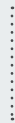


Women Matter **Africa**

August 2016



Making gender diversity a reality

McKinsey&Company



Women Matter **Africa**

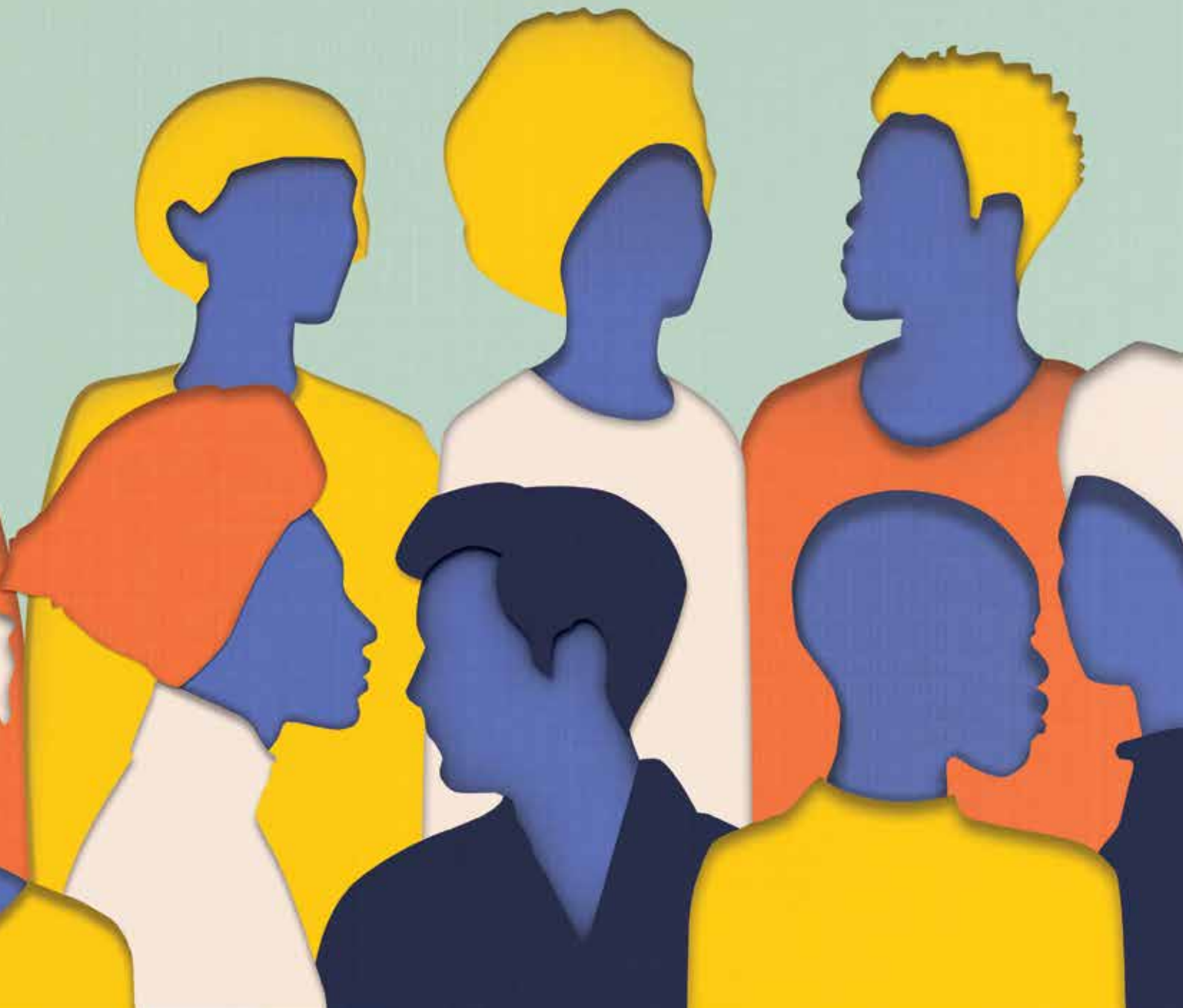
August 2016

Lohini Moodley

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“Introducing more women at leadership level simply introduces broader perspectives and new ways to manage problems. Diversity is key for a successful organization. It also allows companies and public entities to tap into the entire talent pool rather than deprive themselves of half of it.”

