

What you need to know about women at work

Around the world, women are paid at lower rates and wages than men and are less likely to be promoted. They also tend to work in different sectors. The implications are everyone's business.



Simon London: Hello and welcome to this episode of the *McKinsey Podcast*, with me, Simon London. Today we're going to be taking stock of the role of women in the global workforce and also the experiences of women in the workplace. In other words, we'll be starting with a macrolevel view on this hugely important topic before zooming in on the micro. If you've started to lose track of everything that's published at this complex intersection of gender and work, this podcast is for you.

To discuss the facts, I sat down in Vancouver with Lareina Yee and Kweilin Ellingrud. Lareina is a leader in McKinsey's High Tech Practice and is also the Firm's chief diversity and inclusion officer. She helps to lead the Women in the Workplace research project, in partnership with LeanIn.Org and the *Wall Street Journal*. Now in its fifth year, *Women in the Workplace 2019* published on October 15, so please do keep an eye open for it.

Kweilin is a leader in McKinsey's Operations Practice. She sits on the advisory council of the McKinsey Global Institute and helps to lead the Institute's Power of Parity research program.

Simon London: Lareina and Kweilin, welcome to the podcast. Thanks for being here.

Kweilin Ellingrud: Thank you.

Lareina Yee: Thank you for hosting us in Vancouver.

Simon London: You are more than welcome. We're going to cover a lot of ground today. What I'd like to do is start with the macro, thinking about women in the workforce, the global workforce. Later on, we'll go to the micro to think about the workplace. Kweilin, if you think about the macro level, and you think about women in the workforce overall globally, what do we see?

Kweilin Ellingrud: In terms of paid work, what we see around the world is that women generate about 40 percent of global GDP. They are concentrated more in part-time roles; they have the majority of part-time roles around the world and the minority of

full-time roles. They're also concentrated in lower-productivity sectors. They're typically more junior in organizations, and there's also a significant wage gap globally. In the United States about \$0.80 on the \$1.00 for similar work, and when you compound that for women of color that can be quite a bit lower, \$0.60 or so on the \$1.00.

Simon London: Right. So, fewer women in the global workforce, tending to be congregated in lower-paid occupations. Even if they're in the same occupation, they're probably less senior, and even if they're in the same level of seniority, they're probably paid less. As an economist, why should I care about that?

Kweilin Ellingrud: You should care because it's a big economic opportunity that we're missing, to the tune of about \$12 trillion around the world. In fact, it would be about \$28 trillion if we were to fully match equality in the workplace between women and men across all of those three dimensions.

Simon London: If we got to absolute parity in terms of participation, seniority, pay, everything.

Kweilin Ellingrud: That would be worth \$28 trillion, which is an economy the size of the US and China added together, but it's not realistic anytime in the near term. To account both for near-term progress and potential, but also to account for individual choice, we took a look at what would be a more realistic scenario. We looked across each region and said, "What's the best rate of improvement we've empirically seen happen over the last ten years?"

Simon London: This is country by country?

Kweilin Ellingrud: Region by region, country by country. In Western Europe, improving at the same rate of Spain across the entire region. In Latin America, improving at the rate of improvement of Argentina. If we did that across each region, that gets us to about 40 percent of the opportunity, or \$12 trillion. That would be like adding the UK, Japan, and Germany to the global economy, or about 11 percent of global GDP. It's a big deal.

Simon London: Wow. So, the global economy could be 11 percent bigger in GDP terms if we could get to that more conservative level of progress toward parity?

Kweilin Ellingrud: Exactly, and it comes from three places: about 60 percent of it is from more women formally working in the workplace, another 20 percent of it is more women taking full-time roles versus part-time roles, and the last 20 percent of it is sector mix, so concentrating in different sectors.

Lareina Yee: In some ways, what we have is a challenge in front of us to say, “How do we help half of the world’s population have better access to participate in the global economy?” That’s where you see the tough challenges. The business case is an easy one.

Kweilin Ellingrud: Absolutely.

Lareina Yee: Then we have to move onto the harder stuff.

Simon London: Yes, and that’s the other thing: it’s easy to talk about the economy in the abstract, but the fact is that the economy is underpinned by a great deal of law, social norms, access to services, and personal security. There’s a whole range of social and legal aspects to this that underpin or then give you the outcome in the sense of workforce participation.

Lareina Yee: That’s probably one of the reasons why people feel that this is an intractable and challenging problem, in the sense that it is many things. It’s a systemic set of challenges.

