

# Women Matter

**Companies with a higher proportion of women in top management may perform better...**

“Women Matter” is a study conducted by McKinsey & Company as part of its global partnership with the **Women’s Forum for the Economy & Society**.

The study suggests that the companies where women are most strongly represented at board or top-management level are also the companies that perform best.

Confirming the existence of the gender gap – most notably in the composition of corporate management bodies – the McKinsey study offers fact-based insights into the importance for companies of fostering the development of women in the business arena, so that a greater number attain positions of high responsibility.

Finally, building on these insights and observations, and highlighting the main barriers to female representation on management bodies, this study seeks to bring the practical debate of how to make the transition from awareness of the situation to the implementation of change.

Are women the future of business? The question is open ...

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# Too few women in business: a persistent reality

## As things stand, change will come only very slowly

It is widely recognized that women are still under-represented in European business, both in number and in status, but has the sheer size of the gender gap in management been truly grasped?

### Known disparities...

Although women account for 55% of university graduates in Europe<sup>1</sup>, they are a smaller part of the labour market: their employment rate is 21% lower than that of men<sup>2</sup>. There are also significant disparities in their levels of responsibility and in their paychecks: according to the European

Commission, the average wage gap between men and women is as high as 15%<sup>3</sup>. Women are also less likely to have full-time jobs: 33% of women work part-time, compared to 7% of men<sup>3</sup>.

The disparities are wider in the private sector than in the public sector. In France's private sector, only 42% of workers are women<sup>4</sup>, against 58% in the public sector, and the pay gap is generally wider (19% as opposed to 14% in the public sector).

### The difference is even more striking in top management positions and on boards

Within companies, women are particularly under-represented in management and decision-making roles: in Europe, they represent on average just 11% of the membership of the governing bodies of listed companies<sup>5</sup> (*Exhibit 1*).

*In Europe, women represent only 11% of the membership of the governing bodies of listed companies*

The situation varies greatly from one European country to another: in Norway, women hold more than 32% of top executive jobs, against just 1% in Luxembourg. More generally speaking, gender diversity is stronger in Northern and Eastern Europe than in the South or in Germany. And despite being at the top of the class, Norway and Sweden are still a long way from achieving gender parity.

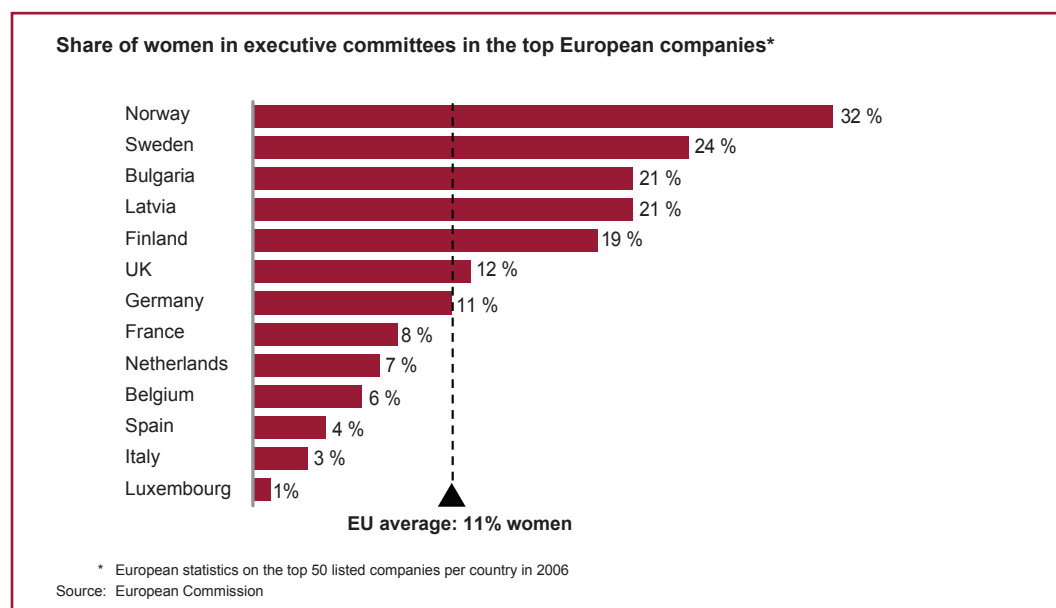
*"Thirty years ago, we would never have thought that there would be so few women in the boardrooms"*

– Chairwoman of the board of a holding of an international company



### Exhibit 1

**Women represent only 11% of the membership of governing bodies of listed companies in Europe**



## Natural growth in the number of women graduates is insufficient to bring about change

Gender inequality continues to exist in management functions, and the increase in the number of female university graduates will not itself be sufficient to close the gap. As shown by the linear projection of the historic trends in numbers of women graduates applied to women's representation in top management positions, unless the current rules of the promotion system are changed, the growth in female graduate numbers will have a very marginal impact on women's representation on governing bodies. In Spain, for example, volume alone would

merely raise the proportion of women in top executive positions from 4% in 2005 to 8% by 2035 (*Exhibit 2*). Even if these projections are applied only to the academic channels that traditionally produce company managers (MBAs and engineering schools, for example), the gain in France would amount to just 8 percentage points by 2035, with the proportion of female top executives rising from 8% to 16%.

In essence, unless we address the root causes of the problem, the notorious “glass ceiling” will stay firmly in place, and women's participation in corporate leadership over the next 30 years will remain low.

### Exhibit 2

#### The increase in the number of female graduates will have a limited impact on diversity

