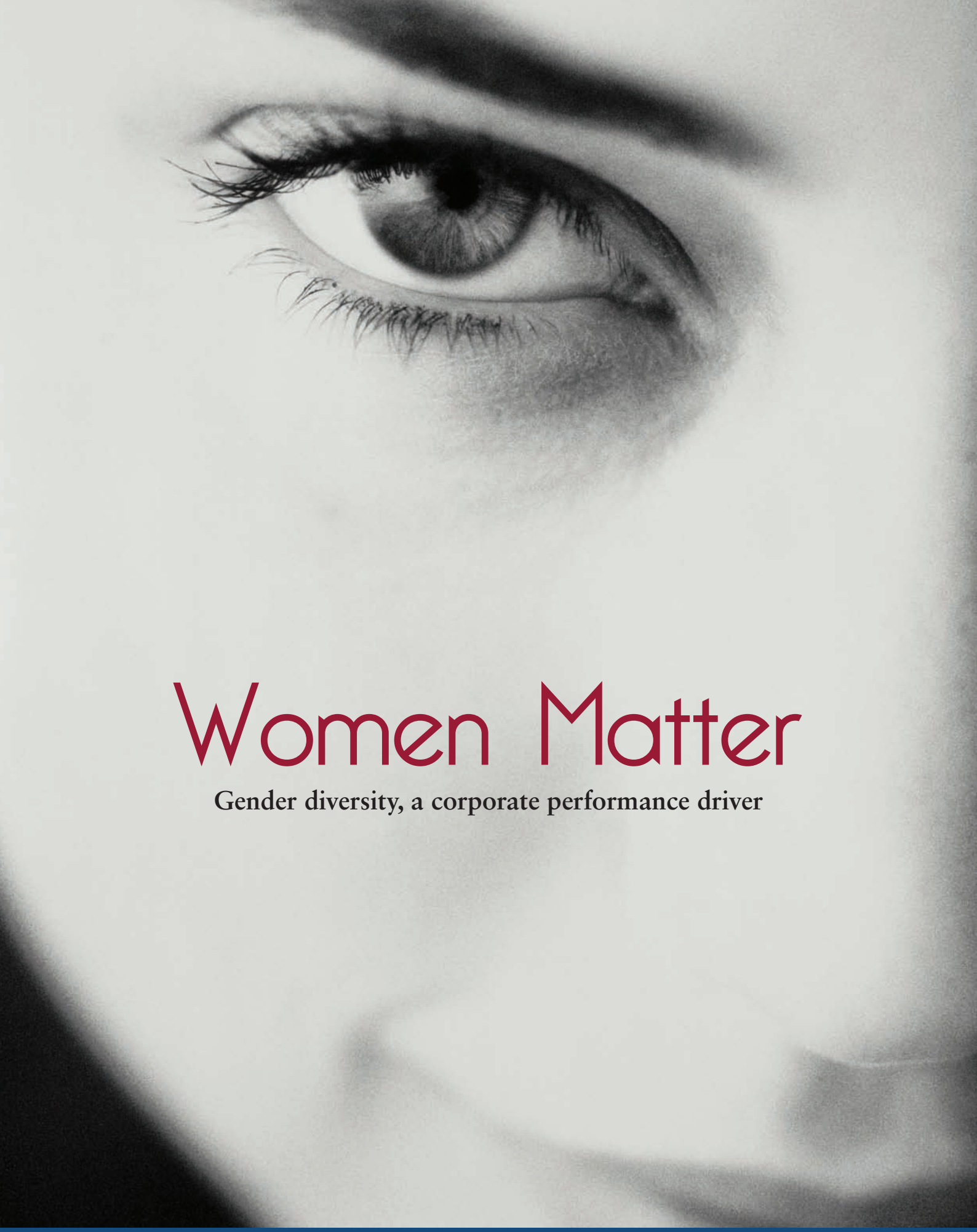

Women Matter

Gender diversity, a corporate performance driver

McKinsey&Company

McKinsey & Company is an international management consulting firm that helps leading corporations and organisations make distinctive, lasting and substantial improvements in their performance. Over the past eight decades, the Firm's primary objective has remained constant: to serve as an organisation's most trusted external advisor on critical issues facing senior management. With over 7,500 consultants deployed from some 90 offices in about 50 countries, McKinsey advises companies on strategic, operational, organisational 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 & Company also helps a diverse range of government institutions, public administrations and non-profit organisations with their management challenges.

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[1], they are a smaller part of the labour market: their employment rate is 21% lower than that of men[2]. 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%[3]. Women are also less likely to have full-time jobs: 33% of women work part-time, compared to 7% of men[3].

The employment rate for women is 21% lower than for men

The disparities are wider in the private sector than in the public sector. In France's private sector, only 42% of workers are women[4], 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[5] *(Exhibit 1)*.

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

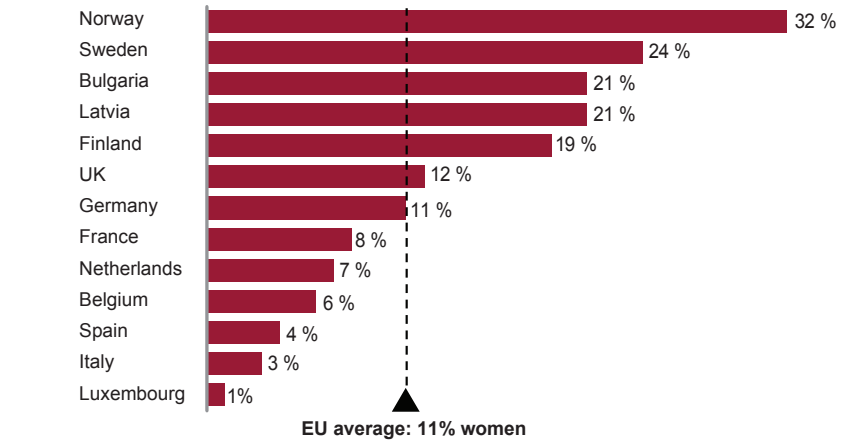
The situation varies greatly from one European country to another: in Norway, women hold more than 32% of top executive jobs, against just 1% in Luxembourg. More generally speaking, gender diversity is stronger in Northern and Eastern Europe than in the South or in Germany. And despite being at the top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



