organization

Important too is the finding that a company's perceived commitment tends to dwindle further down the organization. So while 41 percent of companies said their CEOs were fully committed to improving gender diversity, only 25 percent felt the same about senior managers and vice presidents, and 13 percent about middle managers (Exhibit 7). The closer to the front line, the less support there appears to be for gender diversity initiatives, suggesting companies still have considerable work to do to change attitudes within the organization.

Exhibit 7

Companies' assessment of management commitment to gender diversity

Percent, number of companies = 235



SOURCE: Women Matter 2012; McKinsey

Our Web survey uncovered the same issue. It asked 1,768 male and female middle managers (or lower) from some of the companies in the bigger group to assess the level of commitment of their top managers and how well various gender diversity measures were implemented. It found that in most companies, those lower down in the organization were less positive than those higher up. It also showed that men were often less persuaded of the need for gender diversity initiatives and less aligned with the initiatives' objectives, pointing again to the need to change attitudes. For example, 65 percent of men felt their companies' evaluation processes treated men and women equally. Only 30 percent of women felt the same (Exhibit 8).

What counts: management commitment, tracking, culture, and diligent implementation

In only 8 percent of the large companies in our survey do women hold more than 25 percent of the top jobs.⁷ If the bar is lowered to 20 percent of the top jobs, then the figure for companies rises to 21 percent. This is shown in Exhibit 9, which plots the number of initiatives each company has put in place from a list of the 20 most widely used against the proportion of women in the most senior positions—that is, vice presidents and senior managers, and executive committee members.

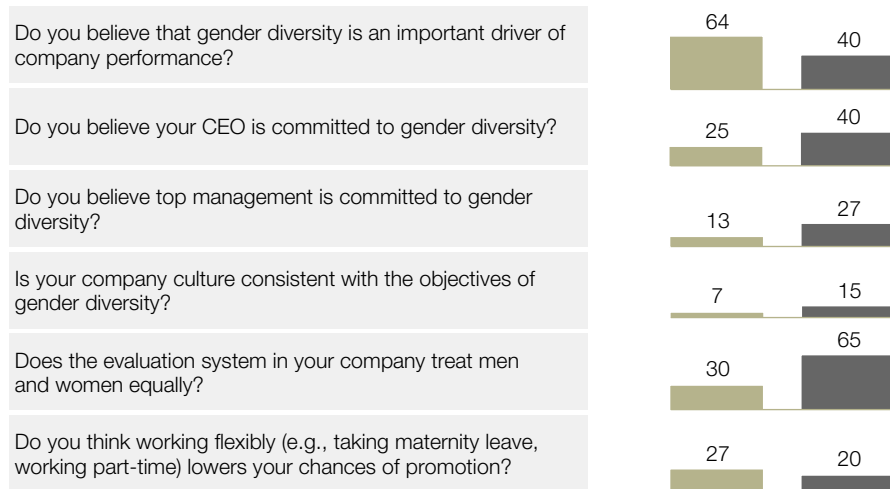
⁷ As not all companies gave data on women's representation within their companies, this is 8 percent of a subset of the large companies in the survey. See Methodology for more details.

