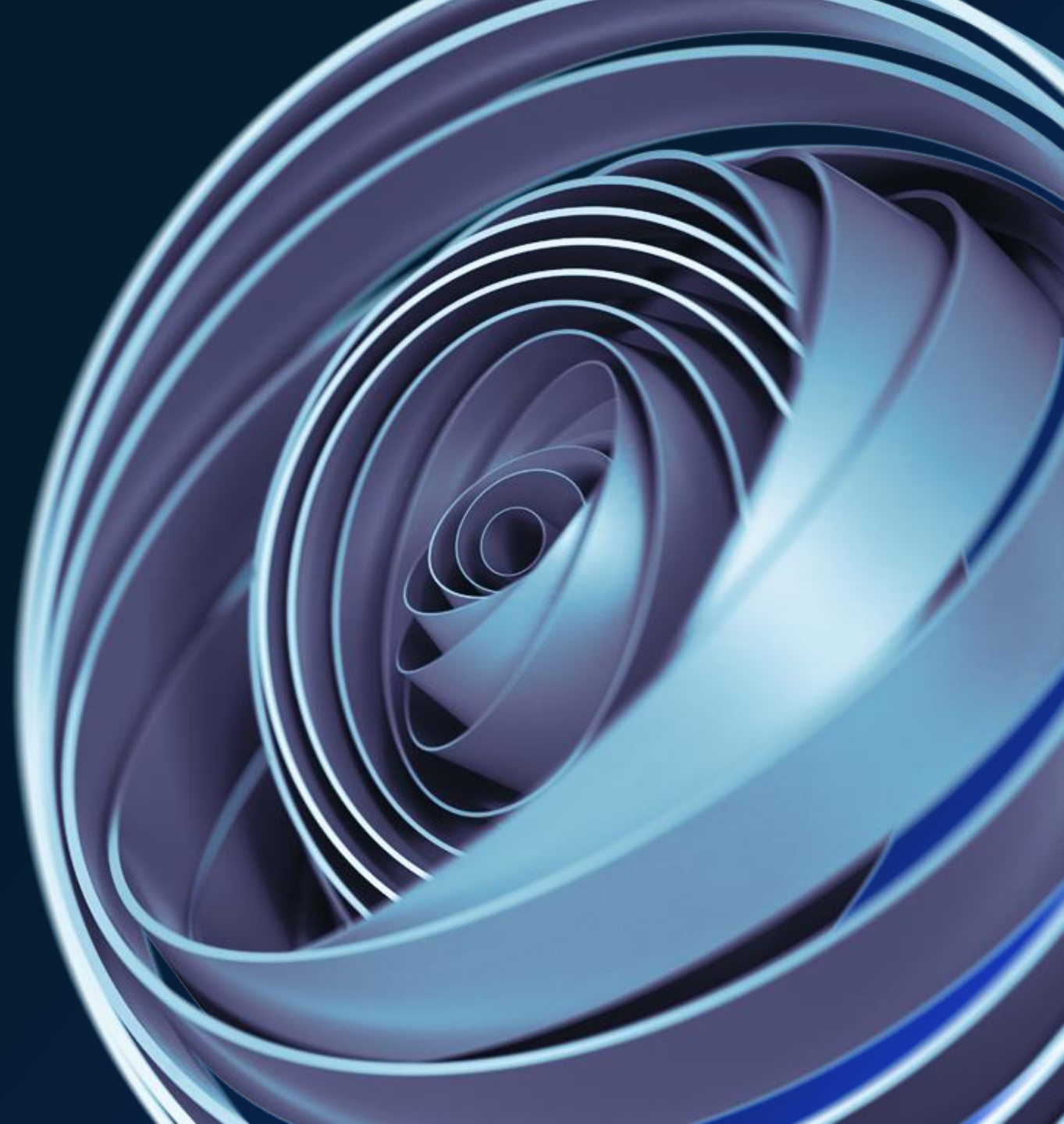


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Strengthening Diversity, Equity, and Inclusion



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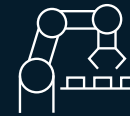
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What is diversity, equity and inclusion?