* European statistics on the top 50 listed companies per country in 2006

Source: European Commission

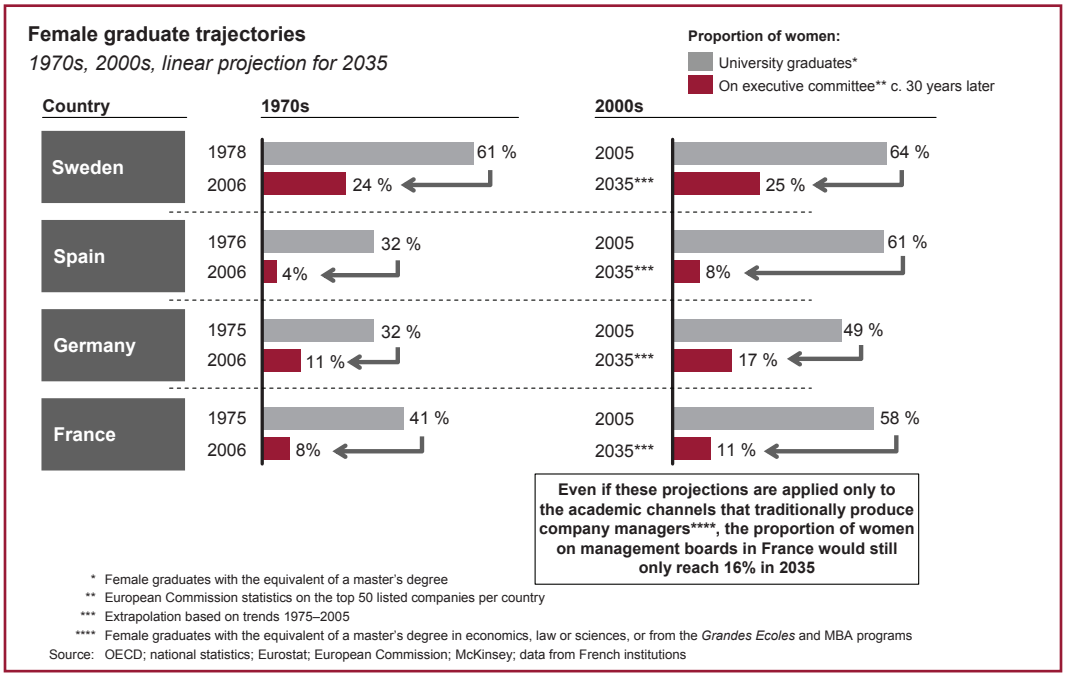
Natural growth in the number of women graduates is insufficient to bring about change

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



A model which remains predominantly male-oriented

To gain an understanding of the main barriers that prevent women achieving top-management positions, we collated findings from the many studies in this area and interviewed more than 50 company CEOs, men and women, throughout Europe.

It emerges from this research that while social policies can be more or less favourable to women's employment, corporate models – historically designed by men – form the pillars on which the glass ceiling is supported.

The "anytime, anywhere" performance model, irreconcilable with women's double burden

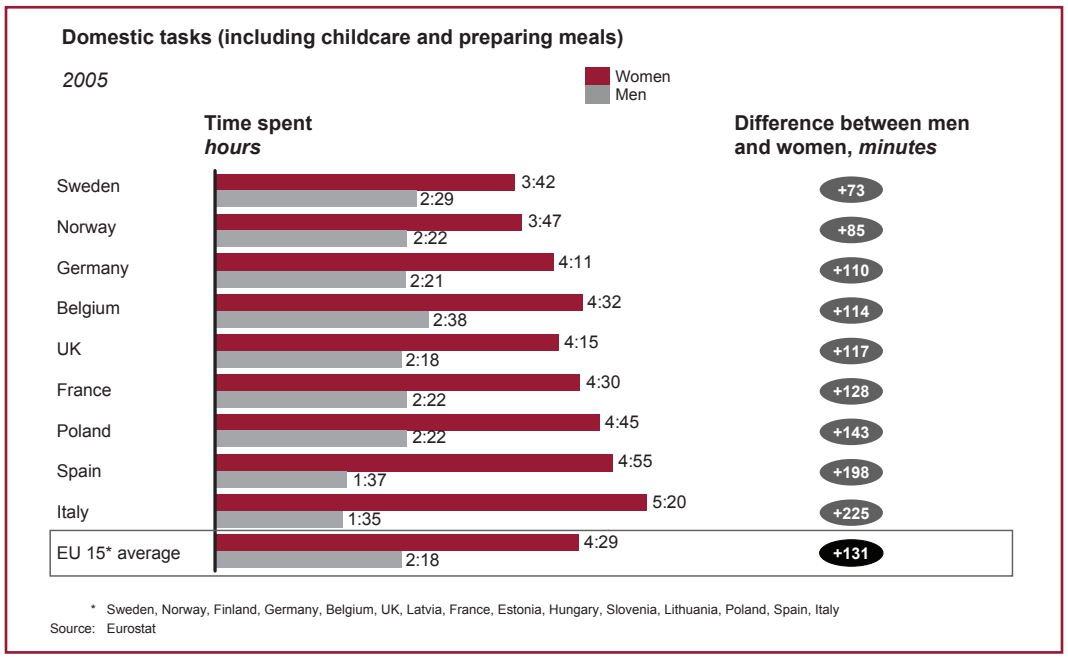
The "double burden" syndrome – the combination of work and domestic responsibilities – weighs heavily. Women remain at the centre of family life, with all the attendant constraints (maternity, child-rearing, organising family life, care of the elderly, etc). The impact of the constraints may vary from one country to another, depending on the support offered (infrastructures such as day-care centres, tax policies that encourage women's participation in the labour force, etc.), but on average European women continue to devote twice as much time as men to domestic tasks: 4 hours and 29 minutes a day, compared with 2 hours and 18 minutes for the men in our sample[6] *(Exhibit 3)*.

> *"The first question I am always asked by women students is how I manage to balance my private and professional life"*
>
> – Chairwoman of a media group

The question arises of how compatible the double burden – which is currently inherent in our model of society – is with the demands associated with senior management. The dominant model in the business world (or the one perceived as such) equates leadership with unfailing availability and total geographical mobility at all times ("anytime, anywhere"). The model also presupposes a linear career path, with no space for career breaks or the rejection of a geographical mobility offer.

Exhibit 3

European women devote on average twice as much time as men to domestic tasks



"When, for personal reasons, I declined the top job in an overseas branch, I was told I was excluding myself from the system. It was seen as career suicide"

– Head of marketing, French subsidiary of a leading European bank

This dominant model is felt by women to be the main barrier to career advancement and success, because it cannot be reconciled with the double burden. For example, maternity leave and reduced mobility are seen as serious handicaps: in the US, 62% of women perceive family or personal obligations as an obstacle to promotion[7]. Fully 96% of female graduates from France's elite grandes écoles believe that having children, or being of child-bearing age, is a real or perceived barrier for employers[8].

Mastering male codes as the only way to rise through the ranks

The predominance of the masculine model for "upward mobility" is a further barrier to women's participation in corporate governance bodies: it requires a greater effort of adaptation for women to be more assertive in making their way to the top.

The interviews we conducted show, among other things, that one of the keys to success lies in the ability to promote oneself and to be assertive about one's performance and ambitions. Women, it appears, tend to minimise their own contribution, as a survey of MBA students[9] suggests: 70% of female respondents rate their own performance as equivalent to that of their co-workers, while 70% of men rate themselves higher than their co-workers.

70% of female respondents rate their own performance as equivalent to that of their co-worker while 70% of men rate themselves higher than their co-workers

If women are thus less naturally inclined than men to recognise – and appreciate – their own performance, it is probably more difficult for them to assert their talents and gain recognition in the company, and hence to capture every opportunity for promotion.