Exhibit 8

Men's and women's differing views on gender diversity programs

Percentage of respondents who "strongly agreed"; number of respondents = 1,768¹

■ Women
■ Men

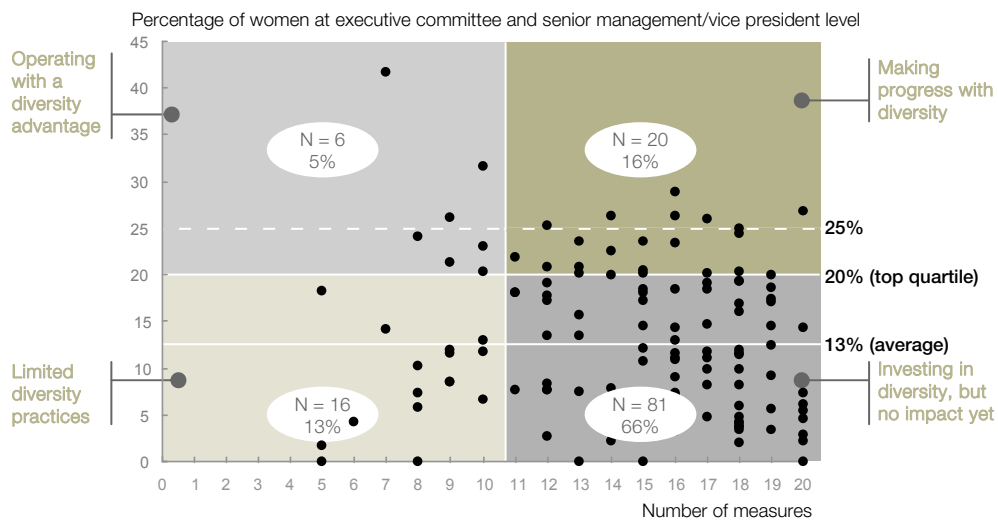


¹ Web survey participants. Some 35% of the respondents were female
SOURCE: Women Matter 2012; Web survey; McKinsey

Exhibit 9

Number of initiatives in place relative to the proportion of women in senior positions

Number of companies = 123¹



¹ Companies with more than 10,000 employees and/or revenues greater than €1 billion, and that provided data for women at these 2 levels
SOURCE: Women Matter 2012; McKinsey

Our research looked at what distinguishes the best performers, concentrating on those “making progress with diversity”—that is, those in the top right-hand quadrant of the matrix that have between 10 and 20 initiatives in place and 20 percent or more top positions filled by women. (The number of companies in the top-left quadrant is too small to be of statistical significance.) What these companies have in common, besides a critical mass of initiatives, is a high level of CEO and top management commitment, a rigorous system for monitoring women’s representation within the company, and a culture sympathetic to the aims of gender diversity programs. They also drive through the initiatives they choose.

Exhibit 10 illustrates this. It shows how companies scored in these areas compared with companies in the bottom left-hand corner of the matrix

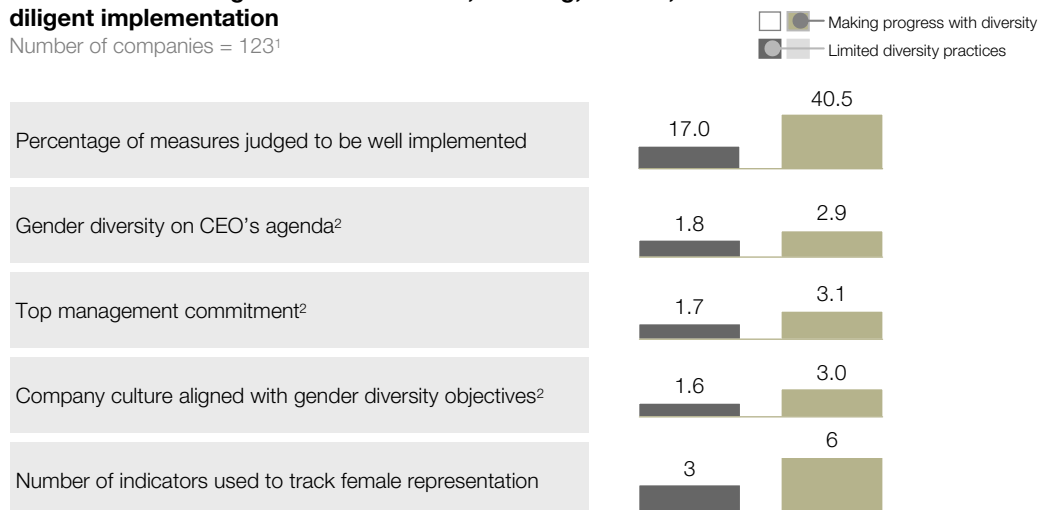
in Exhibit 9—those with “limited diversity practices.” So, for example, when it comes to top management commitment, the average score was 3.1 versus 1.7 out of a possible 4. And 40.5 percent of the initiatives taken by those “making progress with diversity” were judged to be well implemented, compared with 17 percent for the others.

