



# Women Matter

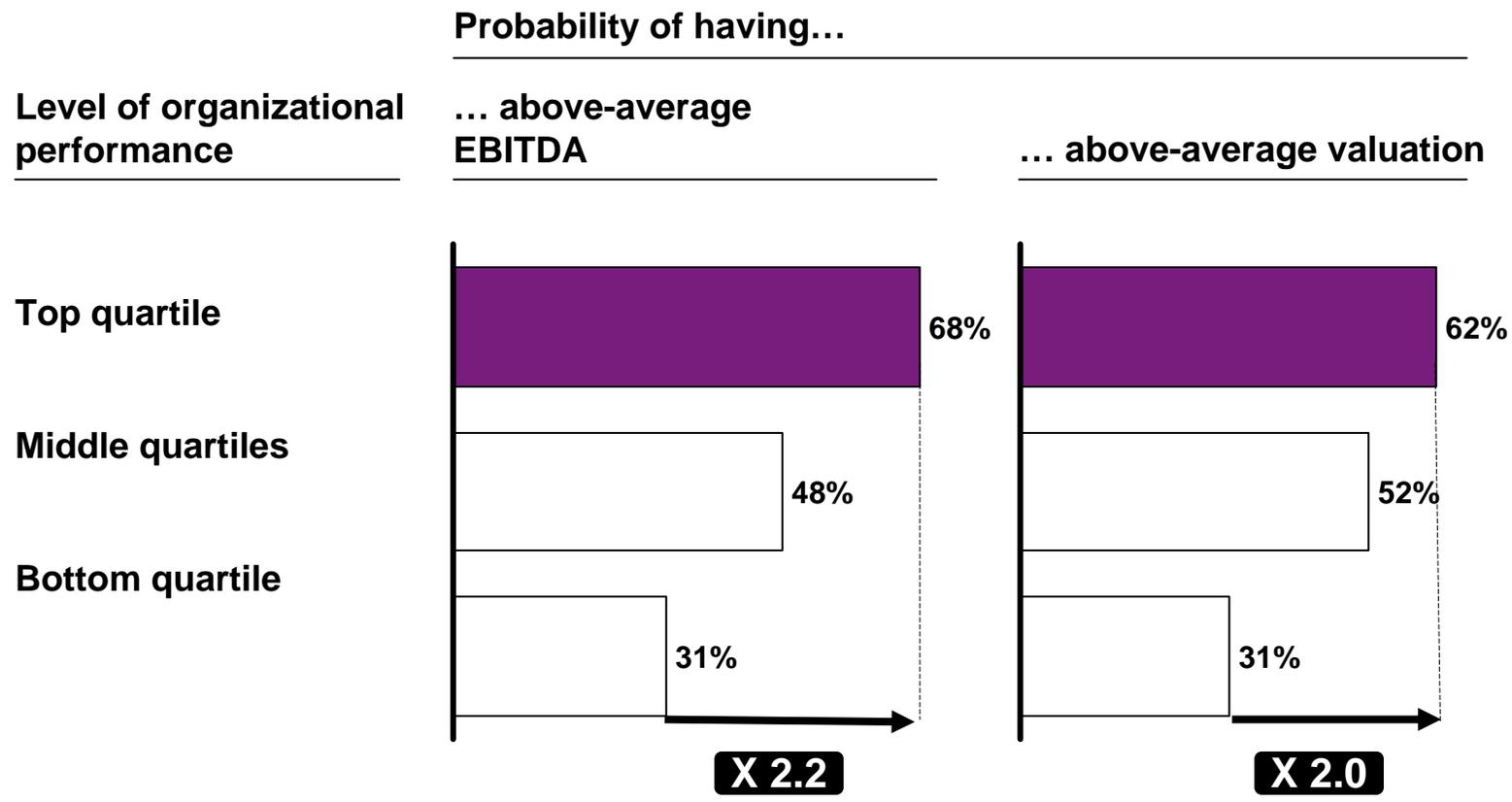
# The nine dimensions of organizational performance... ... are stronger for companies with three or more women in top management