An added final handicap is that it appears harder for women to find a mentor. According to a Catalyst[10] study of MBA graduates, only 33% of the women interviewed said that it was easy to find a mentor, compared with 42% of men. And yet, 61%[11] of women see the lack of mentoring as a barrier to career development, as opposed to 31% of men.

"On the same project, the men will demonstrate 100% ambition even if they only have 50% of the required skills, whereas the women will be concerned about only having 80% of the required skills"

– Board member of a banking group

All these facts underscore the difficulty that women experience in applying the levers of in-company promotion with the same effectiveness as their male counterparts.

Women's ambitions restrained by an acute awareness of barriers

In addition to these barriers, there are also psychological obstacles: women's difficulty in identifying with success, and their lesser ambition, which combined with a greater focus on their families, seem to lead many women to opt out of a business career.

In a male-dominated environment, in which women find it difficult to achieve positions that fit with their constraints, we have endeavoured to understand to what extent women's readiness to opt out from success may account for their relative absence in managerial functions.

Difficulty in identifying with success

A third major barrier that has emerged from our research involves the difficulty women have in identifying with success, which appears to hamper their professional development. The absence of female

role models – seen as a barrier by 64% of women in the US[11] – is compounded by a heightened perception of the difficulty of achieving success in today's business environment. In France for instance, 77% of women believe their career development faces barriers, a perception shared by 49% of men[12].

64% of women see the absence of female role models as a barrier to their development

Lower ambitions

Perhaps because of their perception of these barriers, women seem to have lower professional ambitions than men. In fact, 48% of men – according to a Harvard Business Review survey[13] – see themselves as "extremely or very ambitious", while only 35% of women have a comparable self-image. Furthermore, only 15% of highly qualified women aspire to positions of power, against an average of 27% of men.

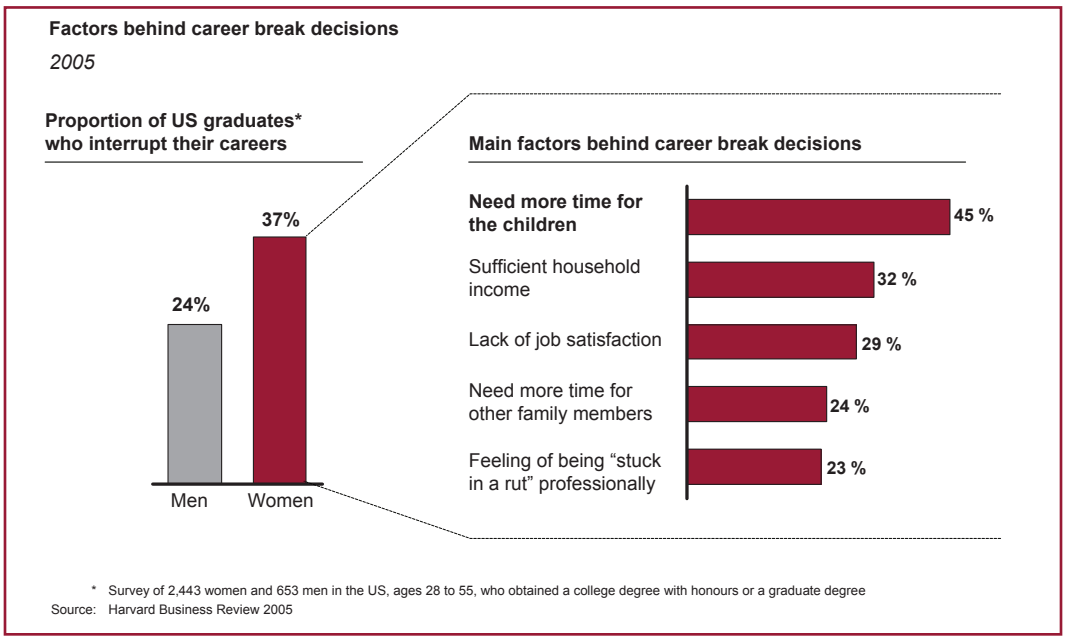
Only 15% of highly qualified women aspire to positions of power, against an average of 27% of men

Opting out: a real and serious reason for the gender gap in top management

Ultimately, "opting out" – a voluntary decision to discontinue one's career – is both the result of the barriers identified and an additional cause of the shortfall of women in corporate executive bodies. Among the US college graduates surveyed by Harvard Business Review[13], 37% of the women voluntarily stopped working at some point in their career, against 24% of the men. One of the main reasons put forward by these women were the need to spend more time with their family (mentioned by 45%) *(Exhibit 4)*. An even greater cause for concern is that out of the 93% of women who have taken career breaks and intended to get back to work, only 74% have managed to do so, and only 40% have found full-time work.

Exhibit 4

Career breaks for women are mainly motivated by the need to spend more time with family



* Survey of 2,443 women and 653 men in the US, ages 28 to 55, who obtained a college degree with honours or a graduate degree

Source: Harvard Business Review 2005

Major economic potential

More women in business: an imperative for competitiveness

Given this situation, is change really needed? Egalitarian considerations apart, are there any other reasons why we should radically enhance women's further integration into the corporate world, particularly in senior management positions? A number of reasons suggest that gender diversity is a real issue for business, and one that deserves to be tackled urgently. Corporate competitiveness is at stake.

A response to the upcoming talent shortage in Europe

The shortfall of European workers is expected to increase in the coming decades, especially for the most highly qualified jobs. Tapping the underutilised pool of skilled women (and older people) could thus play a major role in the war for talent. The figures speak for themselves: if the employment rate for women remains constant, Europe can expect a shortfall of 24 million people in the active workforce by 2040; if, on the other hand, the rate can be raised to the same level as for men, then the projected shortfall drops to 3 million *(Exhibit 5)*.

Europe can expect to see a shortfall of 24 million people in the active workforce by 2040

Women: a growing advantage for companies?

To adapt to changing social and consumption trends, companies increasingly need to integrate women into their decision-making processes, as women now have a major influence on purchase decisions: in Europe, they are the driving force behind more than 70% of household purchases[14] although they account for only 51% of the population.

Even in industries where buyers are traditionally male, women represent a growing proportion of the consumer base: for example, women influence 60% of new car purchases in Japan[15] and make up about 47% of PC users in Europe[16].