Having a diverse workforce is no longer an option, but a necessity to navigate the future of work



Rise in social justice movements globally shifting expectations of employers to reform and action on their DE&I strategy



Shift in nature of work, with **simple tasks being automated and thereby creating a need for more diverse skillsets** (e.g., higher cognitive, technological, and socioemotional skills)

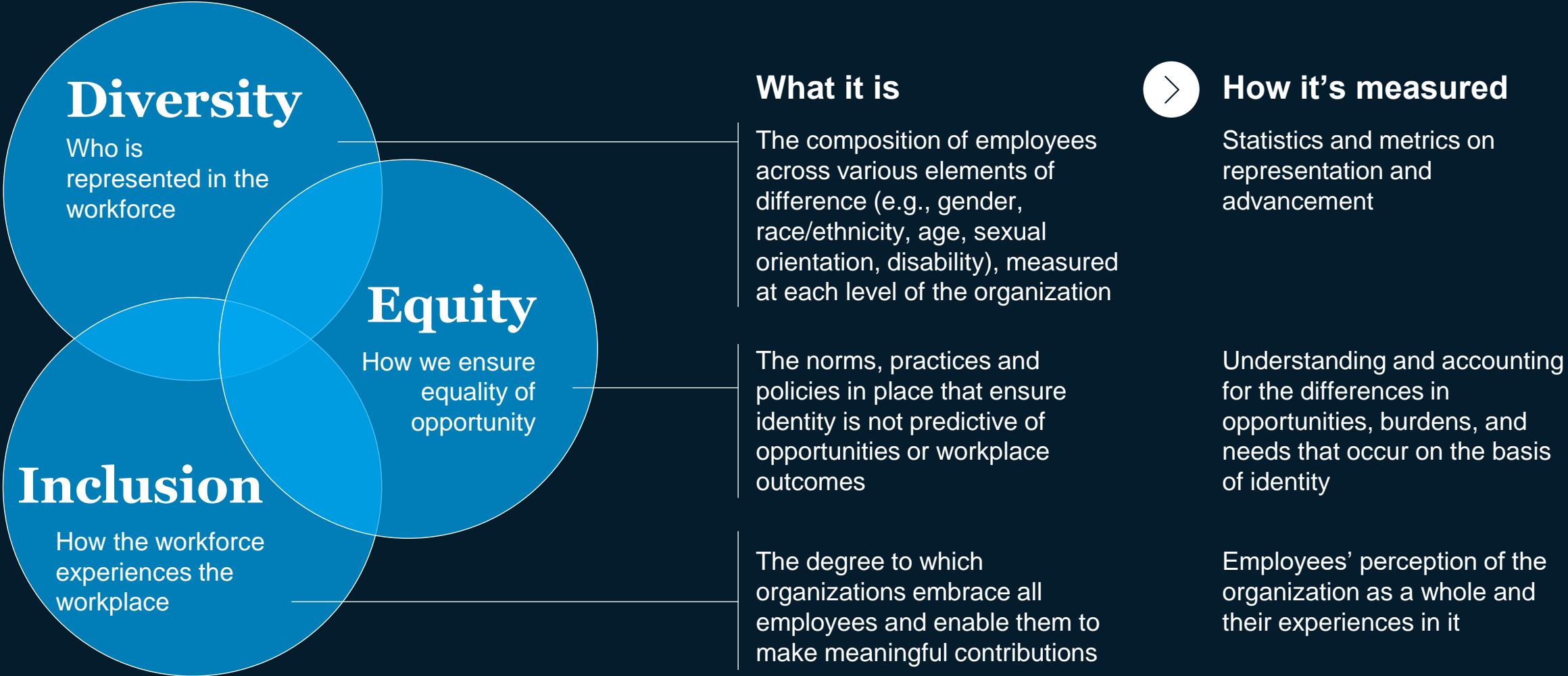


Surge in virtual work due to COVID-19, opening up talent pools that were previously unavailable



Increase in demands for accountability with customers championing organizations that engage in ethical behaviors, while also criticizing those that don't

Addressing and responding to Diversity, Equity, and Inclusion requires an understanding of all three dimensions



The conversation has advanced from only Diversity to encompass both Equity and Inclusion



1. Ethnicity defined as all non-White ethnicities. In the US, also includes Hispanic and Latino of any race

2. McKinsey Org Practice Inclusion Assessment validation research

Why does it matter?

