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Breaking down the gender challenge

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To make meaningful progress on gender diversity, companies must move beyond the averages and focus on the biggest pain points.

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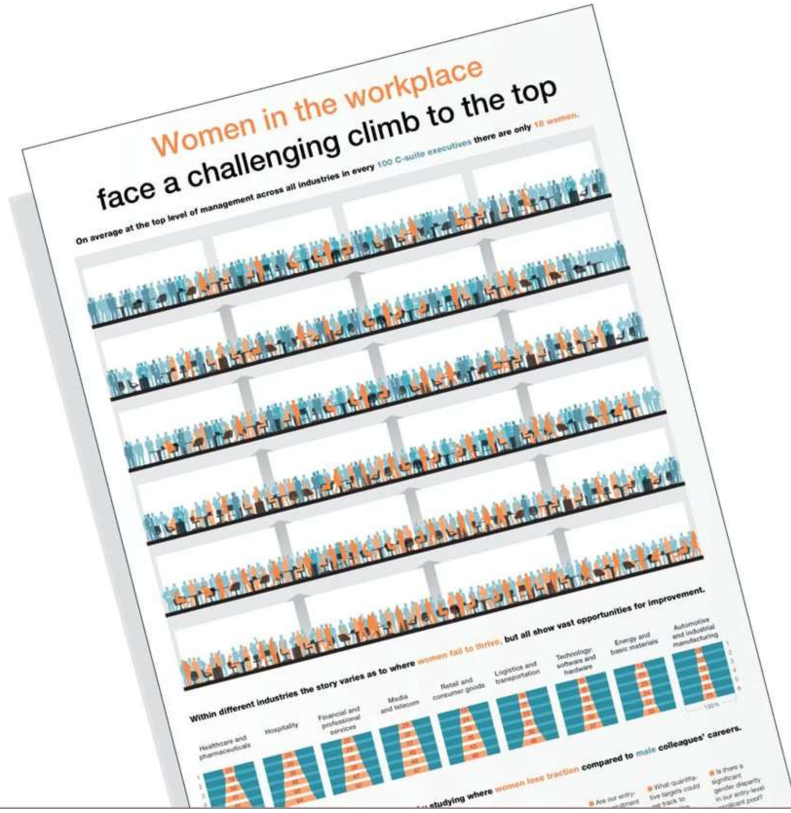
Corporate ambitions to achieve gender parity often produce scattershot initiatives. It's easy to see why: gender parity is a huge undertaking, with many dimensions—a challenge akin to urban planning—in which executives must reimagine their "city" and culture, put in place multiyear building plans, add infrastructure, and improve services. Our latest research suggests that leaders can cut through the complexity of the task by first establishing priorities linked with their organizations' most pervasive talent-pipeline problems.



[Download and print our poster on Breaking Down the Gender Challenge]