Women are the driving force behind more than 70% of purchasing decisions

Gender diversity is also an asset for the corporate image and helps bring closer together the company, its employees, its shareholders and its customers. According to a study by the European Commission[17] diversity programmes have had a positive

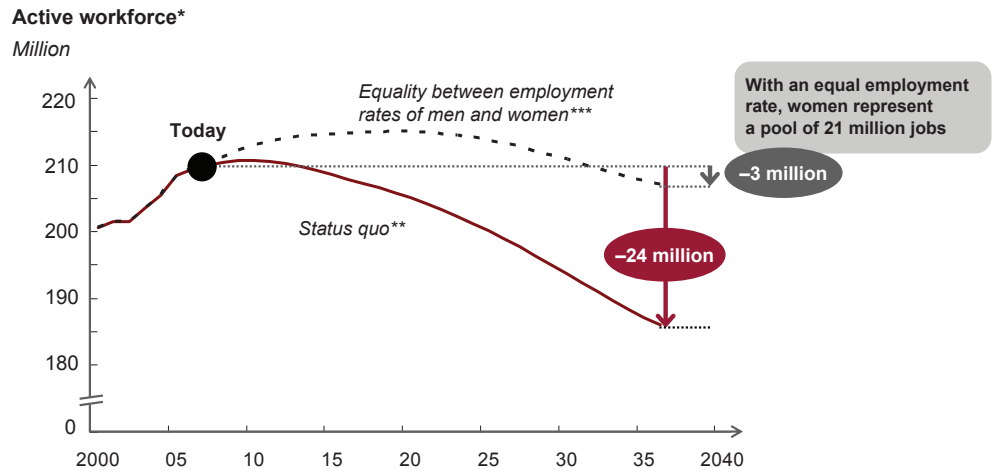
impact on employee motivation for 58% of the companies that have implemented them, and on customer satisfaction for 57%, while 69% of the companies noted an improvement in their brand image.

60% of new car purchases in Japan are influenced by women

Furthermore, capital markets and investors are paying more and more attention to corporate performance in terms of gender diversity. For instance, investment funds such as Calpers in the US or Amazone in Europe include this indicator among their investment criteria, while rating agencies (Core Rating, Innovest, Vigeo) are now developing tools to measure gender diversity.

Exhibit 5

Increasing women's employment rate offers one possible response to the demographic challenge



* Total population aged 15–65 years multiplied by employment rate (for the European Union – 27 countries excluding Slovenia, Slovakia and Czech Republic and including Iceland, Norway, Sweden and Albania)

** Estimate based on employment rate of women in 2005 (56%)

*** Based on employment rate of men in 2005 (71%)

Source: Eurostat; Global Insight; McKinsey

More women in control: a corporate performance lever?

To examine whether greater gender diversity might correlate with better economic performance, we conducted two types of research on two cross-sections of business.

Women's positive impact on organisational excellence …

In the first study, we used a proprietary McKinsey diagnostic tool, which measures the organisational excellence of a company against nine criteria: leadership, direction, accountability, coordination and control, innovation, external orientation, capability, motivation, work environment and values *(Exhibit 6)*.

With this tool, our experts examined the evaluations of 115,000 employees of 231 public and private companies, as well as non-profit organisations, and demonstrated a correlation between a company's level of excellence in these nine organisational dimensions and its financial performance. The companies ranked most highly according to these organisational criteria tended to have operating margins and market capitalisation twice as high as those of the lower-ranked companies *(Exhibit 7)*.

We then selected 101 companies that publish the composition of their governing bodies, mainly large corporations in Europe, America and Asia, across a spectrum of industries, from energy to distribution and financial institutions. We analysed the answers of 58,240 respondents to our survey, and then compared the results for these companies depending on the proportion of women on their governing bodies: it emerged that companies with three or more women in senior management functions score more highly, on average, for each organisational criterion than companies with no women at the top *(Exhibit 8)*. It is notable that performance increases significantly once a certain critical mass is attained: namely, at least three women on management committees for an average membership of 10 people. Below this threshold, no significant difference in company performance is observed.

Correlation is not necessarily cause, but the correlation between organisational excellence and women's participation in management bodies is nonetheless striking. Such a correlation echoes a number of comments and remarks that we heard during our interviews with CEOs.

> *"When women sit on an executive committee, the nature of interactions changes … But, one woman there is not enough, you need several of them"*
>
> – Board member of a banking group

We then set out to research whether companies with women top managers also performed better financially.

> *"I think the real benefit of having women and diversity in a team is that you have a richer set of ideas. So, I truly believe there is a direct relationship between team performance and having a diverse team with the best talents"*
>
> – Vice-President Europe of a leading global healthcare company

… and on financial performance

To this end, we conducted a second study, jointly with Amazone Euro Fund. We

Exhibit 6

The level of organisational excellence is measured against nine criteria

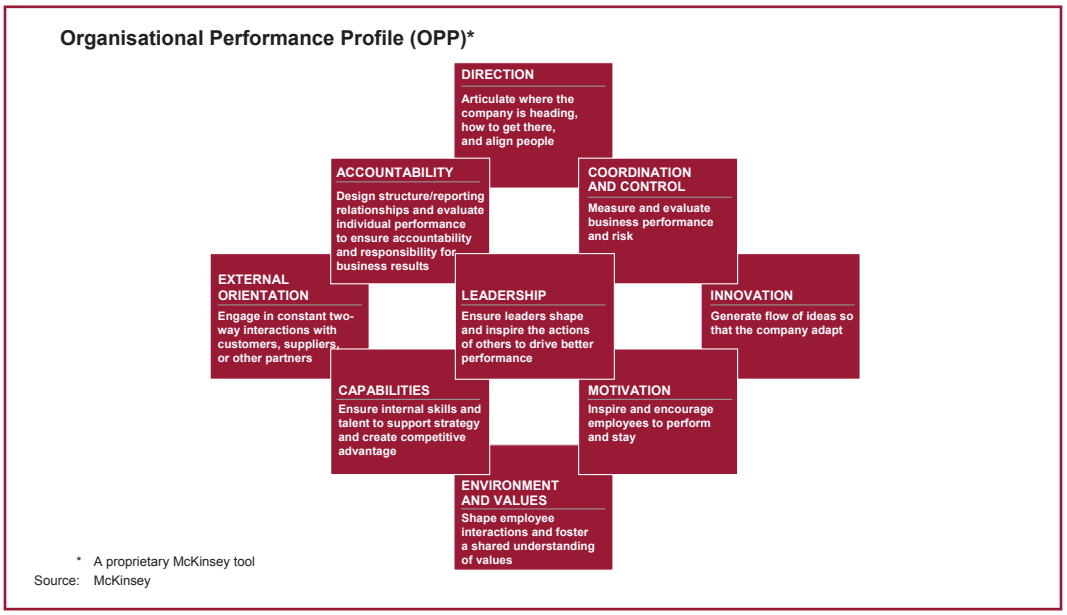
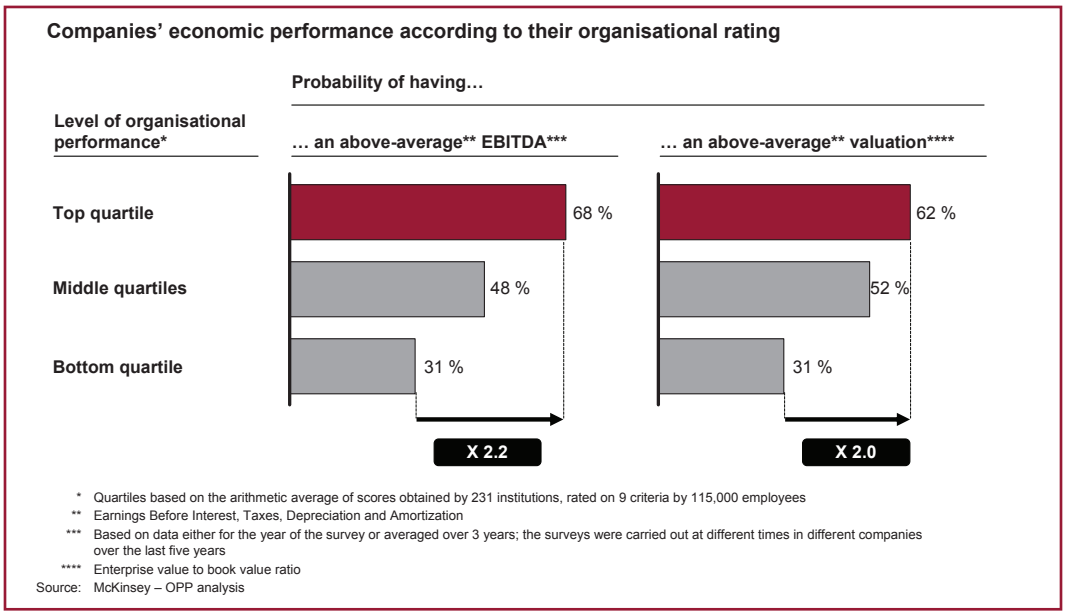