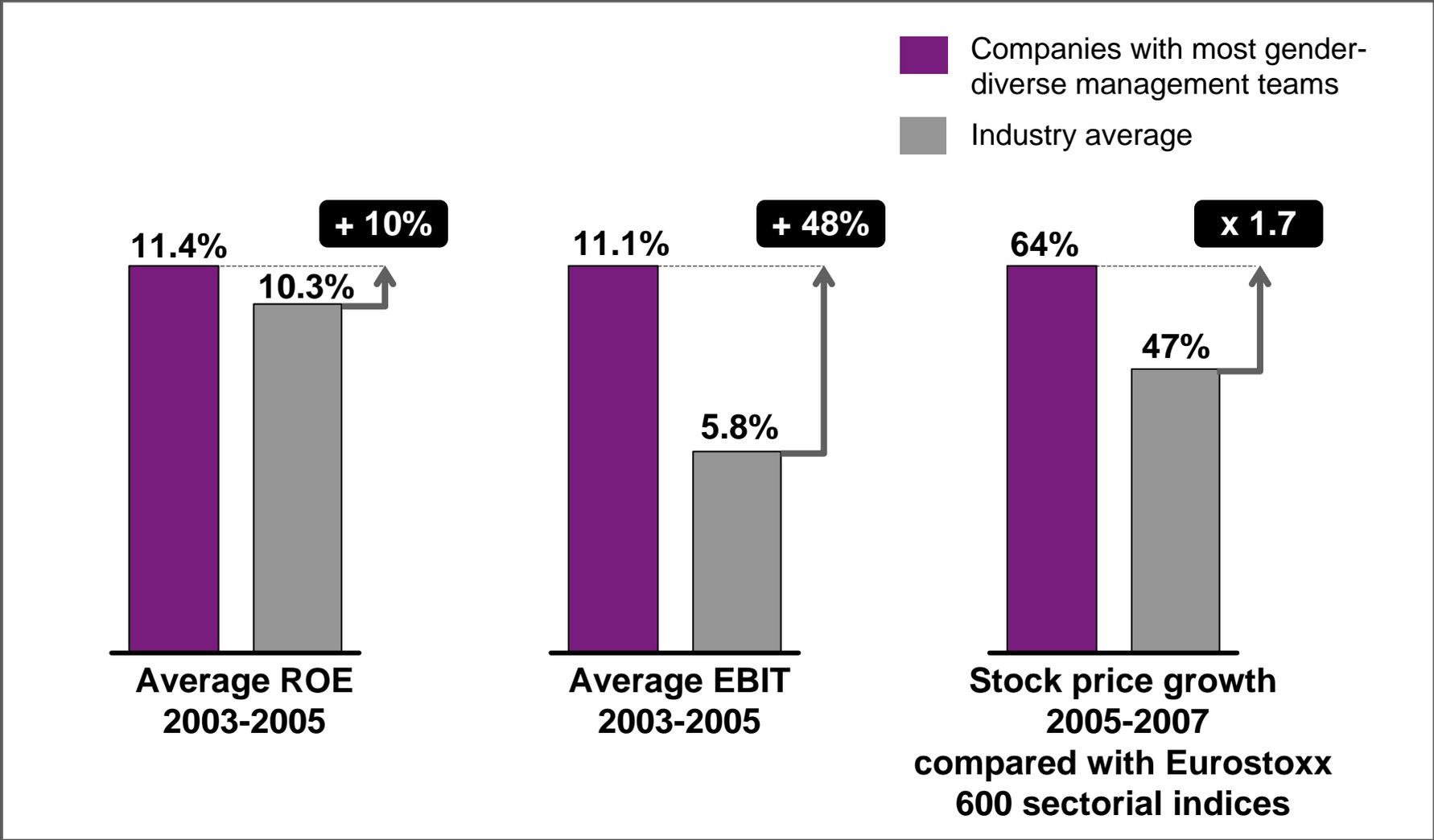
# High-performing companies organizationally are twice as likely to have above average profitability and valuation levels

## Company economic performance by organizational rating



SOURCE: McKinsey – OPP analysis, *Women Matter*, 2007

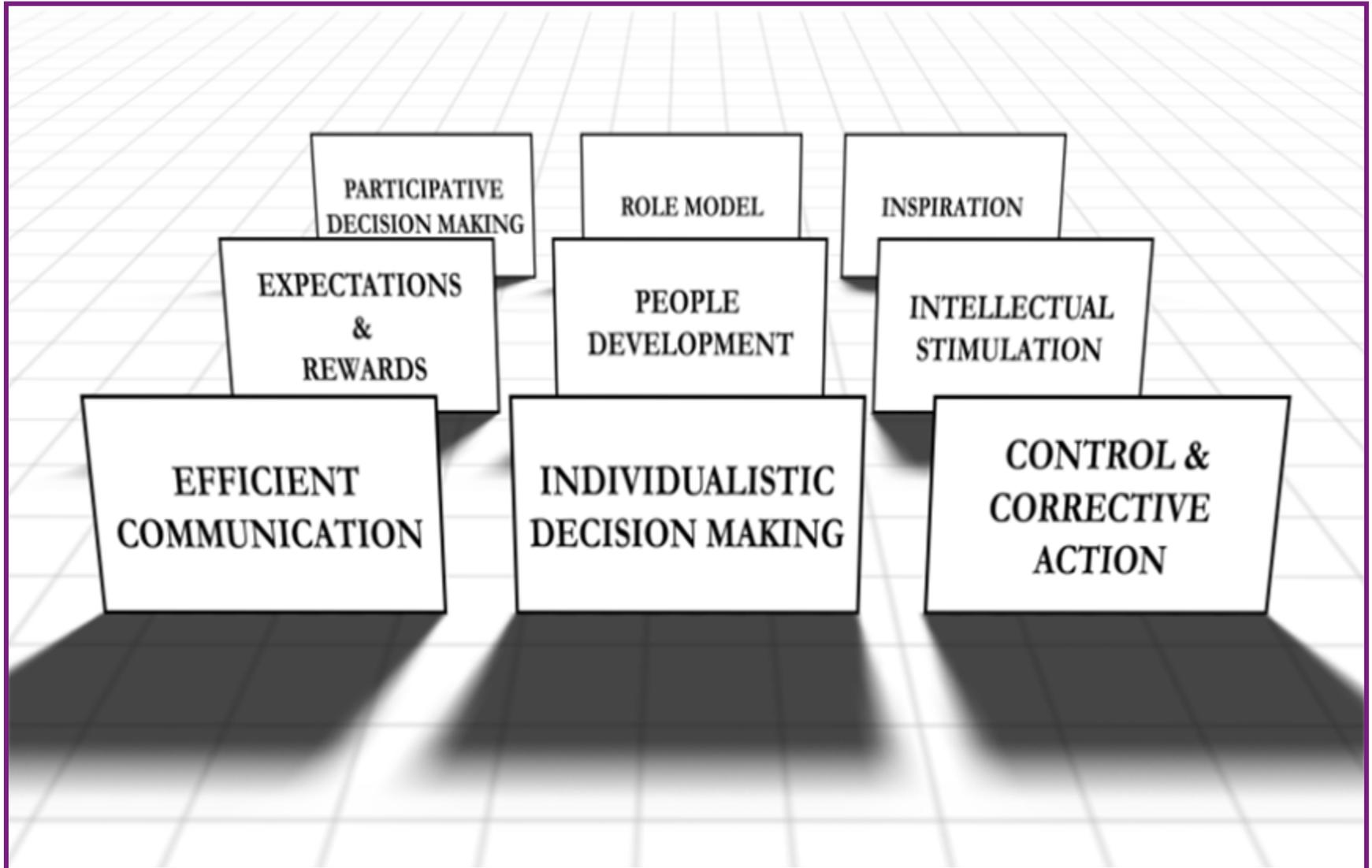
# A separate analysis confirmed that companies with a higher proportion of women in top management have better financial performance