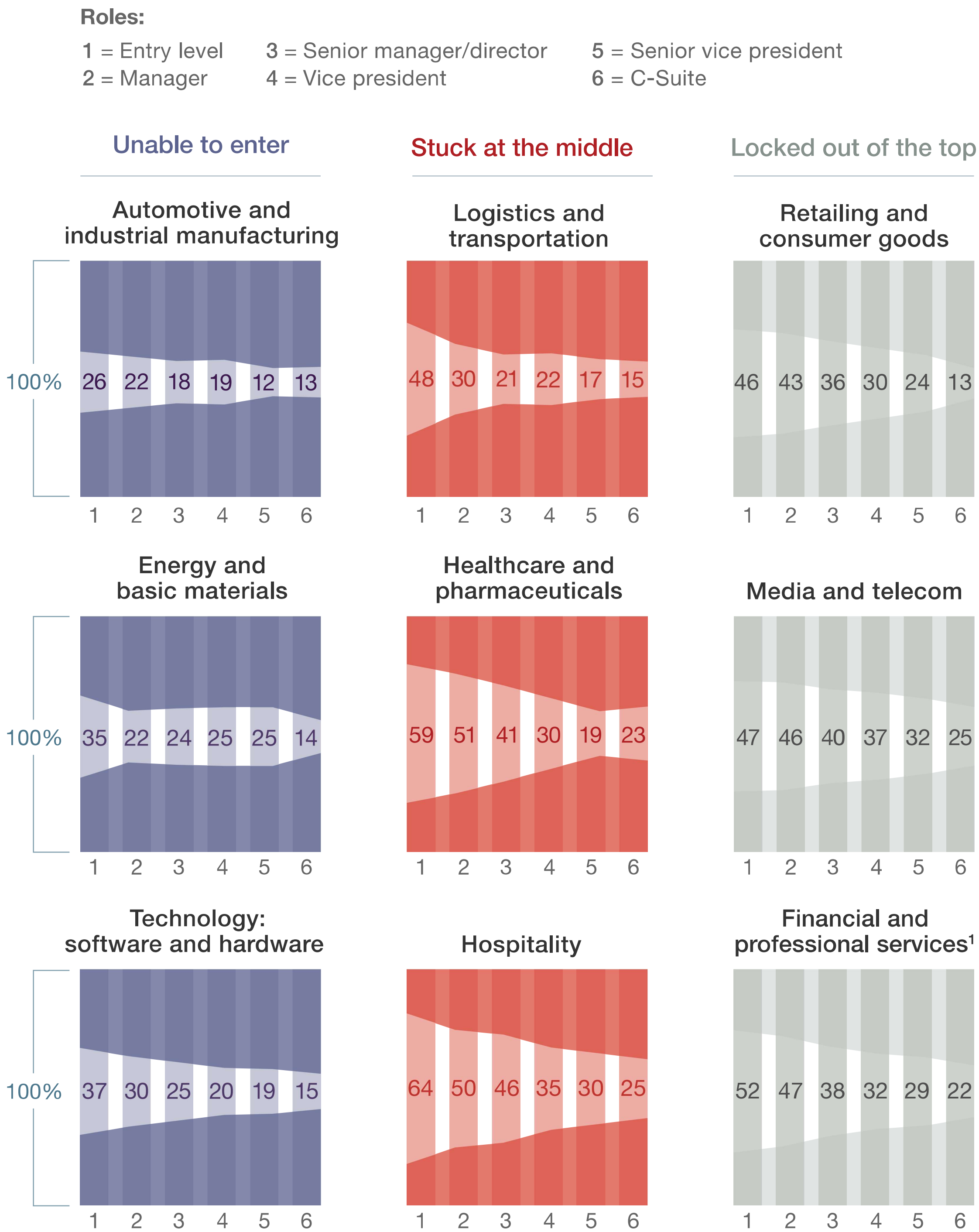
Prints on standard 11x17 or A3 paper

More specifically, data we collected during 2015 (in collaboration with LeanIn.org), from 30,000 employees at 118 North American companies across nine industries, show that many organizations are afflicted by one of three common pipeline pain points: women are unable to enter, stuck at the middle, or locked out of the top (exhibit). Our hope is that if companies can recognize themselves in one of these patterns, they will be better able to target their gender initiatives. (For detailed data on industry pipeline patterns, see the downloadable PDF for this article. For more on the overall research effort, see "Women in the workplace," which revealed that women are less likely to advance than men, hold fewer roles leading to top management positions, and are a century away from gender parity in the C-suite if progress continues at the pace that prevailed between 2012 and 2015.)

Exhibit

The challenge of advancing women into leadership roles varies considerably across industries, but three archetypes emerge.

% of women by role



[1]Includes banking, consumer finance, and insurance.

Source: 2015 joint research by Leanin.org and McKinsey; data collected from 30,000 employees at 118 companies across nine industries

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Unable to enter

A number of sectors—especially automotive and industrial manufacturing, energy and basic materials, and technology—are unable to attract women for entry-level positions, so women are poorly represented throughout the talent pipeline. This problem usually arises from recruiting challenges or pre-pipeline problems, particularly the low graduation rates of women in industry feeder programs such as engineering, where they receive about 20 percent, 24 percent, and 23 percent of bachelor's, master's, and doctor's degrees, respectively.[1]

The technology sector typifies these challenges. Women hold 37 percent of entry-level roles, versus 45 percent for our overall sample, and underrepresentation continues at each stage of the pipeline. Not surprisingly, 38 percent of women in technology feel that their gender will make it difficult for them to advance in the future. Sixty percent of women in technology also cite stress and pressure as their primary reason for not wanting to be a top executive. These figures are among the highest across all sectors surveyed.

Companies confronting entry-level hiring challenges can improve the health of their pipelines by making an up-front investment in the ecosystem of qualified female candidates and by focusing their efforts on achieving greater diversity in their recruitment processes. To expose the root causes of gender disparity at the pipeline's start and to suggest solutions, companies should start by asking themselves questions such as these:

- What would it take to improve pre-pipeline gender diversity, and how might we play a constructive role in that effort?
- What quantitative targets could we track to improve the gender diversity of our recruiting pipeline in a meaningful way?

- How can we maintain objective recruitment criteria while empowering hiring managers to spot and interrupt unconscious bias? As we do so, how do we make sure our lateral- and experienced-hiring programs are also gender balanced?

Leading companies today are partnering with universities to cultivate talent early. Organizations such as Girls Who Code[2] or initiatives such as TechPrep[3] (launched by Facebook) nurture talent in early education, often at points where girls abandon paths leading to STEM [4] degrees. One technology company struggling with diversity in recruiting used advanced analytics in its résumé-screening process to identify and remove gender bias. This resulted not only in a more diverse pool of talent but also in higher-quality candidates overall. Another company focused on bias training for all managers involved in recruiting, and as a result a larger proportion of women received offers.