The majority of companies—66 percent—sit in the bottom right-hand quadrant. They too have between 10 and 20 initiatives in place but fewer than 20 percent of women in top positions. It is important to note that a number of the companies here have only recently started to focus on gender diversity, so may see results given more time. Many others, however, express frustration at the slow rate of progress despite their considerable efforts. For them, something more than extra time is needed.

Exhibit 10

What counts: management commitment, tracking, culture, and diligent implementation

Number of companies = 123¹



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

² On a scale of 1 - 4 where 4 is well implemented

SOURCE: Women Matter 2012; McKinsey

Making the breakthrough

A gender diversity program, like any other major corporate change program, depends upon there being recognition throughout a company of the importance of the goal and a rigorously planned and executed campaign to reach it. Initiatives will need to be taken in each part of the ecosystem. But our research suggests that unless these are supported by four fundamental elements, companies are unlikely to make the breakthrough they seek, as good implementation depends upon them.

First is visible commitment from the CEO to help make sure gender diversity is part of the company's strategy and clearly communicated as such. The program has to be seen to be not just a set of initiatives but more a way of life, with top managers showing their commitment day in, day out until gender diversity becomes the status quo. Nothing will compensate for the lack of such commitment, which will have to be sustained over a considerable period of time.

The second is a detailed understanding of women's representation at every level within the organization both to track progress and to know where the obstacles lie. The third is a campaign to influence the mindsets that halt women's progress. And the fourth is the precision targeting of initiatives at a company's own particular stress points, because the reasons for women failing to reach the top differ between companies and at each section of the pipeline. The combination of these four elements will ensure initiatives are both well implemented and, ultimately, effective.

1. Make senior management commitment more visible

Companies are in no doubt as to the importance of the CEO's commitment. But intention alone will not suffice. As the research has shown, the CEO needs to convince others of the need for change to help make sure gender diversity objectives are embraced throughout the organization. To flag their commitment, leaders should:

Make a compelling business case for gender diversity. The need to hire and retain the best can be reason enough, but there are other reasons too. One company in our survey felt it needed more women to sustain client relationships given the number of women in the organizations it served. Another felt that although its product was consumed mainly by men, women often made the buying decisions and so female employees would deliver more penetrating consumer insights. A third spotted a link between the number of senior women in its sales force and higher sales, and a fourth saw gender diversity as key to its reputation as an employer. Our own research has shown a link between the specific leadership skills that many women have and the way these contribute to stronger organizational and financial performance.⁸

Lead by example. Many companies said momentum for change took hold when the executive team made visible its support for women by, for example, appointing women into top positions or ensuring women were among the candidates considered for promotion. Creative solutions might be required. One CEO wanted to flag the importance of gender diversity by putting more women into top roles quickly. But as no position on the executive committee was about to become vacant and the CEO was reluctant to create a new one, he instead formed a management committee with responsibility for all important strategic issues. Several women now sit on this committee. Sponsorship, as opposed to mentorship, is powerful too. It entails senior executives taking personal responsibility for creating opportunities for women and acting as their champions. One company discovered that once its board members became sponsors, senior managers were eager to follow suit and take on what came to be seen as a prestigious role.

2. Know the numbers

Companies that begin with a robust, fact-based understanding of their starting point are 2.4

⁸ See Women Matter 2: Female leadership, a competitive edge for the future; www.mckinsey.com/locations/paris/home/womenmatter.asp.

times more likely to transform their companies than those that are less well prepared.⁹ It helps them detect the obstacles they need to tackle, to set realistic but challenging goals, and to track progress. Relatively few companies in our survey had such an understanding of their starting point. But if women drop out of the career pipeline for different reasons at different stages, knowing the numbers is an essential starting point. The data should go deep and include, at a minimum, the proportion of women in a company's business units at each level of employment, the pay levels and attrition rates of men and women in comparable positions, and the ratio of women promoted to women eligible for promotion.

In addition, companies need to set clear targets for each part of the business. In this way, more people engage in change, taking individual responsibility for improving women's representation rather than seeing it as the preserve of the human resources department. A large European public organization has taken this approach. Each department has an annual target for the representation of female middle managers up until 2014. The targets take into account each department's starting position and other specific circumstances, but add up to an overall target of 30 percent by 2014. Progress is published regularly, and the departments are encouraged to compete with one another to

recruit the most talented women by advertising what they are doing to make their departments great places to work.