Exhibit 7

The best-ranked companies on organisational performance tend to have an operating margin and a market capitalization more than twice as high as those of the lower-ranked ones



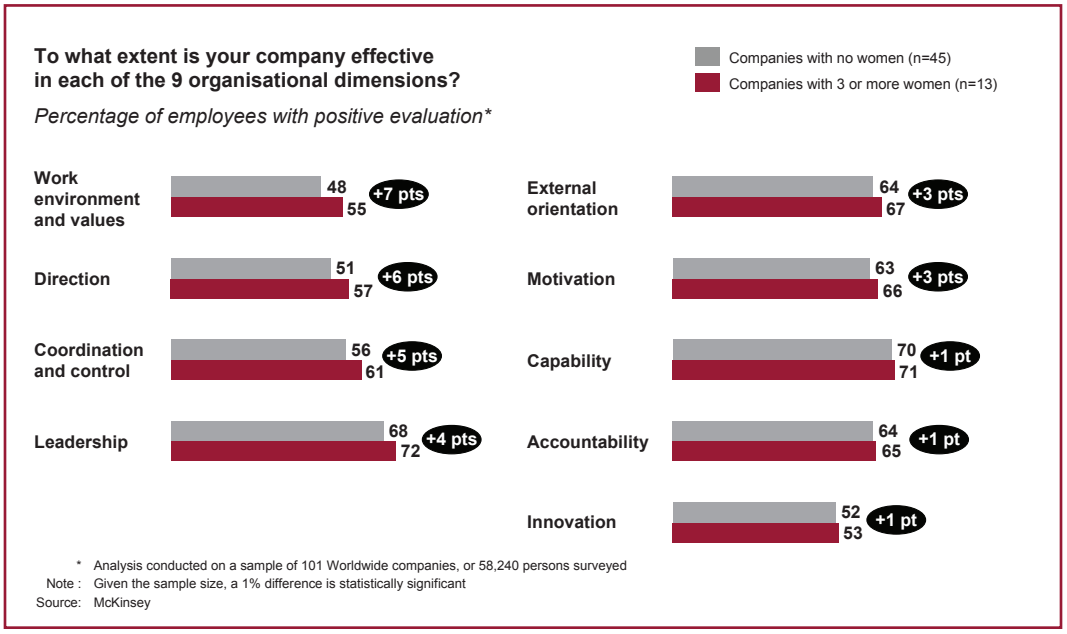
selected the 89 European listed companies with the highest level of gender diversity in top management posts. The companies were selected from all European listed companies with a stock market capitalisation of over €150 million, on the basis of the following criteria: the number and proportion of women on the executive committee, their function (a CEO or CFO having greater weight in corporate decisions than a Communications Manager) and, to a lesser extent, the presence of more than two women on the board, or statistics on gender diversity in the annual report. McKinsey then analysed the financial performance of these companies relative to the average for their sector. There can be no doubt that, on average, these companies

outperform their sector in terms of return on equity (11.4% vs an average 10.3%), operating result (EBIT 11.1% vs 5.8%), and stock price growth (64% vs 47% over the period 2005-2007) *(Exhibit 9)*.

What conclusions should we draw? These statistically significant studies show that companies with a higher proportion of women on their management committees are also the companies that have the best performance. While these studies do not demonstrate a causal link, they do, however, give us a factual snapshot that can only argue in favour of greater gender diversity.

Exhibit 8

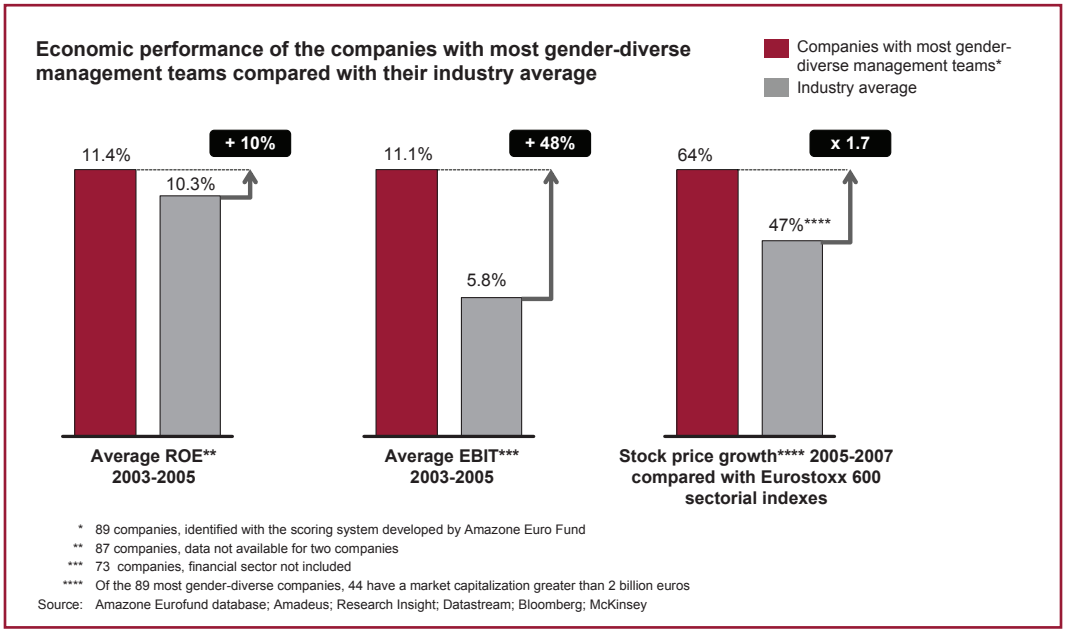
Companies with three or more women in top management functions score more highly for each organisational criterion than companies with no women at the top