– Conglomerate executive and private sector representative, Morocco

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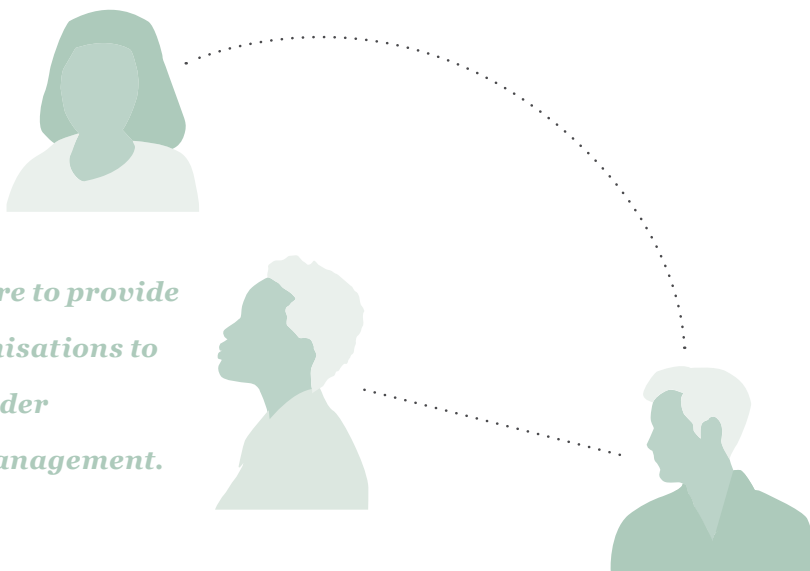
In 2007, McKinsey & Company launched its first study on women in leadership roles. Since then, we have conducted a total of nine such studies, the results of which we have published in our *Women Matter* reports. These reports are widely referenced as evidence of the link between a company's share of women in leadership positions and its financial performance and organizational health. In addition to making the business case for gender diversity, *Women Matter* has consulted business leaders worldwide to understand why women remain under-represented in leadership.

Our initial *Women Matter* reports focused on North America and Europe. We have since extended our scope to Africa, Asia, Latin America, and the states of the Gulf Cooperation Council. We believe that exploring specific regional challenges to and enablers of women's leadership will shed greater light on what strategies local companies need to develop to increase gender diversity in leadership.

Women Matter Africa presents the case for gender diversity in leadership across Africa. Using information gathered across 14 countries and from McKinsey's offices in Addis Ababa, Cairo, Casablanca, Johannesburg, Lagos, Luanda, and Nairobi, the report's findings span the length and breadth of the

continent. They draw on surveys undertaken by 55 leading companies based in Africa, interviews with 35 African women leaders, and analysis of the financial performance of 210 publically traded African companies. These companies fall across seven sectors (health care and pharmaceuticals; telecoms, media, and technology; financial and professional services; transportation, logistics, and tourism; consumer goods and retail; heavy industry; and global energy and materials). *Women Matter Africa* is the first report in the series to look at women in government as well as the private sector. We found that while Africa has taken big strides forward, achieving and in some cases exceeding global averages, it is far from achieving gender equality.

This report would not have been possible without the women who shared their leadership journeys with us and offered their opinions and insights in frank discussions: Amina Oyagbola, Arunma Oteh, Baleka Mbete, Bola Adesola, Eva Muraya, Eyitemi Taire, Farzana Khubchandani, Funke Ighodaro, Funke Opeke, Geraldine Fraser-Moleketi, Gladys Karuri, Isis Nyong'o Madison, Jenna Clifford, Julie Essiam, Lamtoro Seck, Maryam Uwais, Meryem Chami, Miriem Bensalah Chaqroun, Monhla Hlahla, Ndidi Nwuneli, Nicky Newton-King, Nosizwe



In writing this report, we aspire to provide a fact base that will help organisations to understand the benefits of gender diversity in the top levels of management.

Nokwe-Macamo, Nozipho Mdawe, Omobola Johnson, Ouma Rasethaba, Penny Tlhabi, Rita Kavashe, Dr. Sarah Alade, Sola David-Borha, Susan Mboya, Terry Volkwyn, Topsy St Matthew-Daniel, Toyin Ojora-Saraki, Wendy Appelbaum, and Yewande Sadiku. Thanks also go to Geraldine Fraser-Moleketi, Gina Din, Ngozi Okonjo Iweala, Nicky Newton-King, Nomsa Daniels, Pulane Kingston and Susan Mboya for their review of and input into the report.