# Women Matter 2

# Nine leadership behaviors can improve organizational performance



**For example, the “Inspiration” behavior has a positive impact on two dimensions of organizational performance**

**INSPIRATION**

**“Presenting a compelling vision of the future and inspiring optimism about its implementation”**



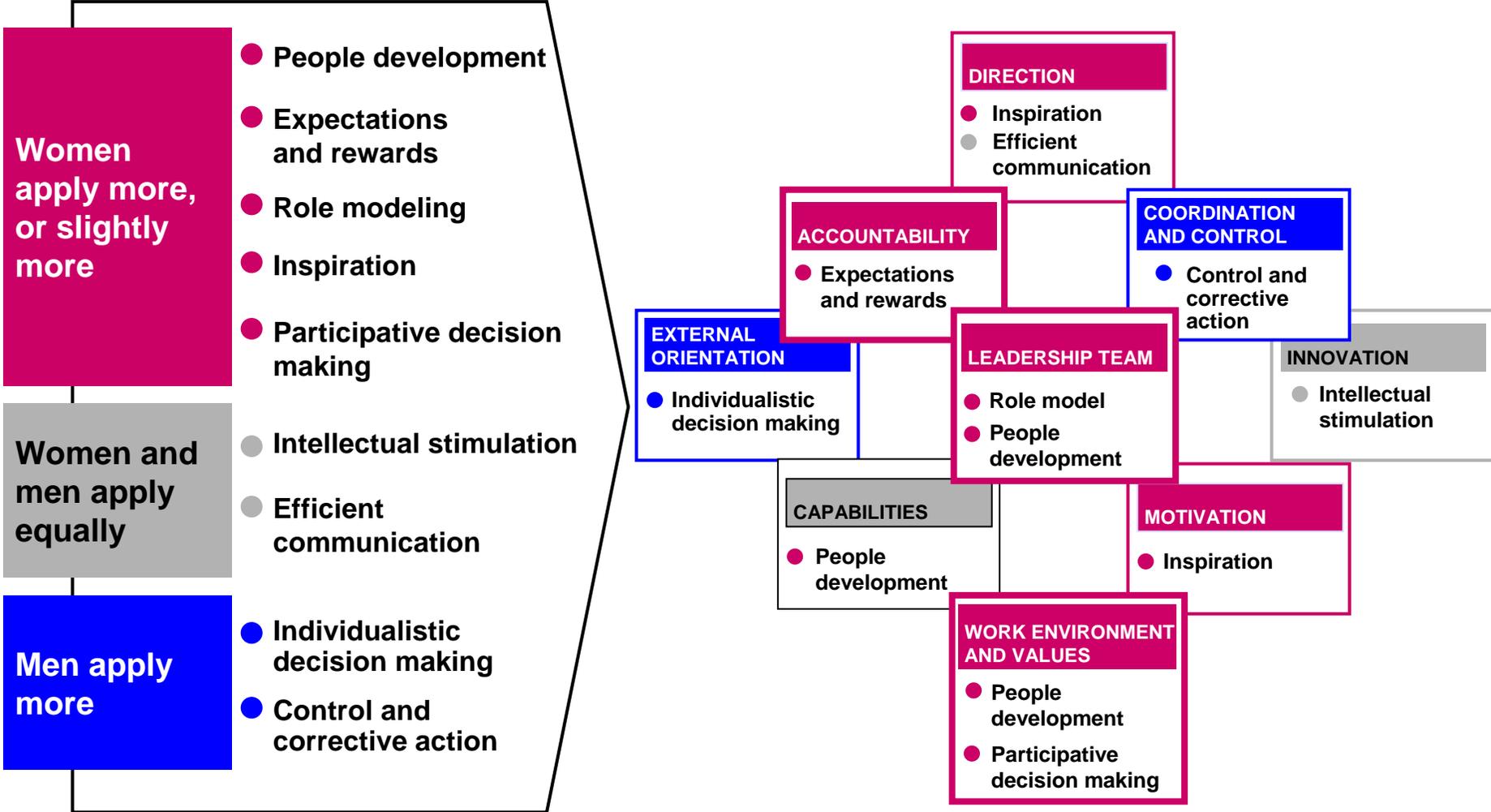
# Nine leadership behaviors can improve organizational performance