* Analysis conducted on a sample of 101 Worldwide companies, or 58,240 persons surveyed
Note : Given the sample size, a 1% difference is statistically significant
Source: McKinsey

Exhibit 9

Companies with a higher proportion of women in their top management have better financial performance



* 89 companies, identified with the scoring system developed by Amazone Euro Fund
** 87 companies, data not available for two companies
*** 73 companies, financial sector not included
**** Of the 89 most gender-diverse companies, 44 have a market capitalization greater than 2 billion euros
Source: Amazone Eurofund database; Amadeus; Research Insight; Datastream; Bloomberg; McKinsey

Women's path to success: what you need to know

Having established the benefits of gender diversity, our study then moved on to examine the individual motivations and the career turning-points that affect women's advancement in the corporate environment. In July 2007, we surveyed a sample of male (482) and female (409) middle and senior managers from around the world (36% in Europe, 31% in the US, 33% in RoW), asking them about the decisions or events that had a significant and lasting impact on their career development. It emerged that the successful women who had risen to the higher echelons of major corporations put career ahead of family – as did the men – but came up against a greater number of obstacles on their way to the top. This was true for women in top management (about 30% of our respondents) as well as in middle management.

The "Big Three-0": a time for setting aspirations

As our survey showed, the first moment of truth in the career path of men and women comes after about 8 years of work, around the age of 30. But this milestone appears to be more critical for women: more women than men (25% vs. 20%) said that at 30 they decided to take more active control of their careers, and that it was a time when they faced the choice of whether or not to revise their ambitions upwards (22% of women, 16% of men).

Career plans before family considerations

An unexpected finding emerged from the survey: most executives agree that the factors which most strongly influenced their career choices were related to their work environment (89%) and changes in their personal aspirations (79%). Family considerations, by contrast, were of lesser weight for both women and men (42% vs 49%) *(Exhibit 10)*. These findings are similar for men and women, both with children and without. A large majority of respondents (89%) added that they did not regret this career orientation, which, for 75% of them, has had a positive or very positive effect on their income and, for 90%, on their intellectual stimulation. Opinions were more mixed (36%), however, on whether the impact of their career development on their work-life balance had been positive.

Do women pay a higher price for success?

Two significant differences between the men and women were brought to light by the study.

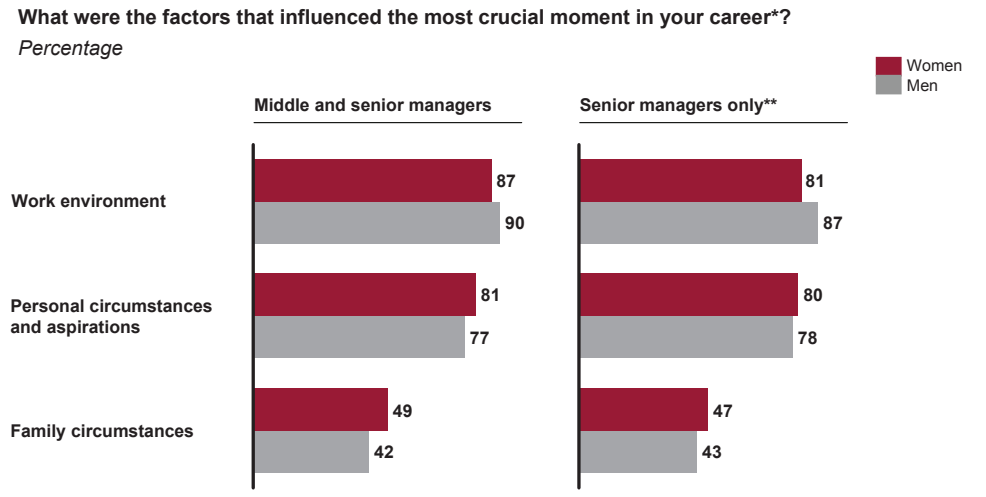
- First, 27% of women, versus 7% of men, admit that they have felt discriminated against during their professional career;
- The second difference is demographic, revealing a substantial disparity in the situations of the respondents: 54% of women in our sample – vs only 29% of men – were childless, and 33% of the women were single, compared to 18% of the men.

A Harvard Business Review[18] survey confirms that the higher women climb up the corporate ladder, the fewer children they have, whereas the reverse is true for men. In the 41–55 age range, for example, 49% of the "best paid" women (over $100,000 a year) are childless (compared to 19% of men), while the figure for "well paid" women ($55,000 to 65,000 depending on age) is 33% (compared to 25% for men).

This survey suggests that, in a male-centric model, women who are today carving out prime positions for themselves follow the same path as men, and make the same choices imposed by the dominant model – particularly that of putting career before family. But it seems that this dilemma – the choice between professional success and work-life balance – has more consequences for women, who might have to pay a higher price for success.

Exhibit 10

The career choices of middle and senior managers – men and women – are mainly influenced by their professional environment and personal aspirations



* Survey of a representative sample of male (482) and female (409) middle and senior managers from around the world
** CEO, CFO, CIO, COO, CMO, managing director, board members and chairperson
Source: McKinsey

Reinventing the model?

Faced with this evident inequality, and given the urgent need – and good business reasons – for companies to react, we have attempted to determine pragmatic solutions to increasing women's participation in business, and in particular their presence in the boardrooms and top management of large corporations.

Increasing women's participation in the workplace: the crucial role of political bodies

There is a correlation between women's share of the total volume of hours worked and the presence of women in the company's top echelons, as shown by a McKinsey study covering 25 countries and published in June 2007[19]. However, this study also indicates that women's employment rate has little or no impact on their participation in the corporate governing functions. Together, these findings suggest that there is a need to create the right conditions for increasing women's share of the total number of hours worked *(Exhibit 11)*.

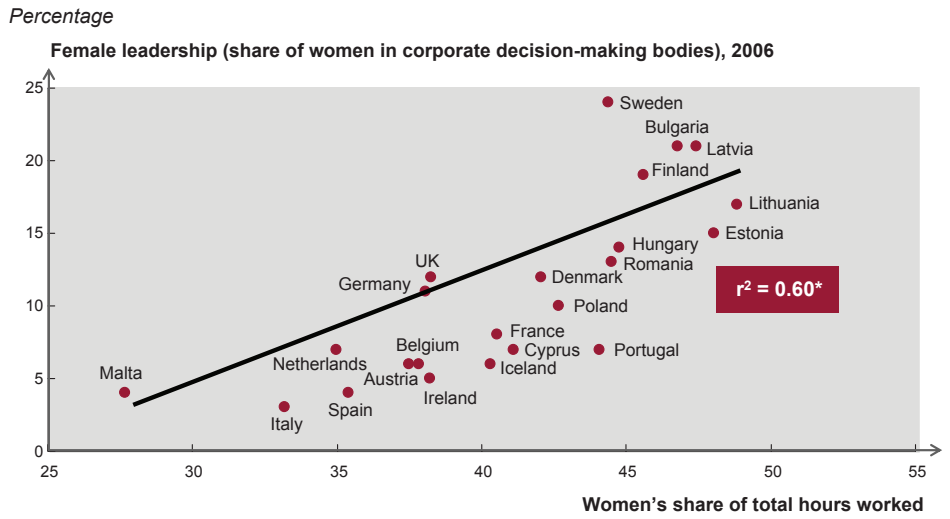
Greater participation by women in corporate senior management will require social environments that are more supportive of working women. Two types of lever can be applied: support services and facilities should be developed to help reconcile work with family life (childcare, family support, family subsidies, etc), and gender equality promoted in the workplace (equal pay, equal hours, equal responsibilities…).