Incentives can help. At one company, line managers' bonuses are partly related to meeting broad targets for promoting women, although strict quotas are avoided to ensure that only the very best are selected. Setting targets can create a dilemma, with management fearing that it could undermine the credibility of women already at the top. Not setting them can be problematic too. One executive put it like this: "I was against targets at first, but after seven years of soft measures with no substantial impact, I have come to believe it is the only way to really make a change." If targets are rejected, then something else with teeth is likely to be required—perhaps a regular report on progress and an explanation in the absence of any.

The sidebar, "Knowing the numbers: A case study," describes how one company went about setting a target for the number of women in senior positions.

3. Tackle mindsets

The best of efforts may fail unless people change the way they think. So, for example, if the

Knowing the numbers: A case study

One company built a diagnostic tool to understand the gender balance at every level among its more than 100,000 employees, then simulated what would be required in terms of hiring, promoting, and retaining women in order to increase the number of senior women managers. This helped it set what it felt would be an achievable and, just as importantly, sustainable target (subject to local legal requirements). It was particularly anxious not to move too quickly and risk compromising a highly meritocratic corporate culture.

With the overall target set—25 percent of women at managing director and director level by 2018—each division was then given its own metrics for hiring, promotion, and turnover. With these targets in view and the knowledge that the bar for promotion could not be lowered, managers were forced to look harder for women of high potential and to start working with them earlier to develop that potential.

⁹ See "What successful transformations share: McKinsey Global Survey results"; https://www.mckinseyquarterly.com/What_successful_transformations_share_McKinsey_Global_Survey_results_2550.

prevailing view is that aspiring managers need to make themselves available anytime, anywhere, it will inevitably be more difficult for some women to flourish. “The 24/7 mentality is very much part of our culture. Anything less is seen as lack of commitment to the company. It is one of my priorities to tackle this,” one executive said. Our research, cited earlier, also revealed how few senior and middle managers appeared to think gender diversity was an important goal.

McKinsey work has shown that corporate transformations that address the underlying attitudes that prevent change are four times more likely to succeed than those that tackle only the symptoms of resistance.¹⁰ The particular mindsets that hamper gender diversity vary depending on the country and corporate culture, although the list is long. Sometimes there is an unchallenged view that positions requiring long hours and lots of travel will not suit women. One executive even said that people within his company felt the top

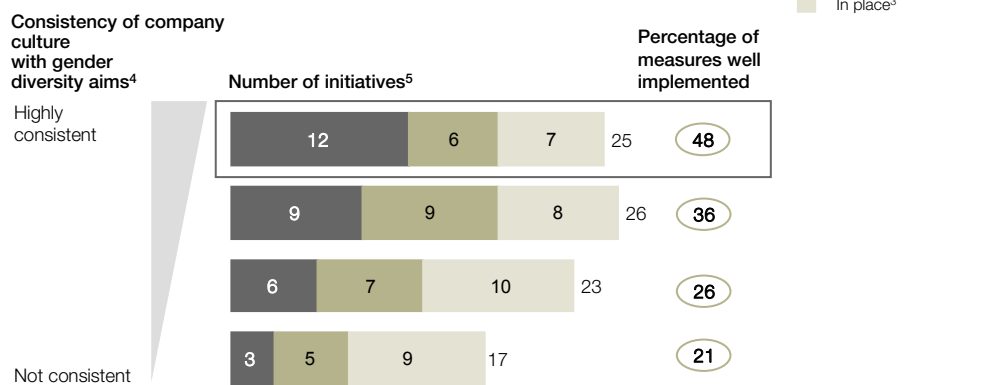
jobs somehow belonged to men. The biases of others are more subtle. Some companies are reluctant to give women the tough but still helpful feedback that everyone needs on their way to the top, and some men are reluctant to develop mentoring relationships with women for fear that the relationship might be deemed inappropriate. Others feel more comfortable promoting those who behave and think most like themselves—in other words, men—and fail to appreciate different leadership styles.¹¹

By visibly driving gender diversity, CEOs are already challenging set behaviors, sowing the seeds of cultural change. But more is needed. Companies must understand the unhelpful attitudes and beliefs that prevail among men and women alike in their companies, then work to change them. Exhibit 11 shows the link between what survey participants judged to be a corporate culture supportive of gender diversity goals and the number of well-implemented initiatives.