Kweilin Ellingrud: On a global level, it is a system. You can’t expect to capture your country’s share of the \$12 trillion opportunity unless you’re going to tackle the societal barriers that hold women back from participating in the workplace.

If you want that economic boost and the growth that we are talking about—which government leaders, companies, and CEOs want—then you

have to be willing to tackle the societal gaps. If you plot over 100 countries on both their equality in work and their equality in society, those two things are highly correlated.

Simon London: Kweilin, you mentioned a little earlier that there are some big occupational differences between men and women and the sectors in which they participate in the workforce. Why is that important?

Kweilin Ellingrud: The fact that work is gendered around the world is important, because there are different wages in the different sectors in which women versus men are concentrated. It’s also important, though, because automation will affect different occupations differently.

Lareina Yee: The big “so what,” for me at least, is that the reason why it matters that our current footprint is gendered in work is that the solutions have to be gendered too.

Let’s just think about reskilling—because that’s eventually where we go with this—because there’s a huge opportunity to help women get into the new economy, to help both genders. If I were to apply a solution that helps nurses reskill, and I focus only on the health and social sector where there are mostly women, I would probably miss the type of skills that men need if they have factory jobs and if they have construction jobs.

Similarly, if I focus on reskilling with the assumption that most of the jobs are where the men are, I might miss the skills and capabilities that women need. It’s practical that you’re going to need different reskilling for the genders, because they sit in different occupations and jobs.

Kweilin Ellingrud: One of the factors for being able to participate in reskilling is the ability to travel.

One of the interesting things in the research is that it shows that the question of safety is just as paramount for the woman outside of Paris as the woman in India as the woman in the United States.

That version of not feeling safe has different specifics, but it's the idea of, "Do you feel safe between your home and office during your commute, and also within your office or workspace?" That's everything, from just disrespectful behavior during your commute all the way to physical abuse.

Simon London: Yeah, which underlines, again, that you cannot look at the workforce and you cannot look at the economy without considering a lot of these social factors as well.

Lareina Yee: Absolutely. It's looking at your social factors.

Simon London: If I had to summarize, we're saying that, number one, because women in all countries—not just in developing countries—but because women in all countries face a variety of structural barriers to participation in the workforce, it could be harder for women to adapt and adjust, because they may not have the access to education, they may not be quite as mobile, they may not have the access to technology in the same ways.

Number two, if you have a reskilling program to deal with automation that was to focus primarily on manufacturing, for example, that would de facto be a gendered approach to dealing with the situation. As a policymaker you need to think about these gender effects too.

Lareina Yee: We need reskilling in programs that meet women where they are versus expecting women to come to the programs. Let's take those examples of women and where they're working today. We've talked about formal work, it goes from 9:00 to 5:00 or something like that. Then they go home, and they take their second shift, and their second shift is the hours and hours they spend in the unpaid care economy.

If you're looking to "dimensionalize" how many hours globally women spend in the unpaid economy, it's 1.1 trillion. It's three times more than men. They take their second shift in the unpaid economy, maybe taking care of elderly

family members, children. Then on top of that, we want them to take a third shift. The third shift is the reskilling.

When we think about how to help them, we also have to make it work for the way their lives work today. If we think that it just works for them to take off three months to join a program, or just to take night classes, it frankly isn't as simple.

Simon London: This is another example of the difficult structural barriers that a lot of women will face as we look at this reskilling that's necessary to deal with workplace automation.

Certain sectors are growing, and there are going to be jobs gained over the next several decades. It's not just a negative picture. What are the gender effects of that if we look through the sectoral differences? Where's the growth going to be, and how does that affect men and women?

Kweilin Ellingrud: One of the biggest areas (no surprise) that is gaining jobs is healthcare. That is a highly female-dominated sector; over 70 percent of those jobs around the world are held by women. That is largely because of the demographics and those shifts over time that we're seeing.

Lareina Yee: There are also the technology and professional-services sectors, where we're going to see an enormous amount of growth in jobs—both transformation of the jobs that exist today as well as just net new jobs that didn't exist a couple of years ago. Think about machine learning and the explosive growth in the types of jobs that there weren't applications for five years ago. That is exciting, but to the point that Kweilin mentioned at the beginning, we have a gendered footprint to start, and we don't have as many women participating in the technology and professional-services sectors today. We don't have as many young girls and young women participating in the education that leads to those pathways.