Research points to five ways that Diversity, Equity, and Inclusion impact performance

5 ways inclusion and diversity impact performance:

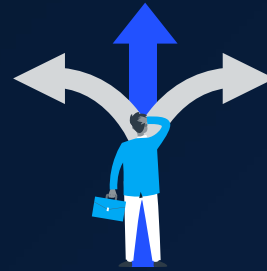
Zoom next pages

1



Attract and retain talent

2



Improve the quality of decision making

3



Increase customer insight and innovation

4



Drive employee motivation and satisfaction

5



Enhance a company's global image and license to operate

1

As the workforce changes, diversity and inclusion is becoming a must have



Younger employees are almost 2x more likely to raise the need for diversity and inclusion than older employees¹



Younger employees are more likely to see bias in the workplace than older employees¹

1. Compares employees in middle-management under the age of 30 to employees in middle-management between the ages 50-60

2: How diverse leadership can help

Collective **group IQ rises**, when more female members are added

New Product teams in high tech companies diverse in function and tenure produced **higher quality technical innovations**

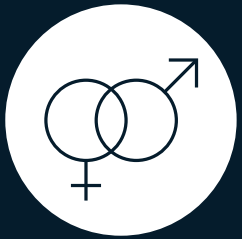
In a complex problem solving study, diverse teams had a **60%** (vs. **29%** for homogenous team) chance of a **correct result**

Gender diverse companies are **25%** more likely to outperform less diverse companies

Ethnically diverse companies are **36%** more likely to outperform less diverse companies

Divergent thinking unleashes the full potential of teams by counteracting their individuals' biases

3: Diversity is increasingly prominent in today's economic environment



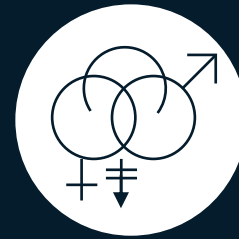
Women control, create, or influence **20% of the world's Investable assets ...**

- **Women** could **double their global GDP contribution** by 2025, adding **\$12-28 trillion** if parity was reached



Ethnic minorities predicted to become **majority groups** within **30 years...**

- The UK has **over 3 million ethnic minority individuals**, growing 2-3% a year.
- Expected to rise to **20-30% of the population by 2050**



Global **LGBT community** earns **\$4.6 trillion** annually

- **US LGBT** community has **\$1 trillion in buying power**
- In the **UK LGBT** individuals spent **£70 billion** in 2017



Neuro-minorities represent **~10-20%** of the **total population ...**

- JP Morgan reported that after 3-6 months, the **productivity of workers with autism was 50% higher** than others after 3 years

Companies that invest in diversity outperform their competition

Likelihood of financial outperformance¹, %³

By gender diversity

Why diversity matters²

Delivering through Diversity³

Diversity wins⁴

+15%

+21%

+25%

By ethnic diversity

Why diversity matters⁵

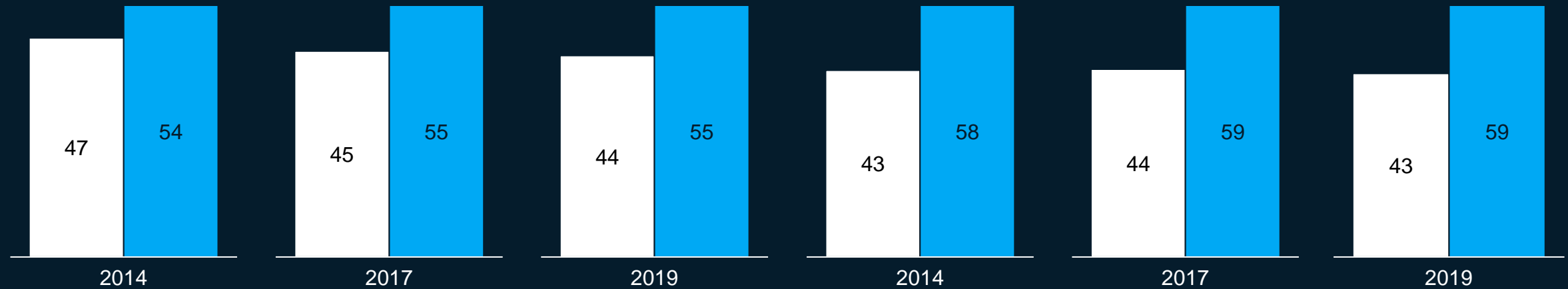
Delivering through Diversity⁶

Diversity wins⁷

+35%

+33%

+36%



¹. Likelihood of financial outperformance vs the national industry median; p-value <0.05, except 2014 data where p-value <0.1.