The authors are grateful to the companies that participated in the *Women Matter* survey and provided the information and data on which this report is based: Airtel Kenya, Airtel Nigeria, Altran Technologies, AstraZeneca, British American Tobacco Kenya, British American Tobacco Nigeria, Cadbury Nigeria, Centum Investments, Cfc Stanbic Bank, Chase Bank, Dangote Group, Discovery, Ecobank, Equity Bank, Etisalat, Gina Din Group, Harmony Gold, Hollard, Kenya Airports Authority, Kenya Commercial Bank, Liberty, Litha Healthcare, Maersk Kenya, MainOne, Marwa, Massmart, Mediclinic, Mesfin Industrial Engineering, MSA, MTN Nigeria, Multichoice, Naspers, National Oil Corporation Kenya, Nigerian Bottling Company, Oando, Pam Golding Kenya, Pfizer Laboratories, Phillips Consulting Nigeria, Procter & Gamble Nigeria, PWC Nigeria, PZ Cussons, Roche Pharmaceuticals,

Royal Bafokeng Holdings, SABMiller, Sahara, WPP-Scangroup, SITA, Standard Bank, Telkom, Unilever South Africa, United Africa Company, United Bank for Africa, Wapic Insurance, and Yum! Brands South Africa.

Research for this report was led by McKinsey partners Lohini Moodley and Tania Holt, along with senior partners Acha Leke and Georges Desvaux. The project team included Mayuree Chetty, Ruth Ishimwe, Sabera Naidoo and Sarah Badat. Thanks go to Helen Donald and Joanne Mason for editorial support and to other members of McKinsey's Africa office – including Agnes Allotey, Amuche Okeke-Agba, Andrea Berchowitz, Cezanne Maherali, Cynthia Ntini, Lindiwe Gadd, Maria Makhabane, Nomfanelo Magwentshu, Tebogo Skwambane, and Yasmine Aboudrar – for their contributions.

In writing this report, we aspire to provide a fact base that will help organizations to understand the benefits of gender diversity in the top levels of management. We also hope to push the debate further. The research is independent and has not been commissioned or sponsored in any way by any business, government, or other institution.

Executive summary

Research¹ shows that companies with a greater share of women on their boards of directors and executive committees tend to perform better financially. African companies are no different; this report found that the earnings before interest and taxes (EBIT) margin of those with at least a quarter share of women on their boards was on average 20 percent higher than the industry average.

Yet gender equality remains some way off. This report therefore examines in detail women's representation on Africa's corporate boards and executive committees, and in its parliaments and cabinets. And it examines the barriers that prevent greater gender diversity as well as the actions organizations can take to remove them.

There are three main findings:

- In the private sector, Africa has more women in executive committee, CEO, and board roles in companies than the average worldwide. Numbers vary by industry and region – not surprisingly – and are much lower in industries that traditionally rely on men for their workforce (heavy industry, for example). Yet women are still under-represented at every level of the corporate ladder – non-management and middle and senior management – and fall in number the higher they climb. Only 5 percent of women make it to the very top.

- In government the number of women parliamentarians has almost doubled over the past 15 years and the number of women in cabinet has grown fivefold in 30 years. Again, numbers vary considerably, this time by country and region. Southern and East Africa are ahead of the pack, but there is room for improvement even here. In global terms, Africa has more women in parliament than the average. Credit for this growth may go in large part to targets for women's representation set by parliaments and political parties. Representation rates, however, still need to double if Africa is to achieve gender equality.

- Numbers do not equal influence. Although the number of women in leadership positions may have risen, women do not necessarily have greater power. In the private sector, more than half of senior women occupy staff roles rather than the line roles² from which promotion to CEO typically comes. In the public sector, approximately half of women cabinet ministers hold social welfare portfolios, with arguably limited political influence, that do not open doors to top leadership roles. Indeed, the increase in women's share of cabinet roles appears to come more from the creation of new social welfare portfolios than from any real redistribution of power.

1. Catalyst, 2004, *The Bottom Line: Connecting Corporate Performance and Gender Diversity*; McKinsey & Company, 2007, *Women Matter: Gender Diversity, a Corporate Performance Driver*
2. Staff roles focus on support functions, for example, HR and legal; line roles focus on core operations, for example, strategy, finance, risk

Research shows that companies with a greater share of women on their boards of directors and executive committees tend to perform better financially.