Exhibit 11

Influence of corporate culture on gender diversity initiatives

Percent, number of companies = 235



1 Initiatives were rated on a scale of 1 - 5, with the exception of management commitment initiatives, which were rated on a scale of 1 - 4. "Well implemented" means an initiative was given a top score, i.e., 4 on a scale of 1 - 4 or 5 on a scale of 1 - 5

2 Scored 4 (management commitment 3)

3 Scored 2 or 3 (management commitment 2)

4 Interviewees were asked whether they felt their company's culture was aligned with the aims of a gender diversity program

5 Out of a list of 41. See Methodology for further details. Numbers are rounded

SOURCE: Women Matter 2012; McKinsey

¹⁰ See "What successful transformations share: McKinsey Global Survey results"; https://www.mckinseyquarterly.com/What_successful_transformations_share_McKinsey_Global_Survey_results_2550.

¹¹ See Women Matter 2: Female leadership, a competitive edge for the future; www.mckinsey.com/locations/paris/home/womenmatter.asp.

The sidebar, “Changing attitudes,” describes some of the measures companies in our survey have taken to instill a more supportive culture and which have worked well. Getting senior men and the skeptics involved is key.

4. Target initiatives at the particular challenges your company faces

Knowing the numbers and prevailing mindsets will help companies understand where they need to focus their efforts. Because employees have limited tolerance for special initiatives, early impact is important.

One of the most intractable problems companies face is having too few female internal candidates to consider for promotion to top positions. Setting targets for gender diversity throughout the organization will help, as discussed; so will sponsorship by senior executives to make women more visible and training to counter biases. But initiatives will need to be tailored and then targeted at each company’s own stress points. Here are some of the initiatives that companies in our survey found worked particularly well at different parts of the pipeline.

Changing attitudes

Companies in our survey described a range of initiatives they had taken to overcome biases and change attitudes in their companies in relation to women’s representation in senior management. One went to great lengths to understand junior women’s concerns about promotion, then worked to overcome them. Another strove to understand the biases that might be at play in the promotion process and found, for instance, that women were often judged on their performance but men on their potential. It set up training courses for managers to shift perceptions. The same biases might be at play in recruitment. One company told us: “We organized an audit of our recruiting processes and found, to our surprise, that recruiters tended to be more critical of female than male candidates. As a result, we organized training for the whole recruiting department.” Getting the skeptics involved can prove effective. One company made a point of asking a manager who seemed uninterested in gender diversity to lead a diversity training course. He is now one of the company’s most vocal supporters of diversity and inclusion.

Companies should not be afraid to target the attitudes of their top teams too, as gains here will radiate through the company. One international company set up a discussion group for 10 of its senior managers, mixing women with men and those who believed in the benefits of diversity with skeptics. To show the importance of the sessions, the most senior executives were asked to host them—the CEO in some countries. The sessions started on uncontroversial ground, looking at the criteria deemed important for promotion such as an outstanding performance record, influential sponsors, and close relationships across the company. But then the probing started. Why do women sometimes struggle to fulfill the criteria? Could it be because sponsors are less willing to back women who might need maternity leave or have other outside commitments? And are women perhaps not being given the opportunity to prove their worth because assumptions are being made about what they want, which stops them being considered for bigger roles?

Following the sessions, a number of participants said they had reexamined their behavior and returned to their own divisions determined to make invisible mindsets visible, then change them.

Entry level

Those companies that still struggle to recruit women will have to alter women's perception of them. One global bank worked with schools to educate teenage girls about the range of opportunities in the firm and their appeal to women. They then kept in touch with these young women throughout their college education and offered summer internships. The proportion of women at entry level rose significantly, to 44 percent last year.

