



## Women in the workplace: Still looking for room at the top

Issue 9/2018: May 30, 2018

Research by global consultancy firm McKinsey & Company into gender equality in the workplace has found that while the number of women in corporate decision-making positions has increased since 2007, progress has stagnated. As outlined in the *McKinsey Quarterly* article, 'Still looking for room at the top: Ten years of research on women in the workplace', women comprised 17% of board members and 12% of executive committee members in the top 50 listed companies in G20 nations in 2017. "Even more worrying," write the McKinsey researchers, "is that many people are content with the status quo", with half of men thinking it is sufficient for 10% of senior leaders in their company to be female.

The G20 (Group of Twenty) consists of nineteen nations, including Australia, Canada, the United Kingdom, the United States, China and Japan, plus the European Union. G20 members account for 85% of global Gross Domestic Product (GDP), 75% of international trade, and two-thirds of the world population. As the McKinsey article notes, there are wide variations among G20 countries, ranging from Australia where 22.4% of executive committee members and 30% of board members are female, to Japan and Saudi Arabia where women comprise less than 3% of both executive committee and board member positions.

With progress towards gender disparity in the "C-suite" stalled (as evidenced by the lack of female Chief Executive Officers, Chief Financial Officers, Chief Operating Officers, etc.), McKinsey & Company has set out what its decade of research has revealed about "the case for change, the barriers that prevent it, and the solutions required for achieving it".

### The case for change

As noted in the *McKinsey Quarterly* article, a 2010 global study by McKinsey & Company of 279 companies found that "those with the greatest proportion of women on their executive committees earned a return on equity 47 percent higher than did those with no female executive members". Furthermore, a 2018 McKinsey study of diversity in 1,000 companies in 12 countries found that "companies in the top quartile for gender diversity were 27 percent more likely to outperform their national industry average in terms of economic profit".

Additionally, in 2015 the McKinsey Global Institute found that there would be an "enormous" macroeconomic benefit if women participated equally in the global economy. Equal participation could generate additional GDP worth \$28 trillion by 2025 — an amount roughly equivalent to the combined Chinese and US economies. While recognising that there are significant barriers, including cultural norms, that prevent women from working in many countries, even moderate progress in this area could add billions, if not trillions, to global GDP.

### Barriers to change

McKinsey's *Women in the Workplace 2017* report, which looked at 222 American companies employing more than 12 million people, found that entry-level professional positions were fairly evenly split between men and women (52% vs. 48%). At the other end of the corporate ladder, however, men dominated the C-suite, occupying 79% of C-suite roles compared with 21% for women.

Is the reason that, as has been previously suggested, women are less ambitious, do not seek promotion or choose to drop out of the corporate pipeline? The McKinsey researchers write that "subsequent research has quashed those ideas". In 2013 a McKinsey survey found that 79% of mid- and senior-level women were keen to reach a top-level position, while a 2016 report found that 75% of women and 80% of men wanted promotion to the next level.



Rather, women are often held back by unconscious biases and the “domestic burden”. Biases are played out in various ways, including the performance-evaluation bias, which results in men being evaluated on their potential and women on their achievements, and the maternal bias which assumes that mothers are less committed to their job and therefore receive fewer leadership opportunities. Meanwhile, women continue to be saddled with the bulk of the domestic burden with a 2017 McKinsey report finding that more than half of women perform all or most of the household duties.

## Looking for solutions

While many initiatives such as bias-training courses, parental leave and flexible working conditions play an important role in promoting gender equality in the workplace, McKinsey & Company write that “two recommendations consistently made in our ten years of research stand out as vital to accelerate change”:

**Quotas:** Eight European countries have implemented quotas for female representation on boards with women now comprising 40% of board members in Norway, Spain and France, and 30%-35% in Austria, Belgium, Greece, Italy and Germany. This is significantly higher than the G20 average of 17%. However, the same quotas do not apply to executive committees, so progress towards gender parity on executive committees in these countries has been much slower.

**Senior leadership:** While 90% of companies say they are committed to gender equality, only 50% of employees surveyed for the *Women in the Workplace 2017* report agree. Furthermore, the majority of employees do not see their senior managers taking steps to improve the situation. “The time for wavering is over;” claims the *McKinsey Quarterly* article, “companies need leaders who are prepared to shout from the rooftops that gender diversity matters and make it happen.”

## References

Devillard, S., Hunt, V., & Yee, L. (2018, March). Still looking for room at the top: Ten years of research on women in the workplace. *McKinsey Quarterly*. Retrieved from: <https://www.mckinsey.com/featured-insights/gender-equality/still-looking-for-room-at-the-top-ten-years-of-research-on-women-in-the-workplace>

The G20. (2018). Department of Foreign Affairs and Trade [Australian Government]. Retrieved from: <http://dfat.gov.au/trade/organisations/g20/Pages/>

Also see the McKinsey & Company website (<https://www.mckinsey.com/featured-insights/gender-equality>) for recent reports on gender equality and diversity, including:

- *Women in the Workplace 2017* (October 2017)
- *Women Matter: Time to Accelerate - Ten Years of Insights Into Gender Diversity* (October 2017)
- *Delivering Through Diversity* (January 2018)

**AN INTRODUCTION TO GIRLS' SCHOOLS**

➤ **Online on-demand course**  
The first program of its kind designed specifically for educators in Australian and New Zealand girls' schools