So what can African organizations do to make gender diversity a reality?

Our research suggests that many African organizations do not take gender issues seriously enough, with only one in three companies in the private sector citing gender diversity as a CEO priority. Today's women leaders have succeeded, it seems, largely through a combination of opportunity and drive rather than through a coordinated corporate effort to promote gender diversity. And organizations do not always understand the obstacles women face. For example, the women leaders we interviewed cited attitudes to women in the workplace as their number one challenge, whereas organizations gave this much less importance.

Four conscious actions will go a long way toward redressing the gender balance:

- **Make gender diversity a top board and CEO priority.** Senior leaders should develop and enforce a cohesive gender diversity transformation strategy, own the communication about this transformation, monitor progress and lead the change.
- **Anchor gender diversity strategies in a compelling business case.** Communicate the business case simply and clearly so that employees understand how to link their individual interests to the success of a gender diversity transformation program.

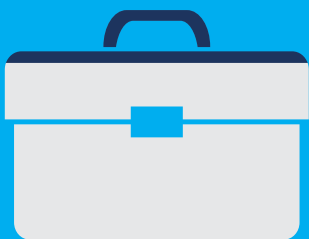
- **Confront limiting attitudes toward women in the workplace.** Address unconscious bias by educating all employees and reviewing and changing processes (for example, recruitment and performance reviews) to make decision-making more objective; include men in gender diversity transformation initiatives; conduct surveys to understand what the limiting attitudes are.
- **Implement a fact-based gender diversity strategy.** Develop a strategy based on solid gender diversity metrics and address the root causes of lower shares of women's representation. Metrics include pay levels of female versus male staff, women's attrition rates and reasons for exiting, the percentage of women receiving promotions and in which roles/functions, and organizational health metrics (such as job satisfaction, perceptions of meritocracy, work-life balance, and desire for advancement).

Despite the considerable progress that Africa has made in raising women's representation at the top, African governments and companies are still missing out on the full benefits of gender-diverse leadership teams. If things are to change – really change – organizations need to commit to transforming the way they think and act.

In Africa...

5%

of CEOs are women



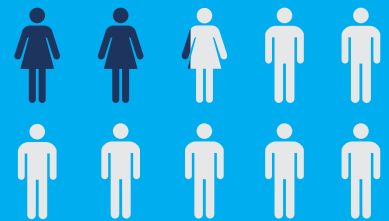
22%

*of cabinet members
are women*



24%

*of parliamentarians
are women*



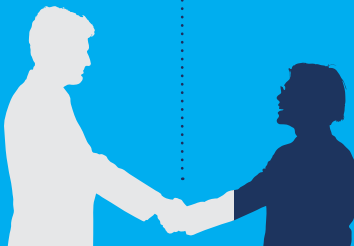
29%

*of senior managers
are women*



36%

*of promotions go
to women*



44%

*of senior women hold
line roles*





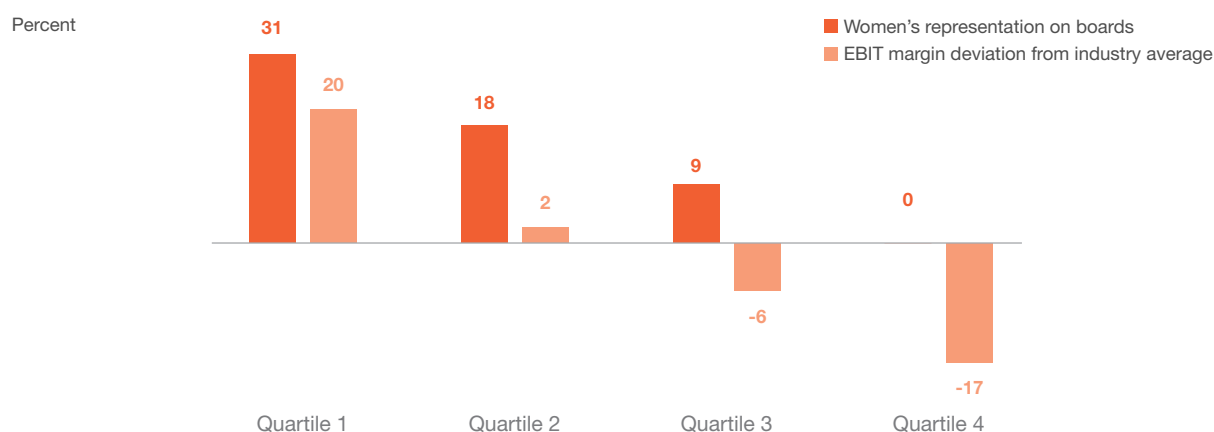
Lessons learned from women at the top

The 35 women leaders we interviewed across South Africa, Kenya, Nigeria, Gabon, Senegal, and Morocco cited a number of factors behind their success:

- **Robust work ethic.** Go above and beyond what is expected. Many developed this work ethic in response to gender bias, that is, they felt they had to work twice as hard as their male peers from early in their careers.
- **Persistence in achieving goals and willingness to take risks.** Set specific goals, work toward them, and set new ones as soon as they are achieved. For some, the willingness to take risks (a quality they saw as uncommon among female peers) – by entering male-dominated industries or environments, applying for jobs above the current level, and changing jobs in pursuit of growth opportunities – was essential to achieving their leadership goals.
- **Resilience in the face of adversity.** Cultivate a veneer of toughness, refuse to take setbacks personally, have the courage to dissent.
- **Commitment to professional development.** Proactively seek career opportunities and ways to improve as a professional.
- **Mentors, sponsors and peer networks.** Build a group of male and female mentors and sponsors inside and outside the organization as a forum for honesty, feedback, and self-reflection; actively mentor juniors and encourage other senior women to do the same.

African women in leadership: the opportunity

EXHIBIT 1: Women's representation on the boards of African companies vs EBIT margin deviation from industry average¹



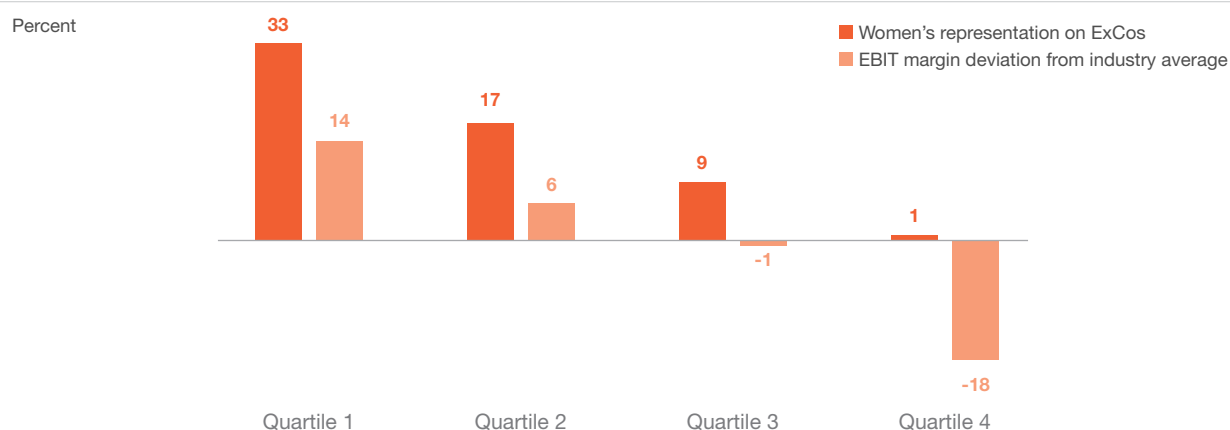
Total number of companies in sample = 210. A quartile is defined as each of four equal groups into which a population can be divided according to the distribution of values of a particular variable
1. 2010 to 2014
SOURCE: Orbis database, 2014

Almost a decade ago, McKinsey launched its first study of women in leadership roles. Since then, we have conducted a total of nine such studies, the results of which we have published in our *Women Matter* reports. These reports are widely referenced as evidence of the link between a company's share of women in leadership positions and its financial performance. Organizations with a greater share of women on their boards tend to have higher operating margins, return on equity (ROE), and total return to shareholders (TRS). And Africa is no exception. The results of our African research published in this report show that the earnings before interest and tax (EBIT) margin of companies in the top quartile in terms of the share of women on their boards was on average a fifth higher than the industry average (Exhibit 1).

The same holds true for women's representation on executive committees, which arguably have a stronger direct influence on an organization's performance than boards. In Africa, companies in the top quartile with regards to women's representation on executive committees outperformed industry EBIT margins by 14 percent on average (Exhibit 2).