Middle management

Consider and plan for a woman's entire career.

Anticipating women's career needs and planning for them can encourage women to return to work after maternity leave or take on the challenge of a promotion. The aim is to make the most of a woman's talent at every stage of her career, be it when she is working full- or part-time, on maternity leave or newly returned, or able to travel more or less. One international bank has an accelerated development program for women of high potential, the aim being to get them further along their career paths before they have children, as more senior women tend to be more likely to return to work.

Avoid "women-only" solutions. Although many companies offer flexible working programs, working less than full-time is still often seen as a risky career move that can deter women from making it. Flexible working is likely to be a successful initiative for promoting gender diversity only when it ceases to be regarded as the preserve of women with dependents. One company turned a corner when men began taking advantage of its program. Eventually the tipping point was reached at which flexible working became commonplace, and, over the course of five years, the senior management team was transformed.

Role models also help. Senior leaders, male or female, who discuss their flexible working patterns can demonstrate both their commitment to the company and their personal success.

Senior management

Unblocking the pipeline at entry and middle management level will increase the pool of women suitable for senior positions. But it is not just a numbers game. As we have said, mindsets count too, and capable women can get overlooked. One diversified company thus devotes an entire session in its succession planning process to discussing women. The aim is to force businesses to consider high-performing women and look for ways to create an environment in which they can contribute and succeed, rather than coming up with reasons why it will be hard for them to do so. Another company found it was promoting very few women in Asia. Closer examination revealed that by the time it turned to considering which women might be tomorrow's leaders, many already had commitments in their personal lives that made it hard for them to gain critical international exposure. The company therefore lowered the required seniority level for those being considered for top management roles, helping to keep more women moving through the pipeline.



The path to greater gender diversity is clear. Corporate leaders must take responsibility for making change happen and ensuring that obstacles are properly identified and then removed with the right initiatives. That route might sound straightforward, but as any company that has embarked on the journey knows, it takes dogged, sustained commitment. The ultimate goal is for gender diversity to become hard-wired into a company's culture. Some companies in our study appear to be reaching that goal. But for others, it is still some way off, and progress will depend upon diligent, intelligent implementation of a gender diversity program, helping to ensure the precious resources devoted to raising women's representation have sustainable impact.

Key issues vary by country

Women are underrepresented at the top of corporations in all the European countries in our survey. However, the key issues vary, and companies will need a country-specific approach to make sure they implement the right set of measures.

In the **United Kingdom** and **France**, companies are investing heavily in improving gender diversity. Indeed, French companies are, on average, doing more than most in terms of the number of initiatives undertaken. But in both countries, companies in the survey are not yet seeing the impact of their efforts. In addition, they have broadened their diversity programs beyond women to include other underrepresented groups.

In **Belgium** and **Luxembourg**, companies score well on CEO commitment and supporting infrastructure. However, in both countries, companies have, on average, implemented fewer measures (19 versus a European average of 24), and these are not well balanced across the ecosystem. Only 1 in 10 companies have a range of measures in each part of the ecosystem, compared with a European average of 1 in 3. Women's development programs are relatively uncommon. Future priorities are to better understand women's representation within the company, to define targets for women in senior positions, and to build management commitment.

In the **Netherlands**, companies score highly on top management commitment and development programs but are aware that the impact to date has been limited. A particular challenge for Dutch companies is to promote women to middle management, as they have proportionally fewer women at this level than their European counterparts. Unless this issue is resolved, it will be hard to fill more senior management positions with women in the near future.

Losing high-potential women when they decide to have children is of particular concern in the **Czech Republic**, where statutory maternity leave is up to three years. As women on maternity leave account for some 10 percent of companies' workforces, the challenge is how to encourage women to rejoin the workforce and then reintegrate them well.

Italian women work less, on average, than their European counterparts: the female employment rate is 46 percent compared to an average of 62 percent in Europe. Those women who do work tend to work fewer than half the hours worked by men. Italian companies are committed to developing high-potential women, but they lag other countries in two key areas: monitoring diversity indicators and offering training programs for women.