Stuck at the middle

Failing to advance women into middle-management roles is a common problem. Many organizations focus considerable time and energy on achieving greater diversity in the recruiting process, perhaps starting at or close to parity for men and women in entry-level positions. Such gains, however, are often quickly eroded within the first few promotion cycles. The sectors experiencing these challenges most frequently include logistics and transportation, healthcare and pharmaceuticals, and hospitality.

Consider healthcare and pharmaceutical companies, for example. They start out with more women in their pipelines than companies in many other sectors do—59 percent versus 45 percent for the average in entry-level jobs—but look quite similar at the vice-presidential level.

This drop-off reflects below-average middle-management promotion rates. In our sample as a whole, women were 85 percent as likely as their male counterparts to make the jump from senior manager or director to vice president, while in healthcare and pharmaceuticals the odds were just 64 percent. Of note, just 37 percent of women in healthcare and pharmaceutical companies feel they have fewer opportunities than their male coworkers do, versus 49 percent for other industries. Clearly, the middle-management cliff cannot be explained by simple causes—for instance, biased promotion practices. Questions such as the following can help companies struggling with middle-management promotions to understand why their pipeline abruptly narrows and how to unclog it:

- Which of our gender programs, if any, specifically focus on support for early-tenure women? What is the utilization rate for these programs?
- How do we ensure that we are drawing on the organization's full range of talent when making promotion decisions at the middle-management level?
- How can we avoid incorporating biases into promotion decisions and thereby ensure a level playing field?

Innovative approaches are emerging to address middle-management pipeline stoppages. With the aim of ensuring greater gender balance in the slate of candidates put up for promotion, one company we know has reworked its job descriptions and advertising approaches. Another invited third-party experts into its reviews to observe how it made promotion decisions. By cataloging readily identifiable biases, these experts were able to work with HR and managers to make promotion processes more inclusive. Simple things can make an enormous difference—for instance, ensuring that women are considered for midlevel promotions, receive feedback if they don't get the jobs, and have sponsorship and action plans helping them to build the skills needed to grow into leaders.

Locked out of the top

Companies in the third group are adept at attracting women for entry-level roles and advancing them into middle management but struggle to promote them to top-level executive positions. Sectors that suffer from this challenge most seriously include retail and consumer goods, media and telecom, and financial and professional services.

The retail and consumer-goods sector, which has a higher percentage of women in all entry- and midlevel roles than our overall sample does, is an interesting case in point. The proportion of women at the top falls sharply—to 13 percent, as compared with 18 percent for our overall sample. This drop-off reflects below-average top-level promotion rates. In our sample as a whole, women were 92 percent as likely as their male counterparts to make the jump from senior vice president to the C-Suite, while in retail and consumer goods the odds were far lower, at 45 percent. Not surprisingly, only 23 percent of women in this sector feel that gender is a priority for their CEOs, compared with 35 percent for the overall sample. Questions for companies struggling to land more women in top jobs include the following:

- How can we counteract trends causing women to move away disproportionately from line roles and P&L responsibility?
- How do senior, external, and lateral hires affect our pipeline? Are they diluting gender gains?
- Which executive men and women are using—and publicly supporting—work-flexibility programs? If none have done so, which leaders

would be the most effective work-flexibility champions?

- Who is sponsoring and mentoring our senior high-potential women?

We've seen leaders grapple successfully with these questions. When the top team at one company took a hard look at the numbers, executives realized they were blocking their high-potential senior women from advancing into top roles, by importing a high percentage of lateral hires, almost always men, for leadership roles. A course correction—simply applying the company's core recruiting principles and targets to external hires—helped clear the way for talented senior women.

In another recent case, a business-unit head required his entire leadership team—men and women alike—to role-model flexible-work programs visibly, even if that meant working from home only periodically. He also helped women on his management team to craft flexible work arrangements, going so far as to lure back a senior woman who had quit as a result of family concerns. And to encourage accountability, he carefully tracked and evaluated his team's progress against gender-balance goals. Within five years, the division had improved its performance in gender equality significantly more than the rest of the company had.

Targeting pipeline blockages isn't a panacea but can be a valuable means of jump-starting progress. We hope the patterns we've described here will help companies to focus their efforts, make meaningful changes, and build momentum to deal with less visible barriers. Tackling gender issues should not be a firefighting exercise—

jumping, every year, to the next thing. It takes a strategic eye to find the root causes of gender inequality and build a new kind of organization.

1. Digest of Education Statistics, National Center for Education Statistics, March 14, 2016, nces.ed.gov.
2. See girlswhocode.com.
3. McKinsey was the knowledge partner for the launch of TechPrep, supporting the curation of programs and primary research on the attitudes of girls, parents, and guardians about STEM fields and computer science. See techprep.fb.com.
4. Science, technology, engineering, and mathematics.

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