# The leadership behaviors more frequently applied by women improve organizational performance by strengthening five dimensions

Leadership behaviors...

... improve organizational performance



# Fourteen global long-term trends shaping the corporate landscape

## Macro-economic

- 1 – Shift of economic activity between and within regions
- 2 – Growing number of consumers in emerging economies/changing consumer tastes
- 3 – Development of technologies that empower consumers and communities
- 4 – An aging population in developed economies
- 5 – Geopolitical instability
- 6 – Increasing needs in the public sector

## Social and environmental

- 7 – Competition for talent will intensify and become more global
- 8 – Increasing constraints on supply or use of natural resources
- 9 – Role and behavior of business will come under increasing scrutiny

## Business

- 10 – A faster pace of technological innovation
- 11 – Increasing availability of knowledge/ability to exploit it
- 12 – Adoption of increasingly scientific, data-driven management techniques
- 13 – Shifting industry structures/emerging forms of organization
- 14 – Organizations will become larger and more complex

# The top three trends that are seen to have the most impact on companies' performance in the next five years

% of respondents

**“Yes, this trend will have a strong impact, positive or negative, on the profitability of my company over the next five years”**

**“Yes, my company has taken active steps to address this trend”**

## Long-term trends

**1. A faster pace of technological innovation**



**2. Increasing availability of knowledge/ability to exploit it**



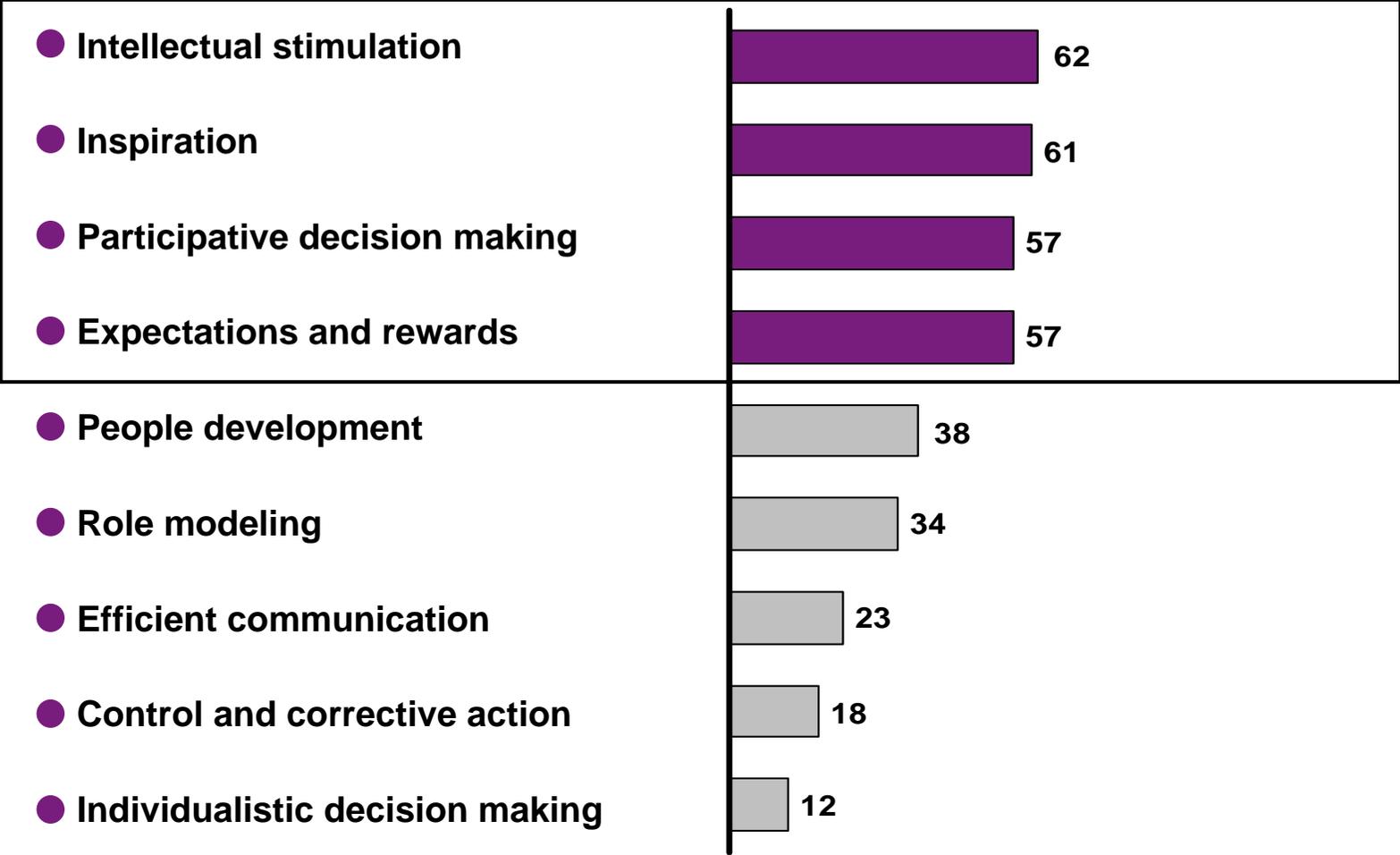
**3. Competition for talent will intensify and be more global**