German companies have made tremendous efforts in the past year to increase the number of women in senior management positions. They have more human resources processes and policies than the European average. Their efforts will take time to bear fruit, but initial success was registered in 2011, when 16 percent of new executive committee positions went to women.

Methodology

This benchmark survey focused on large and medium-sized companies in eight European countries: France, the United Kingdom, Germany, Italy, the Netherlands, the Czech Republic, Belgium, and Luxembourg. A total of 235 companies were surveyed, 75 percent of which had more than 10,000 employees and/or annual revenues greater than €1 billion.

The survey was both qualitative and quantitative. Each company was asked to complete or participate in:

- A quantitative questionnaire to record women's representation at different levels within the organization. Fifty-eight of the 235 companies did not share this data, either because they did not record it or preferred not to do so.
- A qualitative interview with a senior human resources executive, the executive responsible for diversity, or another top executive or board member. In some instances, the CEO gave the interview. The purpose was to understand each company's approach to gender diversity and the impact. In particular, the interview assessed the number of initiatives the company had put in place to promote gender diversity and how well they were implemented. The latter was gauged by the interviewees themselves according to how broadly they felt any given initiative was applied and communicated. So, for example, some companies had targets for the number of senior women in the company but no action plan for achieving them. Some had an action plan but did not communicate the results. Others did both. Likewise, some companies had a skill building program in place for potential women leaders, but if it was not available in all geographies or if many women were not aware of its existence, it was not judged to be particularly well implemented. Interviewees thus rated each initiative on a scale of one to four (for all initiatives related to management commitment) or one to five (for all other initiatives). One indicated the initiative was not in place and four or five that it was well implemented. All 235 companies participated in these interviews, the results of which have been interpreted as each company's view on its own gender diversity program.
- An optional, Web-based survey completed by 1,768 mainly middle managers and lower in companies in Germany, France, the Czech Republic, and the United Kingdom. The purpose of the survey was to give participating companies insight into the effectiveness of their gender diversity programs as perceived by their own employees.

The gender diversity ecosystem

McKinsey's Women Matter 2010 report showed that gender diversity was best supported within a three-part ecosystem and identified a total of 41 measures and initiatives that fell within that ecosystem. These are the initiatives that our interviewees were asked to assess in their companies. They are listed below by category.

Top management commitment

- Place on the group CEO's strategic agenda
- CEO's commitment
- Executive committee's commitment
- Senior management's commitment
- Quantitative targets for women's representation in leadership positions
- Consistency of company culture with gender diversity objectives
- Actions to increase men's awareness of gender diversity issues

Women's development programs

- Networking events/programs
- Leadership skill building programs
- Use of external coaches
- Mentoring programs with internal mentors
- Programs to increase proportion of potential women leaders

Collective enablers

Indicators

- Gender representation overall and at certain job levels
- Gender distribution at different stages of the recruitment process
- Salary differences in equal positions
- Gender representation in promotion rounds
- Promotion rates by gender at different levels of seniority
- Work satisfaction levels by gender
- Participation rates in training programs by gender
- Participation rates in mobility programs by gender
- Attrition rates by gender

Collective enablers

Human resources processes and policies

- Processes that overcome gender biases in appraisals
- Evaluation systems adapted so that flexible working is not penalized
- Evaluation systems that recognize different leadership styles
- Gender-targeted recruiting events
- Actions to improve share of women applying for and accepting positions
- Processes that overcome gender biases in recruiting
- Internal quotas for women in managerial positions
- Processes to retain top performers who may want to leave
- Logistical flexibility (for example, remote working)
- Career flexibility (for example, leave of absence, option to alternate periods of part-time and full-time work)
- Policy to schedule meetings only during business hours
- Program to smooth transition before, during, and after maternity leave
- Guarantee to keep similar or better position when returning from leave of absence
- Regular, individual contact with human resources department or management to define career path

Collective enablers

Infrastructure

- Office concierge service
- Office-sponsored home concierge service
- In-house or external child care facilities
- Services for sick children (for example, nurse in attendance at home)
- Mobility support (for example, finding schools for children)
- Job search program for spouse or partner

The authors



Sandrine Devillard is a director in the Paris office of McKinsey & Company. She leads McKinsey's consumer goods and retail practice in France. Her work for consumer goods and retail companies throughout Europe and Asia focuses mainly on strategy, new business formation, organizational structure, and operational efficiency. She is the global leader of the McKinsey Women initiative and co-authored the previous four Women Matter reports. She is a graduate of the Ecole des Hautes Etudes Commerciales in Paris.