Simon London: Let's zoom in. Let's go from the macro to the micro, from the workforce to the workplace. Lareina, when you look at women in

the workplace today, and you look at the level of individual organizations and companies, what do you see?

Lareina Yee: The statistics, similar to the global economy, are a bit sobering. You have one in five executives at the top that are women. You may start anywhere from 45 percent to 35 percent women at the entry level, depending on the industry sector—and in some sectors, like healthcare, you start much higher, something closer to 70 percent. But at the first promotion you start to see a disparity.

In the United States, for example, we know that for every 100 men who receive their first promotion from the entry level to manager, only 79 women receive that same promotion. If you're thinking about intersectionality, which is a fancy way of saying, for example, "if I'm a female and I'm black," that number is 60. The disparity starts early, and then it just continues on to the top—to leadership, boards, the CEO, and top teams—where we see few women.

Simon London: How much of this is national-specific versus prevalent, at least across Western economies?

Lareina Yee: These are trends that we see across the different economies. Now, certainly those dynamics will play out a little differently in countries and cultures and contexts, but the hard metrics look sober in every instance.

Kweilin Ellingrud: It's interesting, Lareina, because when that first promotion that you describe, after that much of a drop-off, there's almost nothing you can do in the rest of the funnel to equalize it at that point.

Lareina Yee: No, you can't run fast enough to the top.

Simon London: I think there is this sort of working assumption, particularly from a lot of men, that it's women leaving the workforce. That they get to a certain point in their career, and they choose to either downshift or they leave the company, and

that's the reason there aren't as many women in senior-leadership positions. But I think the research shows that is categorially false, right?

Lareina Yee: We do not have an attrition problem, no. Men and women are not leaving the workforce at different rates. When women leave, they're not leaving for the home economy, they're leaving to go to other companies in the same industry. Men and women leave for similar reasons. Guess what reason they're not leaving for? They're not leaving for family. They're leaving for professional opportunities.

Simon London: I think we clearly established why, at the macro level, if you're an economist or a policy maker, this is something you should care about. For a CEO, just remind us, why should I care about this issue?

Lareina Yee: From an economic value-creation perspective, the case is clear. There's also the fact that you want to reflect the communities and the populations that you're a part of in a most essential way.

If your business doesn't reflect that, you're off a beat. There can also be a social responsibility. Increasingly, I think businesses are questioning whether they should be thinking about that in their core strategy. Ultimately, it's less about the academic reasons and more about a sense of authentic commitment. We know that companies that make that commitment from the top and carry it down through the first-line managers are more successful.

So, this can be done, but ultimately we need to act. We need to act both in terms of our policies and the structure, but also in terms of addressing underlying mind-sets.

Kweilin Ellingrud: I think the companies that I've seen make significant progress certainly have a clear tone from the top, as you were describing. But they're also focused, right? They're not doing seven initiatives and trying to track the progress over the course of a couple of years. They're

saying, “We’re going to do these two things, and we’re just going to execute the heck out of it. And then we’re going to see where we are in a couple of months, and then we’re going to reevaluate, but spread this quickly.”

Lareina Yee: I think some companies are starting to say, “We’re going to be more creative about the tools with which we can effect change.” One of the things that’s been interesting is to watch P&G. They’re saying, “Hmm, maybe we can use our advertising and creative energies to show an image of a more equal world.” They’ve invested disproportionately in different campaigns around their products and showing that. That’s a different tactic or strategy that we haven’t seen others use, which is to say, “It’s not just my internal flexibility-in-HR programs,” it’s, “How do I use my capital, my weight to change the environment for my employees, but also for those outside?”

Kweilin Ellingrud: I think that’s just a higher level of maturity in terms of figuring out the impact that you can have in the world—expanding their sights outside the walls of their own company to say, “Upstream and downstream, and with my supply chain, and with my advertising clout, and how I influence the broader world, how do I think about pursuing gender equality with my unique voice and my unique talents?”

Simon London: Say a little bit more about what we know works based on the research. We said visible, vocal CEO commitment, number one, a small number of powerful programs, number two. Thinking about how you impact the world through things like your supply base, how you interact with customers, number three. What are the other things that we just know work?

Lareina Yee: Data transparency. Using data to understand and have a fact base, and being transparent about where you are. I think another thing that we know works is not to shy away from implementing the basics every single day, year in and year out. There’s something that’s not exciting about that, and you’re going to have to continue to inspire people.