². n = 383; Latin America, UK, and US; earnings before interest and taxes (EBIT) margin 2010-13.

³. n = 991; Australia, Brazil, France, Germany, India, Japan, Mexico, Nigeria, Singapore, South Africa, UK, and US; EBIT margin 2011-15.

⁴. n = 1,039; 2017 companies for which gender data available in 2019, plus Denmark, Norway, and Sweden; EBIT margin 2014-18.

⁵. n = 364; Latin America, UK, and US; EBIT margin 2010-13.

⁶. n = 589; Brazil, Mexico, Singapore, South Africa, UK, and US; EBIT margin 2011-15.

⁷. n = 533; Brazil, Mexico, Nigeria, Singapore, South Africa, UK, and US, where ethnicity data available in 2019; EBIT margin 2014-18.

What can organizations do?

Addressing inclusion requires an organization to first understand it

Organizational-level Inclusion



Acceptance

Employees value and embrace diversity



Affiliation

Employees have strong bonds and work together toward shared goals



Fairness

Employees receive equitable treatment and have a fair chance to succeed

Individual-level Inclusion



Authenticity

Individuals feel encouraged to be themselves and speak up at work



Belonging

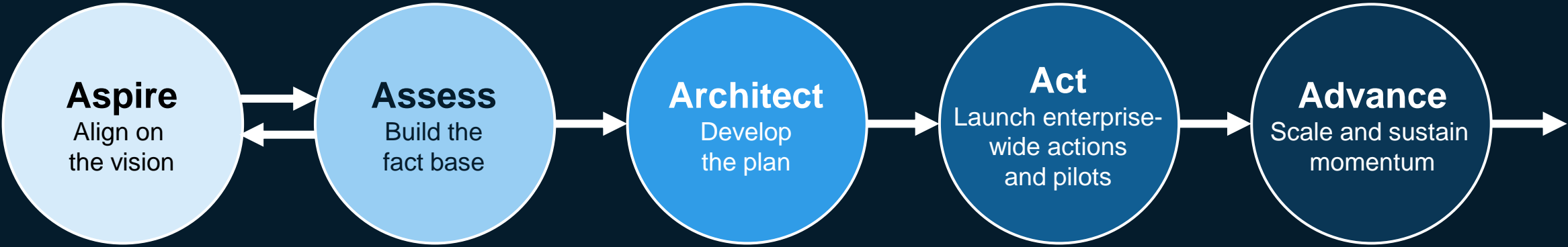
Individuals feel connected to others at work



