Revolutionize leadership, revolutionize your business.
Women Work: The Business Benefits of Closing the Gender Gap

Global Leadership Forecast 2011
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For more than 40 years, DDI has helped the most successful companies around the world close the gap between where their businesses need to go and the talent required to take them there.

Our areas of expertise span every level, from individual contributors to the executive suite:

- **Success Profile Management**—Our process will quickly and accurately identify what success looks like for all of your critical roles.

- **Selection & Assessment**—DDI offers the most comprehensive range of assessment, testing and behavioral interviewing tools in the world.

- **Leadership & Workforce Development**—We provide relevant and challenging learning experiences for all levels from individual contributors and front line leaders to mid-level and senior leaders.

- **Succession Management**—Our consulting and tools will ensure a steady supply of ready-now leaders who will meet your business needs today and tomorrow.

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DDI’s approach to talent management starts by ensuring a close connection of our solutions to your business strategies, and ends only when we produce the results you require.

ABOUT DDI’S CENTER FOR APPLIED BEHAVIORAL RESEARCH

The *Global Leadership Forecast 2011* is part of the continuing series of trend research conducted by DDI’s Center for Applied Behavioral Research (CABER). CABER’s publications cover a wide range of talent management issues and are designed to keep HR professionals in touch with best practices and trends.

CABER also conducts dozens of evidence-based research studies with DDI’s clients that show the relationship between their talent management practices and changes in workforce and organizational performance. CABER’s research, including this report, is available at www.ddiworld.com.

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A SPECIAL REPORT FROM DDI'S GLOBAL LEADERSHIP FORECAST 2011

In this research brief we share data from DDI’s Global Leadership Forecast 2011 with survey responses from 1,897 HR professionals and 12,423 leaders from 74 countries. The focus of the Global Leadership Forecast is on organizational trends and best practices around building leadership bench strength. This brief focuses on differences regarding gender that were uncovered in the forecast study. For more information on the Global Leadership Forecast, including the full global report, please visit www.ddiworld.com/glf2011.

MINDING THE GENDER GAP

In the last 10 years 2 million more women than men graduated from college in the United States. In addition, 70 percent of current high school valedictorians are women. Yet, the further up the management ladder you go, women continue to be increasingly underrepresented. Today, despite the fact that women comprise almost half of the workforce, they hold only 10 percent of S&P executive positions, and a mere 3 percent of Fortune 500 companies are run by women (Stroope & Hagemann, 2011). Sadly, while the quality and the quantity of women in the workforce increases, not many of them are making it into top jobs—a sign that organizations might be overlooking some of their best talent.

Of the 12,250 leaders that provided gender information in the Global Leadership Forecast 2011, 70 percent were men and 30 percent were women—a more disproportionate amount than in our previous study two years ago (Howard & Wellins, 2009). It is important to note that male and female leaders did not vary greatly in their perspectives about their organizations and leadership practices; however, what we did find were noticeable differences in terms of the performance of organizations based on their proportion of female leaders.

Because we did not know the exact percentage of women employed in the organizations participating in this study, we compared organizations in terms of the percentage of their leader survey respondents who were female (only organizations with more than 20 leader responses were included). We found similar results when organizations were categorized based on published industry groupings by gender, further corroborating these results. The difference in organizational results based on the gender proportions we uncovered was insightful.

“If you looked at the [composition of the organization’s leadership] you would see 50 percent women and 50 percent men. However, when you start to look into where those women are at, the majority of them are on the plant floor; they’re not in the offices.”

MID-LEVEL LEADER IN AN ELECTRONICS MANUFACTURER
WOMEN ARE FALLING OFF THE MANAGEMENT LADDER—AND SOONER THAN BEFORE

Compared to DDI’s Global Leadership Forecast 2009, it appears that even fewer women are showing up in mid-level positions today than two years ago, signifying that they are falling off the management ladder even sooner (see Figure 1). In the current study, in terms of first-level leaders, 59 percent are men and 41 percent are women. What starts as a relatively nominal gap, unfortunately, increases at mid- and senior-level positions.

This gap is troubling because evidence continues to prove that women, especially at the senior level, help organizations perform better. According to a report by McKinsey & Company, having a critical mass of at least 30 percent women in higher-level leadership positions significantly improves financial performance (McKinsey, 2009). With women making up almost half of the workforce, and over 80 percent of the consumer market, it is no wonder that they help impact their organizations’ bottom line. Having a better balance of women in top leadership positions can mean a more diverse team of leaders with different perspectives and a greater ability to contribute new ideas. Organizations that confront the gender gap and make efforts to appeal to and retain female talent will be better prepared to take advantage of a larger pool of emerging leaders. As the authors of Why Women Mean Business point out, gender is no longer a “women’s” issue; it is a business issue (Wittenberg-Cox & Maitland, 2009).
In order to examine how the percentage of women in leadership impacts organizational performance and other criteria, organizations participating in the Global Leadership Forecast 2011 were divided into four groups based on the percentage of women leaders in the organization. See Table 1 below.