Then on top of that, you probably have to challenge some of the conventional norms. Those typically hit at the underlying mind-sets. Some of those are fears, that for jobs within a company or in the economy it’s a zero-sum game, that it’s not an expanding pie. Another one is just the fear of change.

Simon London: But, surely, you’ve got to get down to the level of that first promotion. From what you said earlier about the first promotion being absolutely critical in a place of huge attrition for talented women.

Lareina Yee: I think it’s both. One thing you find is that when you look at the pipeline, you’re going to have to probably solve two or three major pieces where women fall off. One is, did you bring them through the door in the first place? Second is the first promotion gap, and third is leadership.

If you just do one and you’re wondering why you’re not making progress, it’s because you need a systems approach.

Simon London: Just to be the devil’s advocate, isn’t the sort of systems approach somewhat at odds with what you were saying, Kweilin, around just needing to pick two or three core initiatives and execute the hell out of them?

Lareina Yee: I don’t think it’s at odds. I think what Kweilin is mentioning is consistent to the systems approach, which is, “Let’s take a look at where we lose women, and let’s take a look at where our experiences are unequal, and have targeted sets of things that we do in concert to each other to change the overall playing field and to change the overall culture and environment.” Likely it’s something less than five major things that you’re doing, and it’s not the spaghetti at the wall—it’s more intentional.

Kweilin Ellingrud: There’s a broad range. Unconscious-bias training or efforts are one of the most common initiatives I think we see. There’s a huge range and difference between companies that do it versus companies that say, “Let’s do the

two- or three-hour training in a conference room and call it a day.”

The companies that do it work this into their HR and people systems. They might have somebody in a people review who is a devil's advocate and raises the tough questions to say, “Would we have had that same conversation if that weren't a woman coming back from maternity leave?” Or, “Would we have had that same conversation if that weren't a man in the same aggressive leadership style as his successful mentor?” Those are the tough discussions that need to happen. You rewind that from the promotion discussion all the way to the entry point, and what we see is that there is still both conscious and unconscious bias even at the initial resume screening.

Simon London: Can we just segue to the inclusion part of diversity and inclusion? It feels—in a good way—as if the conversation has shifted a little bit over the last several years toward inclusion and inclusive cultures. Just talk a little bit about why that is. For people who may not have considered this, what is the difference between diversity and inclusion?

Lareina Yee: The simplest way to think about is that diversity is often counting the number of people represented and inclusion is the experience that they have, how they feel. It's one thing to bring a woman to the table, but does she feel that she can bring her whole self, her best self? Does she feel that she belongs at that table and that she's connected to the people around her? You need both. You need the participation and the experience.

Because inclusion is the fundamental basic that you need in your culture. What's interesting about inclusion is that it's not just for women. If you work in a world of extroverts, and you're an introvert, do you feel that you can be part of that discussion? I'm just using that as an example, but the concept is inclusion, which is not gender based.

Inclusion is for both men and women, and for people that come from different backgrounds, and have different ways of processing and thinking. The underlying belief is that if you put a diversity

of viewpoints at the table together, and if all of them are working together, you're going to get better answers.

Simon London: Right, but they have to feel included for that to happen, that's the point. It's not good just doing the diversity and getting the count right. It's more about the dynamic of how people feel around the table.

Lareina Yee: Absolutely.

Simon London: So again, if I'm a CEO, and I want to create an inclusive culture within my organization, what are some of the things that I need to pay attention to?

Lareina Yee: One of the things that we know is important is the impact of microaggressions. People ask, “What are microaggressions?” It is the fact that women are more likely to be perceived as more junior than they are. Their judgment is more likely to be questioned, they are less likely to be defended if their work is questioned. They're less likely to be given professional opportunities for growth. There's a string of things that happen each and every day to women.

You would say each individual piece isn't worth having a huge discussion about, but what you realize is, the cumulative effect is that women are standing on a field that's significantly lower than men. When we say there's an uneven playing field, this just gives us some specifics and examples of that.

Simon London: It's the everyday slights, if you like.

Lareina Yee: It's the everyday slights. What a CEO or a manager can do is to start to lead differently. It's about changing the culture, and it's creating a place where those slights don't happen, and where people feel, as a result, that they're more included and that they belong more.

Kweilin Ellingrud: I think the other thing a CEO can do is drive that accountability from the overall level down by business unit, by function, and ask, “What are we doing to move the needle?” Also empower

managers, because you don't quit your CEO, right, you quit your immediate manager because they can't make the flexibility happen. So empowering managers to handle, for example, an awkward situation or sexual harassment, those types of tough conversations are important. Then on the positive side, empowering them to make flexibility day to day, so that you can manage your life, is important as well.