# Four behaviors are seen as most effective in addressing the global challenges of the future

## Leadership behaviors

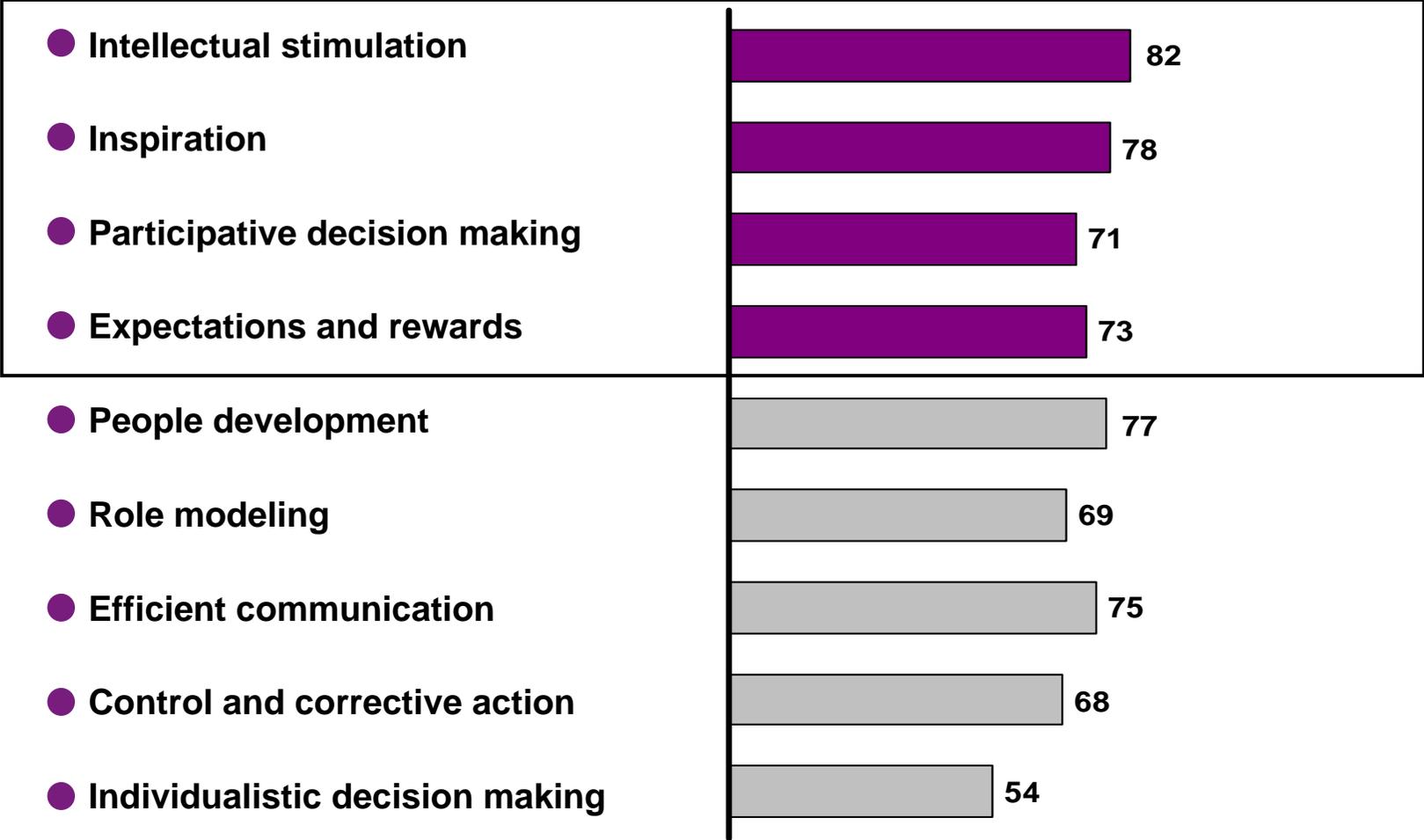
% of respondents ranking behavior as most effective to address the needs of the future



