



Gender Diversity

Pays Off

Organizations with Better Financial Performance Have More Women in Leadership Roles



Bottom 20% Financial Performance

Top 20% Financial Performance

19% of
all Leaders
are Women

8% of
all Leaders
are **High-
Potential**
Women

37% of
all Leaders
are Women

12% of
all Leaders
are **High-
Potential**
Women



All Leaders



Percent Women



Percent High-Potential Women

Some Differences Count

There was no significant difference between the men and women in our study regarding leadership skills or ability to handle management and business challenges. Yet, women remain underrepresented in higher levels of leadership. What explains this imbalance?

One of the few significant differences between the sexes was level of confidence. Men considered themselves more effective as leaders (highlighted in the illustration below). This self-confidence is reflected in how highly they rated their leadership skills and ability to tackle management and business challenges. Women, on the other hand, were less likely to rate themselves as highly effective leaders compared to their peers, to have completed international assignments, to lead across geographies or countries, and most significantly, to lead geographically dispersed teams (a big opportunity gap). Missing out in these key developmental opportunities makes a difference: Leaders who had access to these global and more visible leadership experiences were far more likely to be promoted and to advance more quickly in their organizations.

These gaps are worth noting and addressing. Encouraging gender diversity in your leadership pool means greater diversity of thought, which, in turn, leads to improved problem solving and greater business benefits. Gender diversity has paid off for organizations where 30 to 40 percent of leadership roles are held by women. The difference between top and bottom financial performers is clearly illustrated at left. Organizations in the top 20 percent of financial performance counted 37 percent of their leaders as women; among organizations in the bottom 20 percent, only 19 percent of leaders were women. The same trend emerges in the percentage of leaders who were high-potential women: Among organizations in the top 20 percent for financial performance, a statistically significantly higher percent of leaders were high-potential women (28 percent).

* Neal, S., Boatman, J., and Miller, L. (2013), *Women as Mentors: Does She or Doesn't She? A Global Study of Businesswomen and Mentoring*, Pittsburgh, PA, Development Dimensions International.

Now What



- .01** Bolster current **development programs** or implement new practices that allow leaders, especially women, to build knowledge and skills. Development opportunities build confidence.
- .02** Ensure that formal practices are in place for selecting and transitioning leaders for international and stretch assignments. **Multinational organizations and those with a focus on global growth** should pay particular attention to diversity and encourage women to take on global leadership roles.
- .03** Strongly supported **mentoring programs** can play a key role in helping develop and prepare new leaders, women in particular. Women who have achieved senior leadership roles overwhelmingly report how critical mentorship was in helping them advance and grow in their careers.*

Where Are the Gender Differences?