Wieteke Graven is an associate principal in the Amsterdam office of McKinsey & Company. She focuses mainly on strategy and transformation-related topics in banking and insurance. In addition to her involvement in the European report, she is leading the rollout of McKinsey's latest Women Matter research in the Netherlands. Before joining McKinsey in 2007, she worked in investment banking. She graduated in business administration (specializing in finance) from the University of Maastricht.



Emily Lawson is a partner in the London office of McKinsey & Company. She is the leader of McKinsey's human capital practice across EMEA. Her work focuses on creating long-term shifts in business performance through improving organizational effectiveness on multiple dimensions, and through increasing the engagement, productivity, accountability, skills, and motivation of staff in large, complex institutions, particularly in the healthcare and financial services sectors. She has a degree in natural sciences from Cambridge University, a PhD from the John Innes Institute, and an MBA from the Saïd Business School, Oxford.



Renée Paradise is an associate principal in the London office of McKinsey & Company. Her work focuses on issues related to organization, including transformational change, talent, leadership, and diversity, for companies throughout North America, Europe, and Asia. She is a graduate of Harvard University.

Sandra Sancier-Sultan is a principal in the Paris office of McKinsey & Company. She leads McKinsey's financial services sector in France and is one of the leaders of its European insurance practice, working on behalf of companies on strategy, distribution, and operational performance. She is the leader of the McKinsey Women initiative in France, and for the past three years, has led and co-authored the Women Matter studies. She graduated from the Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC) and received an MBA degree from INSEAD.



The McKinsey & Company project team

Belgium and Luxembourg

Giulia Chierchia
Astrid Maréchal
Anne-Sophie Marsin
Kathleen Martens
Mieke Van Oostende

France

Marie Anglade
Jeremy Borot
Fida Bou Chabke
Emilie Cistac
Diana Garibian
Mylene Perrein-Peduzzi
Alexandra Prieux
Charlotte Werner

Germany

Stephanie Eckermann
Anja Hartmann
Miriam Heyn
Bettina Orlopp
Ella Schwarz

Italy

Stefania Casero
Xenia Kastorinis
Roberta Marracino
Laura Toia

The Czech Republic

Radka Dohnalova
Ursula Kralova

The Netherlands

Dymfke Kuijpers
Carlos van der Lande
Jurjen Gaarlandt
Pieter van Gaelen
Jantine Grijzen
Eva Sillen
Lisette Steins

United Kingdom

Alice Bentinck

The team would like to acknowledge the following office managers and directors for their contribution and support: Pierre Gurdjian (Benelux), Tomas Visek (Czech Republic), Pål Erik Sjøtøl (Eastern Europe), Jean-Christophe Mieszala (France), Frank Mattern (Germany), Leonardo Totaro (Italy), Peter de Wit (Netherlands), and Kevin Sneader (United Kingdom).

The team would also like to thank Joanna Barsh, Georges Desvaux, Wiebe Draijer, Michael Halbye, and Eric Labaye of McKinsey for their commitment to pursuing our understanding of this topic, and their comments on drafts of the manuscript.

Finally, the report was much improved by the expert eye of Joanne Mason.

About McKinsey & Company

McKinsey & Company is an international management consulting firm that helps leading corporations and organizations make distinctive, lasting, and substantial improvements in their performance. Over the past eight decades, McKinsey's primary objective has remained constant: to serve as an organization's most trusted external advisor on critical issues facing senior management. With over 8,000 consultants deployed from some 100 offices in more than 50 countries, McKinsey advises companies on strategic, operational, organizational, and technological issues. The firm has extensive experience in all major industry sectors and primary functional areas, as well as in-depth expertise in high-priority areas for today's business leaders. McKinsey also helps a diverse range of government institutions, public administrations, and not-for-profit organizations with their management challenges.