# These four critical behaviors are lacking in today's corporations

% of respondents perceiving a significant gap between current prevalence of behaviors & future needs

## Leadership behaviors



# Women apply three of these four critical leadership behaviors more frequently than men

= behaviours identified as critical to meet challenges of future

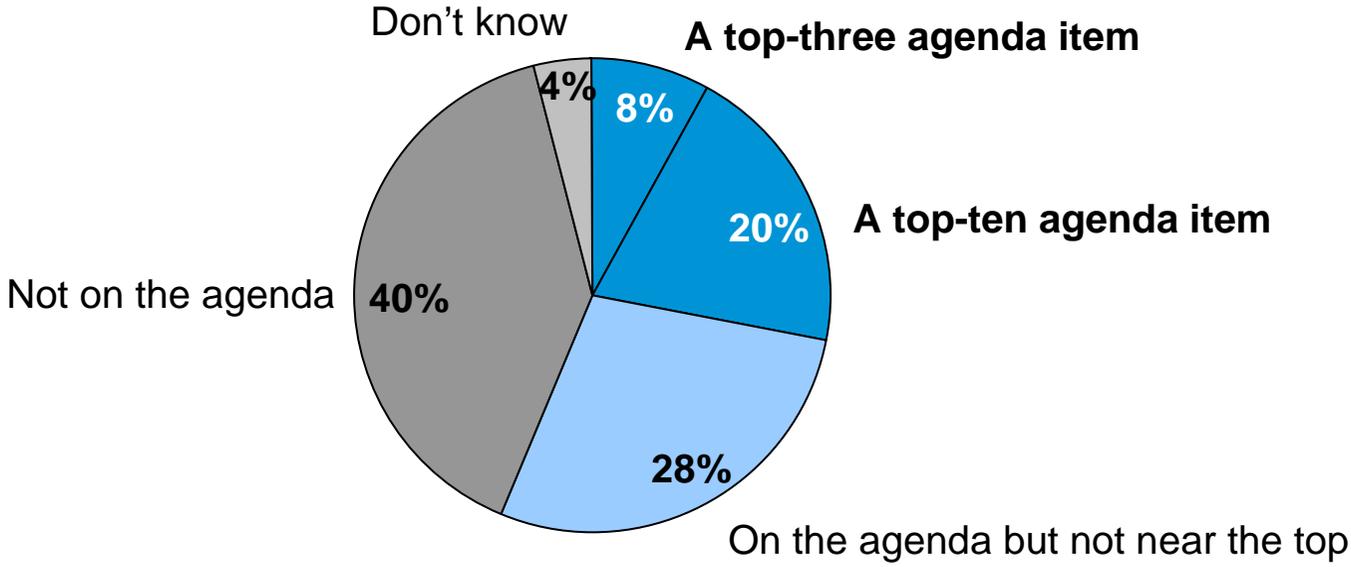
## Leadership behaviors:

● Intellectual stimulation	Women and men apply equally
● Inspiration	Women apply more or slightly more
● Participative decision making	
● Expectations and rewards	
● People development	Women and men apply equally
● Role modeling	
● Efficient communication	Men apply more
● Control and corrective action	
● Individualistic decision making	

# Only 28% of companies see gender diversity as a strategic priority; for 40% it is not on the agenda at all

Percent; total companies (n=763)