Lareina Yee: Over time, when we've interviewed women executives, one of the things we've seen in the data overall is that women feel more isolated. What we find is that when we ask women, "Do you believe that your gender has gotten in the way of future opportunities?" More than a quarter of the women, will say, "Yes, absolutely. I think it's something that will hold me back going forward, and I think it's something that has held me back before."

Simon London: Is this one of the reasons that we advocate clustering women? [To mitigate] this issue of being the only woman, for example, in a meeting or on a team?

Lareina Yee: Well, it's one of the strategies that companies have been increasingly looking at: if you can create teams where there's a critical mass of women. If she can see it, she can be it. There's a leader who's a woman, there's a more diverse leadership team, there are more women that they're appearing with—it creates a better experience.

Simon London: Something else that jumped out at me in the research is this big disparity between line roles and staff roles. Just say a little bit more about that, Kweilin.

Kweilin Ellingrud: It's interesting, because that "one in five women in the C-suite"—I think that belies a balance of power. Women are much more likely to have a staff role. If you look at S&P 500 CEOs who were promoted from within over the last few years, somewhere between 99 and 100 percent of them from year to year are promoted from running the biggest P&L [profit and loss] to

that CEO role. If we want to shift the 6 percent of Fortune 500 CEOs who are women, we need to shift that balance between staff and line roles that are held by women.

Lareina Yee: There's something happening between an early manager and an SVP [senior vice president], where you see a small percentage of women able to stay in the power-alley roles, which typically are those that run the P&Ls of the business. One piece of advice I always give to women is, "Stay in the line."

Simon London: Do we know why it's so difficult for women to stay in those line roles?

Lareina Yee: Some of it is that as they hit the childbearing years where family becomes a bigger priority—and that's not for everybody, but that's for many women—they often will take support roles, maybe because those are the opportunities that are offered to them that allow them to stay at full-time work, but also allow them to have a slightly different pace.

Or maybe because that's where they see more role models and they see more support. I think that businesses can be far more creative and thoughtful about how to retain women in the line roles.

There is a CEO of a healthcare company who said that one of the things he would do is that he would personally intervene and say, "You have the potential to be the head of the business, and you are about to go on maternity leave for your second child. I heard that you want to take this finance role, and all I'm saying is, I'm giving you a return ticket back into the line role. You need to bring this ticket to me after a couple of years when you're ready to come back, because it is going to be hard to pull you back, and we're going to pull you back in."

Simon London: Right. It reminds me almost of on-ramps and off-ramps, which people typically talk of in the context of maternity leave, for example. But it's within the business. It's an on-ramp and an off-ramp to line roles.

Lareina Yee: Absolutely. The on-ramp and off-ramp time period tends to be incredibly short. We're just thinking about the first three months when someone comes back, and we're thinking that they only have one child. We're not thinking about the impact of being parents, for both men and women, over the course of, say, nine years, as you have three children. We're not thinking about the total impact and how you continue to progress your career, and how you continue to advance, and that you may go through a set of years where even as a guy, you would like to take a job that's less focused on being promoted and more focused on staying in the role that you have, and then you're willing to upshift a couple years later.

Simon London: Yeah.

Lareina Yee: Which is why some companies are reevaluating the type of support that you give for parents. To think through, "How do we support parents in terms of childcare, in terms of career flexibility, in terms of de-risking the ability to take some of the flexibility programs that are offered?" One of the things that we know is that there are

many programs for flexibility, but nobody takes them. Why don't they take them? Because they think it'll hurt their careers.

By the way, there are a lot of men who want their systems to change. For them, the big step is to de-risk the concept, "You can participate in these programs as well." I do think that there's reframing [that needs to happen]: from "we do all of this to help women" to "we do all of this to help our overall people." Often women are, as that quote will say, the canaries in the coal mine. They're the first population in a company that we see, but quickly companies need to think about how the types of programs and innovations help everybody.

Simon London: Thank you. Really appreciate it.

Lareina Yee and Kweilin Ellingrud: Thank you.

Simon London: And thanks, as always, to you, our listeners, for tuning in to this episode of the *McKinsey Podcast*. To find the latest from Women in the Workplace, the Power of Parity, and a lot more besides, please do visit us at [McKinsey.com](https://www.mckinsey.com).

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