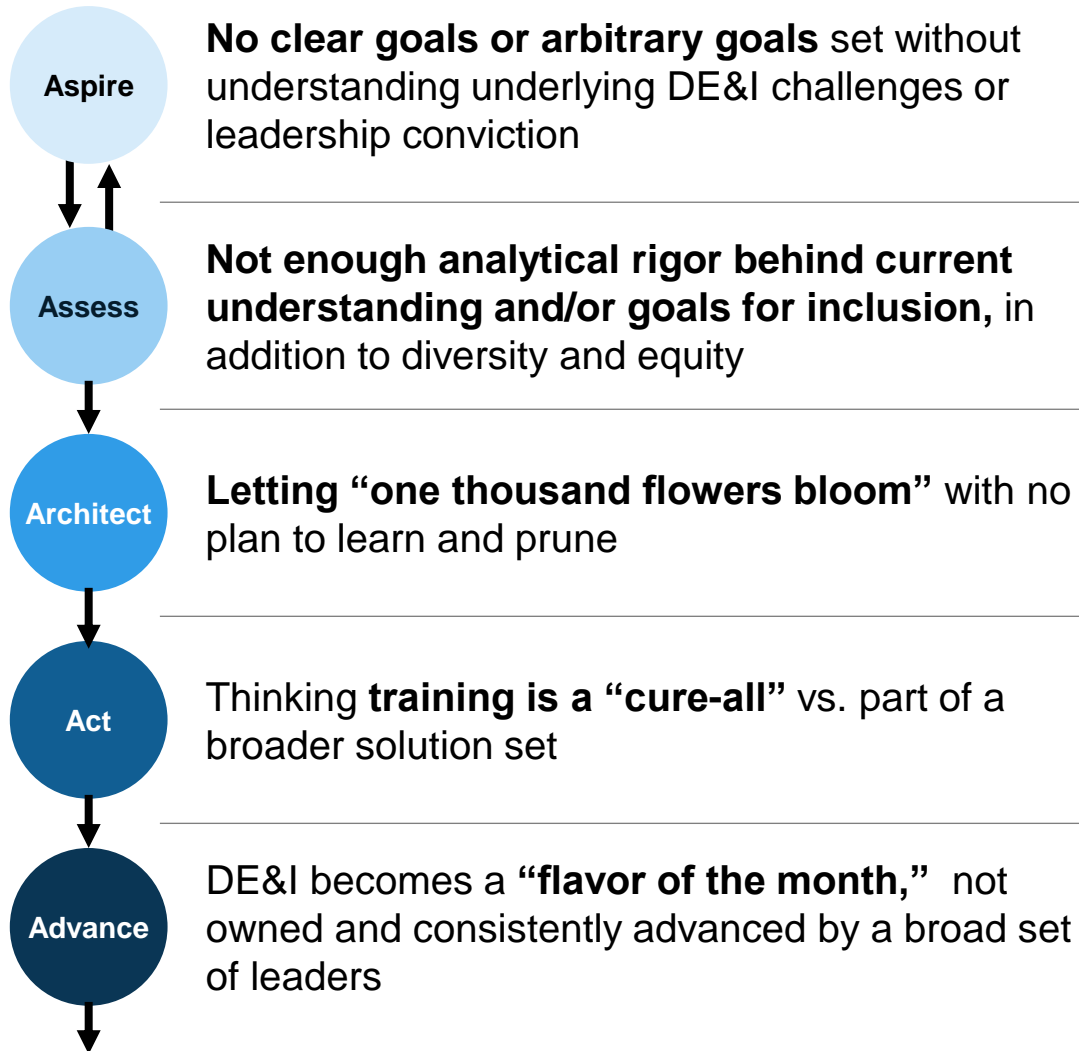
Meaningful contribution

Individuals feel their talent is valued, nurtured, and fully applied to drive company success

There are five stages in a proven journey companies are taking to transform Diversity, Equity, and Inclusion



Common pitfalls across the 5As of DE&I...



Source: McKinsey Diversity, Equity, and Inclusion Service Line

...compared to actions best-in-class organizations take

Set specific, bold but credible goals, taking into account organization-specific and/or geographic context

Run surveys, focus groups, and/or interviews to capture how included employees feel today and how the organization could improve inclusion and belonging

Strategically prioritize interventions including quick wins and long-term “game changers” that shift how work gets done on a business unit and/or organizational level