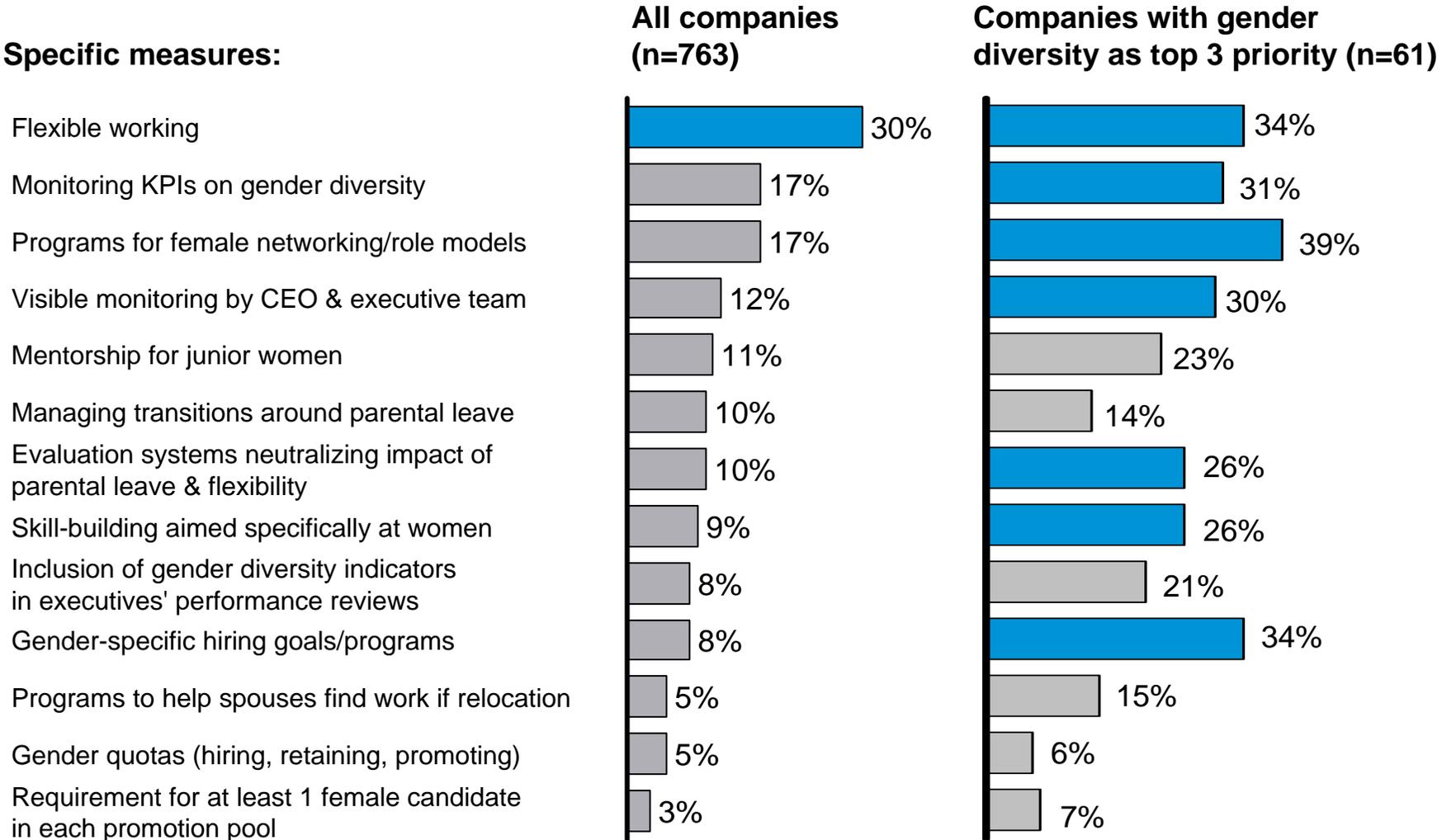
*In recent years, many companies have put in place measures to increase gender diversity in leadership. How important has gender diversity been in your company's strategic agenda over the past five years?*



# Adoption of key measures is low, even amongst those who see gender diversity as key priority

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

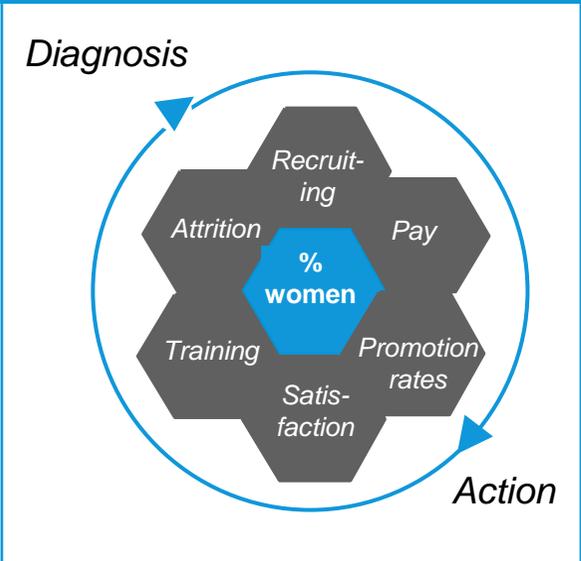
**Specific measures:**



# Transformation programs are needed to institutionalize best practices on gender diversity

## Three sets of gender diversity initiatives have proven their effectiveness

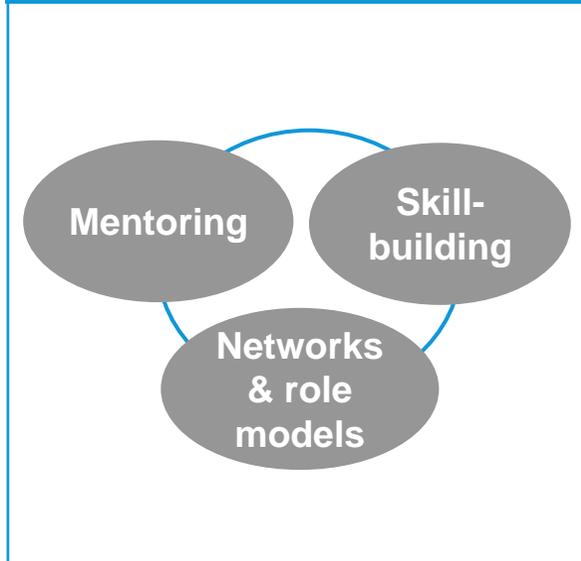
### Gender diversity indicators



### HR processes and policies

- 1 Ensure **appraisal systems** are gender-neutral & focused on performance
- 2 Ensure **recruitment processes & promotion shortlists** include women
- 3 Offer **work/career flexibility** to support work-life balance
- 4 Offer **personalized career paths** to retain the best talent