Of course, a correlation between the proportion of women in senior positions and financial performance does not necessarily imply a causation. However, women leaders with whom we have spoken stress how the benefits of diversity extend to areas such as risk management, decision-making, and board dynamics – all of which can have an impact on financial performance.

EXHIBIT 2: Women's representation on the ExCos of African companies vs EBIT margin deviation from industry average¹



Total number of companies in sample = 55, selected from the overall sample of 210 on the basis of availability of data on the number of women on their ExCos. A quartile is defined as each of four equal groups into which a population can be divided according to the distribution of values of a particular variable

1. 2010-2014

SOURCE: Orbis database, 2014; company annual reports and websites

Research supports this view. Companies with a greater number of women in leadership positions tend to manage risk better – they are less likely to overpay when they make acquisitions, for example.³ And women leaders help companies relate to their customers better, as a company with greater gender diversity is better positioned to understand the needs of its female customers. With respect to consumer goods, for example, women directly influence 70 to 80 percent of global spending.⁴

Women can also bring different ways of working to management teams that enhance decision-making. These include:

- **Openness to new perspectives.** Research shows that male board members rely more on normative reasoning – that is, they prefer to make decisions based on rules, regulations, and traditional ways

of doing business.⁵ Women are more likely to “rock the boat.”⁶ They can be more open to considering new ideas and a broader set of solutions.

- **Collaboration and inclusiveness.** Women are more likely to co-operate, collaborate, build consensus, and take into account the interests of multiple stakeholders.⁷

- **Strength in ethics and fairness.** On average, women score more highly than men do on complex moral reasoning tests, suggesting they are more likely to make consistently fair decisions when competing interests are at stake.⁸

3. Maurice Levi, Kai Li, and Feng Zhang, 2013, *Director Gender and Mergers and Acquisitions*, available at SSRN: <http://ssrn.com/abstract=2054709>

4. The Female Factor website, 2015

5. Chris Bart and Gregory McQueen, 2013, *Why Women Make Better Directors*, International Journal of Business Governance and Ethics

6. Boris Groysberg and Deborah Bell, 2013, *Dysfunction in the Boardroom*, Harvard Business Review

7. Chris Bart and Gregory McQueen, 2013, *Why Women Make Better Directors*, International Journal of Business Governance and Ethics