The priorities for action may vary from one country to another. For example, although France and the UK have similar employment rates for women (60% and 67% respectively), their improvement potential and policy requirements differ. In France, women enjoy benefits that help balance family and professional life, thanks to a pro-family policy and a wide range of public facilities, but equality in the workplace is more difficult to achieve, and has to be legislated for. In the UK, by contrast, while day-care structures or state aid for childcare have shown improvement, there is a strong tradition of workplace equality. The measures required therefore mainly concern support facilities.

Having more women in the workplace is a prerequisite for breaking the glass ceiling, but will not be sufficient in itself: women quickly come up against the barriers inherent in the dominant model. Even the Nordic countries, which score best on every indicator, are still a long way from achieving gender equality in corporate governance *(Exhibit 12)*.

Exhibit 11

There is a correlation between women's share of the total volume of hours worked and the presence of women in the company's top echelons

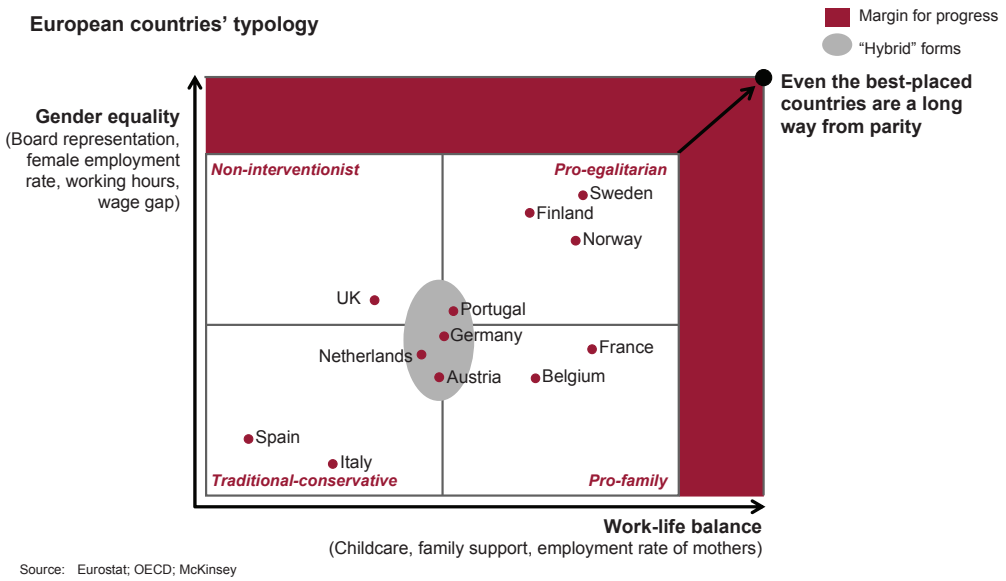


* Excluding maximum (Norway: 32%) and minimum (Luxembourg: 1%) in terms of proportion of women in top management

Source: European Commission 2006; Eurostat 2005/06; McKinsey

Exhibit 12

The public policy requirements vary from one country to another



Source: Eurostat; OECD; McKinsey

Pursuing tried and tested initiatives within the workplace

To learn more about the most effective initiatives, we interviewed a dozen companies notable for the progress they have made in women's participation in the boardroom and in top management. From their insights, we have defined four best practices for the development of gender diversity.

"There are no miracle solutions for gender diversity; you just have to keep plugging away with the tried and tested measures"

– HRD of a telecom group

FOUR BEST PRACTICES FOR ACHIEVING GENDER DIVERSITY *(Exhibit 13)*

1 - Create transparency by implementing gender diversity KPIs

Creating and monitoring gender diversity indicators is the first step towards achieving any change. The main indicators include: the proportion of women in the company's various business lines, at each level of management, and among new recruits; pay levels and attrition rates between men and women in similar functions; the ratio of women promoted to women eligible for promotion. Monitoring such performance indicators should raise awareness about the magnitude of the gaps to be closed within the organisation; it should also serve as a tool for defining and directing priorities for action.

"Recruiting women under an obligation would be disastrous"

– CEO of an industrial corporation

Quotas are not regarded as appropriate, as their secondary effects are viewed as unacceptable by our interviewees.

Some industrial firms, for instance, which have difficulty attracting women, have decided to make women's recruitment a top-priority lever, even going so far as to commission public information campaigns. One such company is IBM, which has been organising presentations in primary and secondary schools to make girls, and their teachers, aware of careers in science and technology. One thousand French secondary and high-school pupils benefited from this initiative in 2006.

2 - Implement measures to facilitate the work-life balance
Two types of measure are required:

- **Flexible working hours.** Flexibility (e.g. remote working, part-time work, flexitime) is not a women-only policy, but should form part of the general development of the company's business model, requiring the company to investigate how to adapt its organisation and culture. At a practical level, factors such as property costs might encourage companies to make working from home a general option, introducing a number of «mobile offices». The financial benefit for the company itself would come on top of the benefit such a move would bring to its employees.

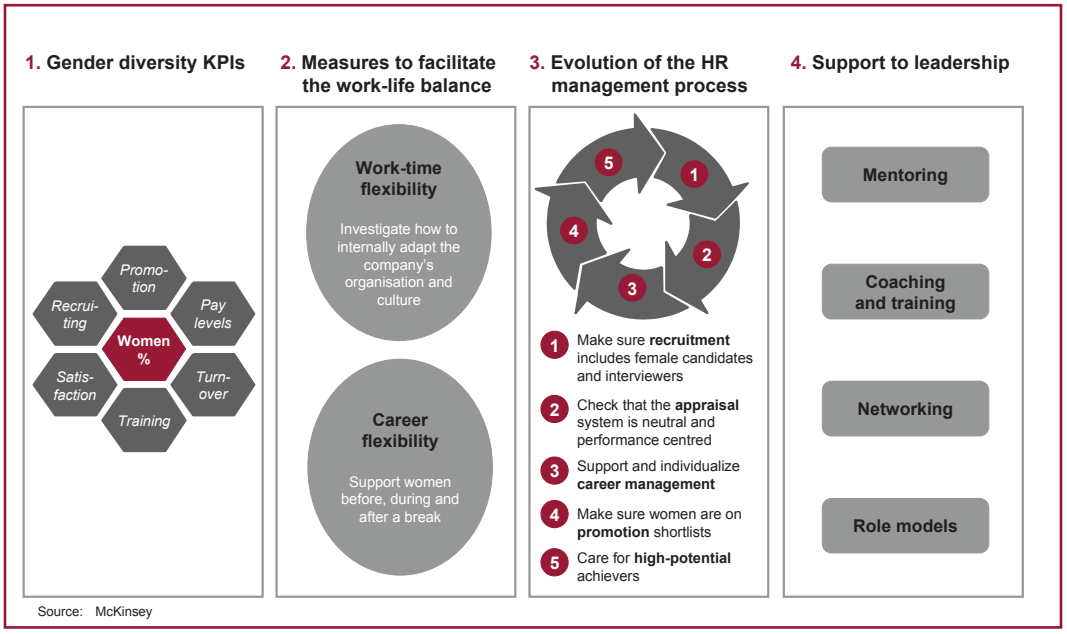
Flexible working hours should not be restricted to women alone