### Development programs



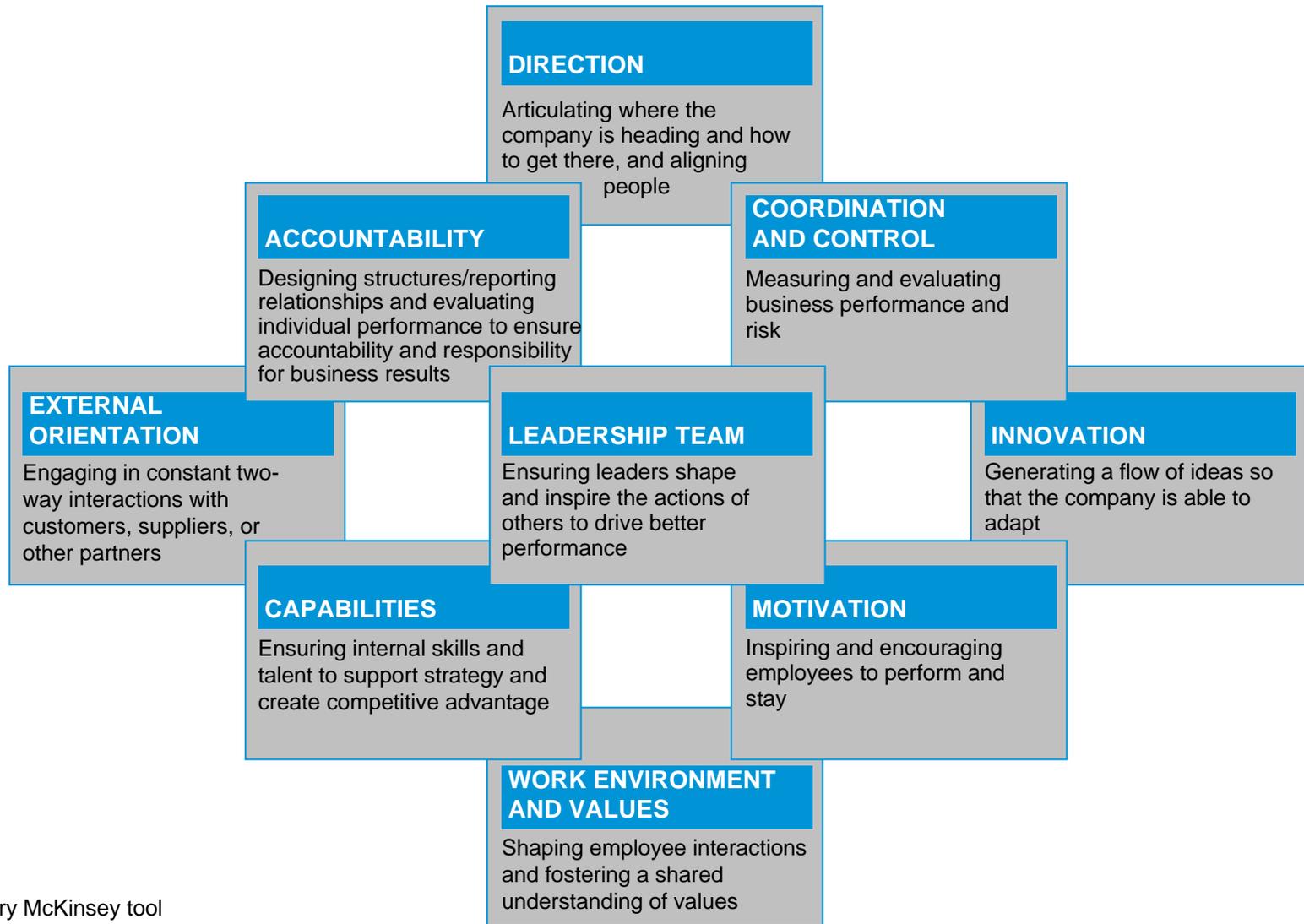
## Visible support and involvement of the management team



# Women Matter

# Dimensions of organizational performance

Criteria of Organizational Performance Profile (OPP<sup>1</sup>)



<sup>1</sup> proprietary McKinsey tool

# Nine leadership behaviors

## Behaviors which improve organizational<sup>1</sup> performance

- 1 Participative decision making** – Building a team atmosphere in which everyone is encouraged to participate in decision making
- 2 Role model** – Being a role model, focusing on building respect and considering the ethical consequences of decisions
- 3 Inspiration** – Presenting a compelling vision of the future and inspiring optimism about its implementation
- 4 Expectations and rewards** – Defining expectations and responsibilities clearly and rewarding achievement of target
- 5 People development** – Spending time teaching, mentoring, and listening to individual needs and concerns
- 6 Intellectual stimulation** – Challenging assumptions and encouraging risk taking and creativity
- 7 Efficient communication** – Communicating in a convincing way, with charisma
- 8 Individualistic decision making** – Preferring to make decisions alone and engaging others in executing them
- 9 Control and corrective action** – Monitoring individuals' performance, including errors and gaps against objectives, and taking corrective action when needed (sanctions, realignment)

<sup>1</sup> If more frequently applied on average

SOURCE: *Bass & Stogdill's Handbook of Leadership*, B. Bass, 1990; McKinsey analysis