**TABLE 1 ORGANIZATIONAL CATEGORIES BASED ON GENDER PROPORTION OF PARTICIPANTS**

<table>
<thead>
<tr>
<th>PERCENT WOMEN</th>
<th>TYPICAL INDUSTRIES</th>
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<tbody>
<tr>
<td>Majority</td>
<td>60% or more: Health care providers, business services</td>
</tr>
<tr>
<td>Balanced</td>
<td>40% to 59%: Insurance, food, pharmaceuticals</td>
</tr>
<tr>
<td>Minority</td>
<td>20% to 39%: Industrial manufacturing, automotive and transport</td>
</tr>
<tr>
<td>Token</td>
<td>Less than 20%: Construction, electronics, energy and utilities</td>
</tr>
</tbody>
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**WHY WOMEN MATTER**

DDI’s Global Leadership Forecast 2011 (Boatman & Wellins, 2011) found that the quality of leadership talent in an organization is directly linked to its performance against competitors. Knowing the impact that higher-quality leaders can have, how do organizations with a greater proportion of female leaders compare to those with less gender diversity? Adding fuel to this timeless fire, we discovered that leaders from organizations with a majority of women had over 50 percent more leaders rating their leadership quality as high compared to organizations in any other group (see Figure 2). Remember that men and women did not rate their organizations’ leadership quality differently.

**GLOBAL FINDING:**
North America had the highest proportion of women in leadership positions (46%). Asia had the lowest (25%).
Looking more directly at an organization’s bottom line, organizations with a higher percentage of women in leadership positions more frequently reported their financial performance as better than the competition (see Figure 3). In fact, the relationship between female leaders and financial performance was the strongest out of all criteria in this study. Other criteria, like engagement and retention, had weaker but still significant links to having more women in leadership positions.

GIVING WOMEN A CHANCE

The Global Leadership Forecast 2009 identified a lack of development opportunities as a major barrier to women advancing in leadership roles, and the results of the 2011 study continue to support this finding. The quality of development was significantly related to the percentage of women in leadership roles. This suggests that not only can a lack of development opportunities act as a barrier, but effective development might be what provides the necessary boost women need to climb the management ladder. Organizations with higher-quality development programs had more female leaders than organizations with low-quality leadership development programs at all management levels, suggesting that high-quality development can support women every step along the way (see Figure 4).
Although we found that the quality of development plays a significant role in predicting the percentage of women in leadership positions, it is not the only factor. Organizations with more effective talent management systems (e.g., selection, performance management, succession) had a significantly higher percentage of women in leadership positions, with the greatest difference being at the executive level, where organizations with more effective talent management systems have 50 percent more female executives than organizations with less effective talent management systems (see Figure 5).
The Global Leadership Forecast 2011 also found that organizations that have adopted more innovative management practices (based on factors created by Gary Hamel’s Management Innovation Lab, such as open decision making and flexible organizational structure; see the global report for more information) more frequently outperformed their competition. Likewise, we found that organizations with more effective talent management cultures also had a higher percentage of women at all levels but, most particularly, at the executive level. Organizations with a more effective management culture had 40 percent more female leaders than organizations with a less effective culture (see Figure 6). More specifically, organizations that have shared and meaningful values, organizational goals that were not solely focused on bottom-line growth, and that give power and influence to those who value innovation instead of the status quo were more likely to have more women leaders in their ranks.

**WHAT'S GOOD FOR WOMEN IS GOOD FOR BUSINESS**

The message is clear: Women mean business. Organizations with more women in leadership roles outperform their competition. In today’s constantly changing and competitive landscape, having high-quality leadership talent has never been more critical. Leaders need to appreciate and leverage the opportunities that a diverse talent pool offers and challenge existing paradigms about what leadership potential and talent look like. In other words, leaders need to truly act as talent advocates—for all talent alike. And the ways to optimize your female talent potential is simple. Recruit women: get them in the door. Develop women: cultivate the female talent you have on board and help them realize their full potential. Support women: create a culture that is merit-based and watch women rise to the top. Do this and your organization will not only stand a better chance at retaining the next generation’s top talent, but also will reap the benefits of a more diverse group of high-caliber leaders to drive your business.
ABOUT THE AUTHORS

Jazmine Boatman, Ph.D., manages DDI’s Center for Applied Behavioral Research (CABER), DDI’s hub for research to support evidence-based management. Jazmine directs research that measures the impact of selection and development programs on organizational performance and uncovers new knowledge and information about global workplace practices and issues. With special expertise in measurement and evaluation, Jazmine has consulted with organizations in a wide variety of industries.

Richard S. Wellins, Ph.D., is senior vice president at DDI. Rich is responsible for leading DDI’s global research programs, launching new solutions, and executing DDI’s brand and marketing strategies. During his tenure at DDI, Rich has authored five books on leadership and teams and written for more than 20 publications on global talent management. Rich has helped organizations around the world develop their senior leaders. He also serves as a judge for CNBC’s Asia Business Leaders Awards, interviewing dozens of Asia’s top CEOs each year.

Stephanie Neal, M.A., a research associate with DDI’s Center for Applied Behavioral Research (CABER), conducts evaluation studies and research on leadership and human talent in the workplace. She has worked with clients in various industries to produce evidence-based measurement in the areas of leadership development, performance management and selection.

REFERENCES


To start your leadership revolution and learn more about DDI’s *Global Leadership Forecast 2011*, please visit www.ddiworld.com/glf2011
ABOUT DEVELOPMENT DIMENSIONS INTERNATIONAL:
For over 40 years, DDI has helped the most successful companies around the world close the gap between where their businesses need to go and the talent required to take them there.

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DDI’s comprehensive, yet practical approach to talent management starts by ensuring a close connection of our solutions to your business strategies, and ends only when we produce the results you require.
You’ll find that DDI is an essential partner wherever you are on your journey to building extraordinary talent.