- **Career flexibility** and support during breaks – not just for one day, one week or one year but throughout a career. The fact that women tend to take career breaks needs to be taken into account to prevent any negative impact on their career paths or pay. 58% of female graduates questioned by Harvard said their careers were not linear and only 5% of women looking to return to work after a break want to go back to their previous employers[13]. This gives a measure of just how far business needs to change.

  Maternity leave is the biggest career break, and needs active management to ensure that women go back to work. The companies that manage maternity leave best retain contact throughout the period, have personal meetings before and after to ensure their employees are properly reintegrated into the workforce, and keep a watchful eye on pay rises and bonuses in the years following return. Some companies go even further, sending their managers brochures explaining what to do, or producing dedicated training modules.

Exhibit 13

Interviews with companies with significant results in terms of gender diversity revealed four best practices



Source: McKinsey

3 - Adapt the human resources management process

At the same time, companies must ensure that their recruitment, appraisal and career management systems do not hold women back in their professional development. The process for identifying high-potentials often focuses exclusively on managers between the ages of 28 and 35; to avoid potential opting outs, for instance, it could be altered to incorporate more flexible criteria, such as the number of years of service in the company, in order to make allowance for periods of maternity leave. Looking beyond the reengineering of processes needed, human resource functions have an essential role to play in sensitising front-line managers and spotting potential women candidates. When it comes to promotion, many managers now suggest having at least one woman on every shortlist. Some firms, such as JP Morgan, have organised training for recruiters and operational managers to make them aware of the importance of diversity and to identify prejudices that affect their decisions. Finally, the company must be in a position to offer personalised career paths, in order to retain the best talent. Flexibility in the management of human resources goes hand in hand with flexible working time, as advocated above.

"No 'one size fits all' ... it's always got to be tailored, case by case, for men and for women"

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

4 - Help women master the dominant codes, nurture their ambition

Finally, women need help to master the company codes. Coaching, network-building or mentoring programs can be highly effective in raising women's awareness of the limitations they impose on themselves and enabling them to manage their careers in a male-centric environment.

The FTSE-100 Cross-Company Mentoring Programme in the UK and the comparable CAC 40 programme in France bring female high-fliers together with the heads of the biggest corporations in the country, to provide the women with both mentoring and new career prospects.

Coaching, network-building and mentoring programs can be highly effective in enabling women to manage their careers in a male-centric environment

Women also need to be made aware of the vital importance of networking. Setting up women's networks within the company sensitises women to this fact, and creates opportunities for broader professional exposure, while also raising the profile of female leaders in the organisation, which is essential in helping young women to identify with role models.

By motivating women and facilitating their development, these initiatives are often remarkably successful in retaining and even expanding the female talent pool within companies.

Many companies, reluctant to introduce measures that concern women exclusively, broaden such initiatives to cover the entire workforce.

The pivotal role of the CEO

Interviews with companies that are champions of gender diversity reveal that their efforts in this area amount to nothing less than a cultural revolution. The change programme must be set up as a company transformation initiative in its own right, and driven by top management. Practices will not develop unless top management is convinced that diversity brings a competitive advantage, and commits to implementing change, under the leadership of the CEO. Almost all the companies in our study that have succeeded in pushing through genuine change benefited from the personal commitment of the CEO.

PriceWaterhouseCoopers observes that gender diversity makes significant progress in those subsidiaries where the managing director gets personally involved in the topic.

"I have mentored many women in my career. I challenged them; they began to think in a more ambitious way. Today they have moved into very senior positions"

– Vice-President Europe of a leading global healthcare company

To persuade managers of the need to act, Barclays organises monthly breakfast meetings at which women leaders tell operational managers about the barriers they have had to face in the course of their career.

Conclusion: Going further?

Our interviews with senior civil servants, politicians, and the men and women at the forefront of business have revealed areas that our study does not cover but that need to be properly addressed if we really want to achieve the mindset revolution needed to speed up change. Two main areas require consideration.

The first is education. In some fields – engineering and management in particular – women are under-represented and are therefore deprived of a large number of potential jobs, especially in top management. We must look at how to give career advice greater prominence in secondary schools, so as to improve access to these fields at tertiary level (especially European MBAs and engineering schools) and also to the jobs they lead to. It might also be appropriate to redesign top executive profiles in order to enable corporate leadership positions to be reached via other career tracks than those currently in favour. Finally, a challenge even further upstream would be to change the binary perception of "men's jobs" and "women's jobs" at a very early stage of childhood.

"Very few women study engineering so very few apply for the engineering positions I offer and therefore I hire very few women"

– CEO of a company in the transport industry

The second area for consideration relates to models of family balance. The traditional social pressures on men to be breadwinners are not so strong in the younger generation, which has greater freedom of choice and a more balanced distribution of roles within the household. Nevertheless, some work remains "women's work" for which women are totally responsible and face all related constraints. For example, motherhood makes mothers vital to the well-being of their babies and, as we have shown, this limits their career choices and prospects. Men enjoy greater freedom. In seeking to create a balance in the work environment, should we not also encourage and enable a different, more equal balance at home?

In conclusion, it is only fair to acknowledge that we have come a long way in the quest for gender diversity in business. But business cannot meet this challenge alone. That will require concerted, concrete, repeated action upstream of working life at all levels of society and in all institutions, by individuals and by groups. Slowly this will create the cultural and organisational basis for change.

"If you let things happen naturally, women may not rise in the organisation ... It's not an easy task but it can be done and we can change the proportion of women and men in the organisation if we really want to do it. It takes time to get it right. You are bound to have the strategy and the commitment. You can never let go!"

– Vice-President Europe of a leading global healthcare company

"Everyone makes the decisions in his or her own life. What they have to decide is: What do I want to accomplish with my life, my time and my career? What do I feel comfortable with? This is the one life that I have. How am I going to spend it?"

– Ex-president of a European country

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Women Matter

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