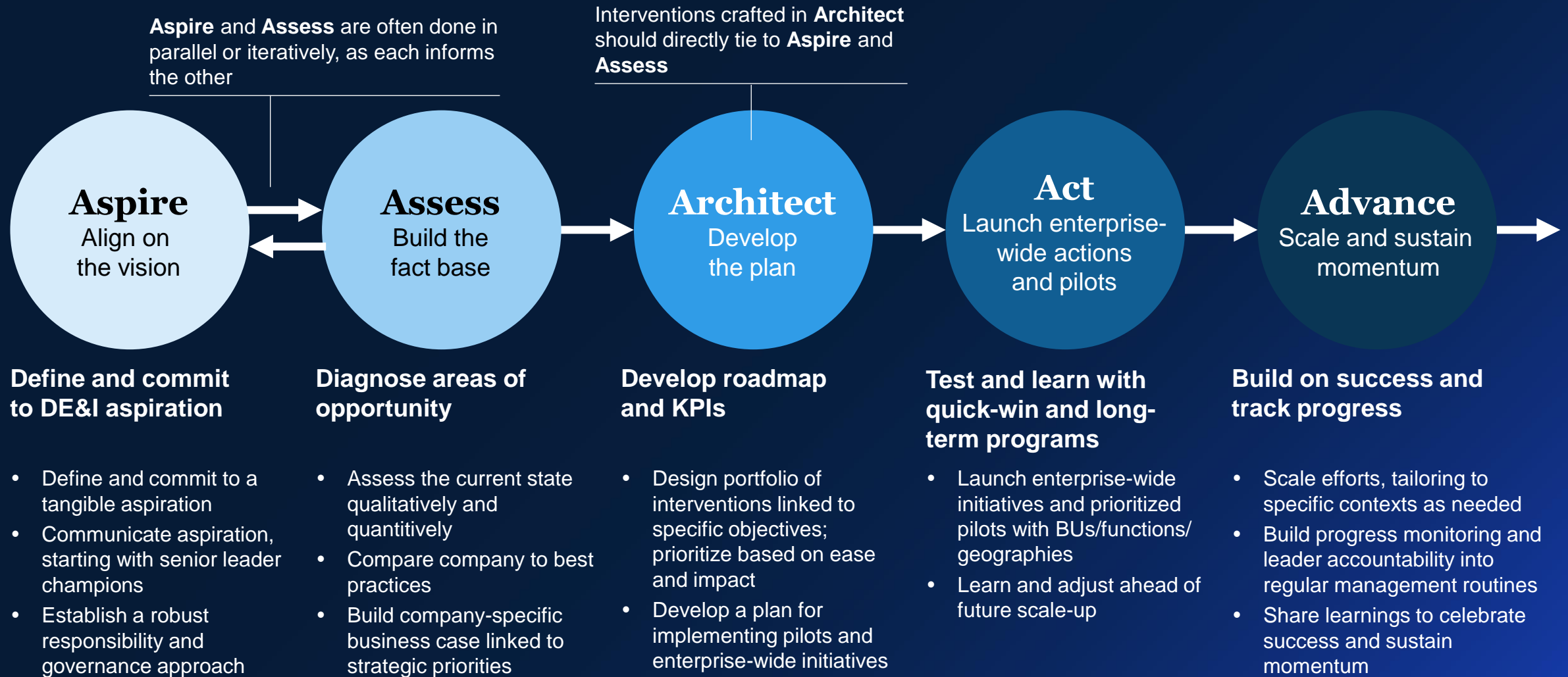
Build capabilities as part of a broader, holistic action plan and **empower people across the organization** to own and drive change

Drive accountability by standing up governance model tailored to how the organization runs, **monitor key indicators** regularly and **course-correct** as needed

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To avoid pitfalls, organizations should take key actions during each stage of the 5As of DE&I transformation



We are seeing the emergence of leading DEI practices

Not exhaustive



Table stakes

Over the years we have seen certain DEI policies become ‘table stakes’:

- Tracking DEI data
- Providing unconscious bias training
- Offering benefits, including healthcare, mental health support, bereavement support, or paid sick and family leave
- Providing career development



Leading policies

Top performing companies differentiate themselves through several ‘leading’ policies:

- Setting DEI goals and holding leaders accountable
- Training managers on fostering diverse, inclusive and hybrid teams
- Offering leading benefits
- Implementing targeted sponsorship programs



Next horizon practices

We are also seeing the emergence of some ‘next horizon’ DEI policies:

- Tracking outcomes for remote, hybrid and onsite employees
- Linking progress on diversity to financial incentives
- De-biasing core processes like recruiting and promotions

Note: Table stakes are practices offered by $\geq 75\%$ of 2022 participants. Leading policies are less standard (e.g., offered by $< 75\%$) and are more prevalent in companies that have both improved women’s representation and outperformed their industry from 2019 to 2022 when compared to other companies with data from the same time period. Next horizon practices are those implemented by ($< 30\%$ participants in 2022) but are emerging with promising early results