



The Gender Gap in Leadership: Why It Matters

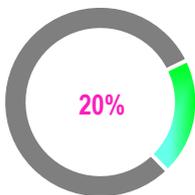
Diversity is not a question of if, but when?

Building a diverse, comprehensive workforce is an unquestionable requirement in today's globally competitive environment. Organizations with diversity in their administration and all through their positions have:

- ✓ Smarter, Innovative Teams
- ✓ Bigger Market Share
- ✓ Access to the Best & Brightest
- ✓ More Socially Responsible
- ✓ Higher quality decision making

Long story short: companies in the top quartile for gender, racial, and ethnic diversity are more likely to have financial returns above their national industry medians.¹

Diversity comes in many forms: gender, race, religion, sexual orientation, age, culture, socioeconomic background, etc. All of these contribute to an individual's unique experience of the world. For the purpose of this list, we will focus only on gender diversity even if other forms are equally important.



Women are 20% less likely than straight white men to win endorsement for their ideas

Smarter, Innovative Teams

Research shows that when a group includes more women, its collective intelligence increases². As Katherine Phillips, Senior Vice Dean of Columbia Business School, writes in *Scientific American*, “The fact is that if you want to build teams or organizations capable of innovating, you need diversity. Diversity enhances creativity. It encourages the search for novel information and perspectives, leading to better decision-making and problem solving. Diversity can improve the bottom line of companies and lead to unfettered discoveries and breakthrough innovations.”³

But employee diversity isn't enough to unlock innovative potential – leadership also needs to be inclusive and diverse to fully appreciate when diverse ideas are brought to the table. A Center for Talent Innovation (CTI) study found that without diverse leadership (inherent and acquired diversity), women are 20% less likely than straight white men to win endorsement for their ideas⁴ - representing a huge choke hold in potential innovations.

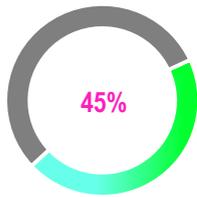
Big organizations aren't immune to this choke hold. In fact, the independent evaluation office of the IMF blamed “groupthink” in leadership ranks for not being able to predict the 2008 financial crisis.

¹ Delivering through diversity (2018), McKinsey & Company

² Defend Your Research: What Makes A Team Smarter? More Women. (2011) Harvard Business Review

³ How Diversity Makes Us Smarter (2014) Scientific American

⁴ How Diversity Can Drive Innovation (2013) Harvard Business Review



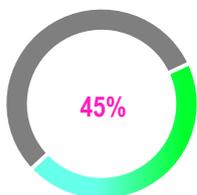
Companies with two-dimensional diversity are 45% more likely to report that their firm's market share grew over the year

Bigger Market Share

Consumers and buyers are increasingly diverse. Women, for example, now make 80% of healthcare decisions for their families.⁵ Another study found that 75% of women identified themselves as the primary shoppers for their households.⁶

Diverse employees help companies better innovate for diverse customers – and thus increase market share of an ever-diversifying consumer base. The CTI study, Innovation, Diversity, and Market Growth, uncovered that even when at least one member of a team has shared traits with the end user (e.g., gender, ethnicity), the entire team better understands that user. For example: a team with a member who shares a customer's ethnicity is 152% likelier than another team to understand that customer.⁷ The same CTI study found that companies with two-dimensional diversity are 45% more likely to report that their firm's market share grew over the year.

Nevertheless, it's not enough just to employ diverse individuals, leadership must be ready to listen to their insights and empower them to implement them.



Companies with two-dimensional diversity are 45% more likely to report that their firm's market share grew over the year

Access to the Best & Brightest

Women earn the majority of college degrees – all around the world.⁸ Being able to recruit and retain women is therefore a necessity to ensure companies have the best and brightest and to build the pipeline of future women leaders (in addition to the power inherent in building diverse teams).

Having an inclusive culture and demonstrating a strong commitment to diversity also means having the ability to keep top talent. Research shows that positive perceptions of a company's "diversity climate" are associated with lower intention to leave.⁹

⁵ Fact Sheet: General Facts on Women and Job Based Health (2013) Employee Benefits Security Administration

⁶ Survey of the American Consumer (2011) GfK MRI

⁷ How Diversity Can Drive Innovation (2013) Harvard Business Review

⁸ Survey of the American Consumer (2011) GfK MRI

⁹ How Diversity Can Drive Innovation (2013) Harvard Business Review

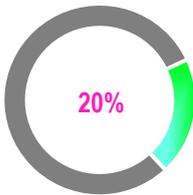


Annual company philanthropic contributions were 28x higher in companies with gender diverse boards.

More Socially Responsible

But not for the reason you might think. As we've stated, it's not just a moral imperative to give equal access and opportunities to women – in fact, more women leaders correlate with significantly higher levels of corporate philanthropy.

According to a Catalyst study, from 1997-2007, companies with more women board directors donated significantly more funds to philanthropy (in fact, each additional woman added to the board correlated with a philanthropic giving increase by \$2.3 million each year).¹⁰ And in 2007, annual company contributions were 28 times higher in companies with gender-diverse boards.



Companies that have grown by +20% annually are significantly more likely to have implemented programs and initiatives to advance women than their low-performing counterparts.

More Resilience, Less Risk

Companies with more women in leadership are more resilient. A 2008 study on which companies were resistant to the market crash (and why) found that in the French CAC 40, the more women in company management positions, the less the company's share price fell.¹¹

Of course, there's interplay and influence between these benefits. As a richer, more diverse talent pool leads to more innovation and greater market share, there are more resources to invest in talent and talent development, ultimately increasing company brand as employer of choice for talent from all backgrounds – which in turn leads to a company being able to attract, retain, and advance more diverse talent (and create more innovative products and services). In other words, there's a virtuous circle of D&I benefits.

¹⁰ Gender and Corporate Social Responsibility: It's a Matter of Sustainability (2011) Catalyst

¹¹ Soapbox: Why Women Managers Shine (2009) The Financial Times



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