8. Ibid

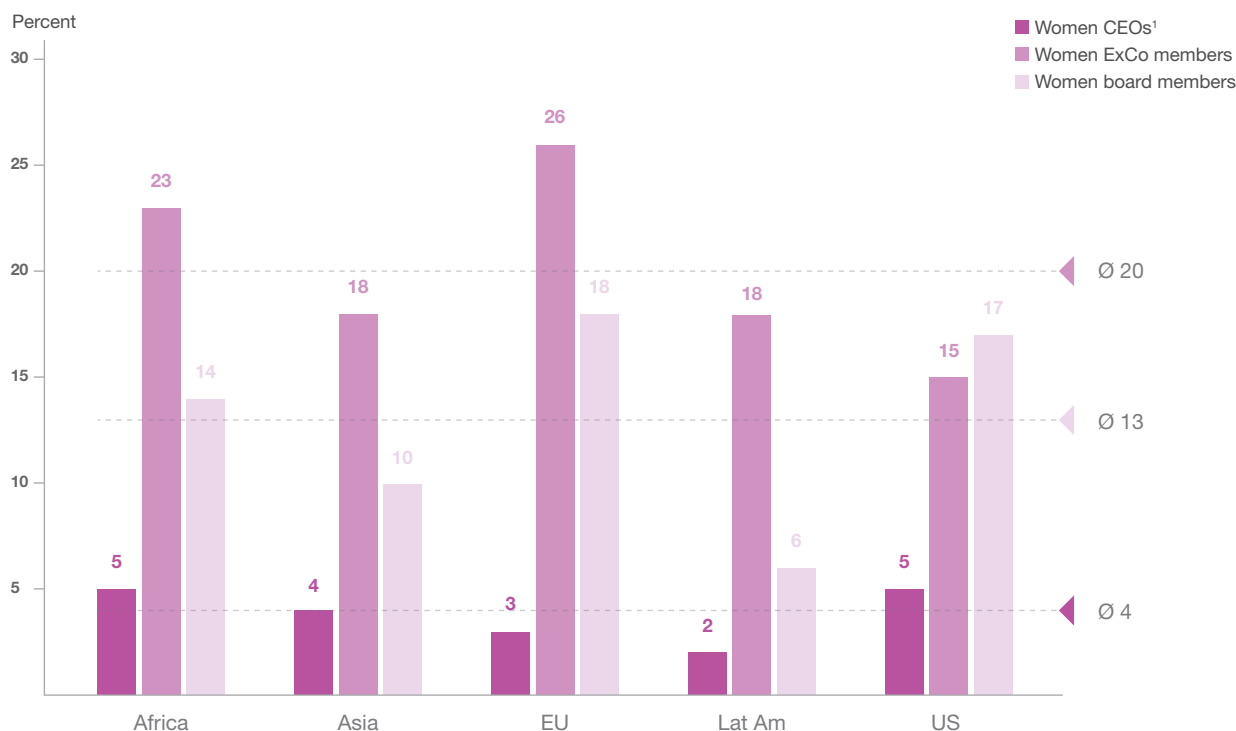
African women in the private sector

In the private sector, Africa performs well on the global stage, with a higher percentage than average of women executive committee members, CEOs, and board members (Exhibit 3).

At executive committee level, African women hold 23 percent of positions, compared with a global average of 20 percent. At CEO level, they hold 5 percent of positions, compared with 4 percent globally, making Africa the top-performing region alongside the United States (although this can still

be viewed as an unsatisfactory achievement if the pool of senior executives from which CEOs are typically selected is 23 percent female). At board level, African women hold 14 percent of seats compared with a global average of 13 percent. Representation varies considerably, however, across regions and industries within Africa. For example, in Southern Africa, 20 percent of board positions are held by women, compared to the 14 percent average on the continent as a whole. In North Africa, the figure is 9 percent (Exhibit 4).

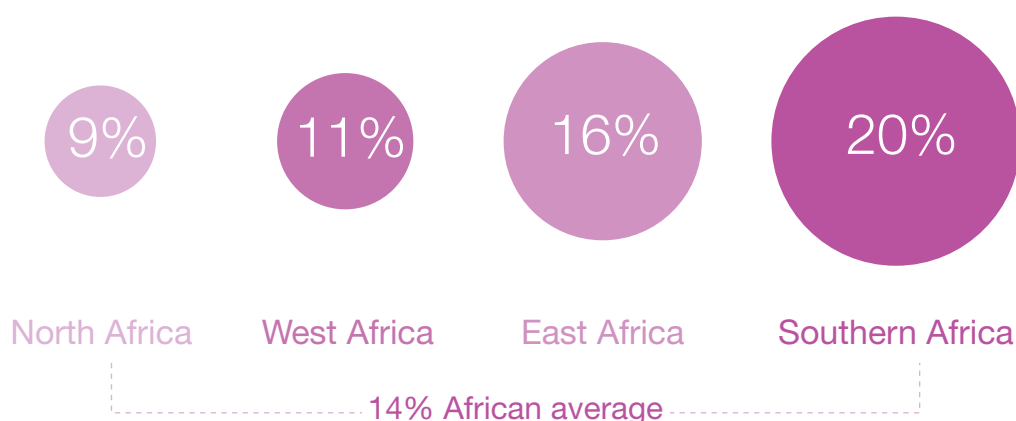
EXHIBIT 3: Women's representation at senior management level in private sector companies worldwide



1. Africa: all listed companies in South Africa, Nigeria, Kenya, Botswana, Ghana, Côte d'Ivoire, Uganda; USA: Fortune 500 companies, 2014; EU: Top 613 EU-28 companies; Asia: average of South Korea, China, India, Japan; Latin America: Belize, Honduras, Nicaragua, Panama, Costa Rica, El Salvador, Guatemala, Argentina, Chile, Bolivia, Peru, Ecuador, Colombia, Venezuela, Guyana, Suriname, Brazil, Paraguay, Uruguay, Mexico

SOURCE: AfDB, *Where are the Women? Inclusive Boardrooms in Africa's Top-Listed Companies*, 2014; Orbis database 2014, Catalyst, 2014; *EC Gender Balance on Corporate Boards*, 2015; Grant Thornton, *Women in Business*, 2015; *Latin Business Chronicle*; Center for American Progress

EXHIBIT 4: Women's representation on the boards of African companies by region



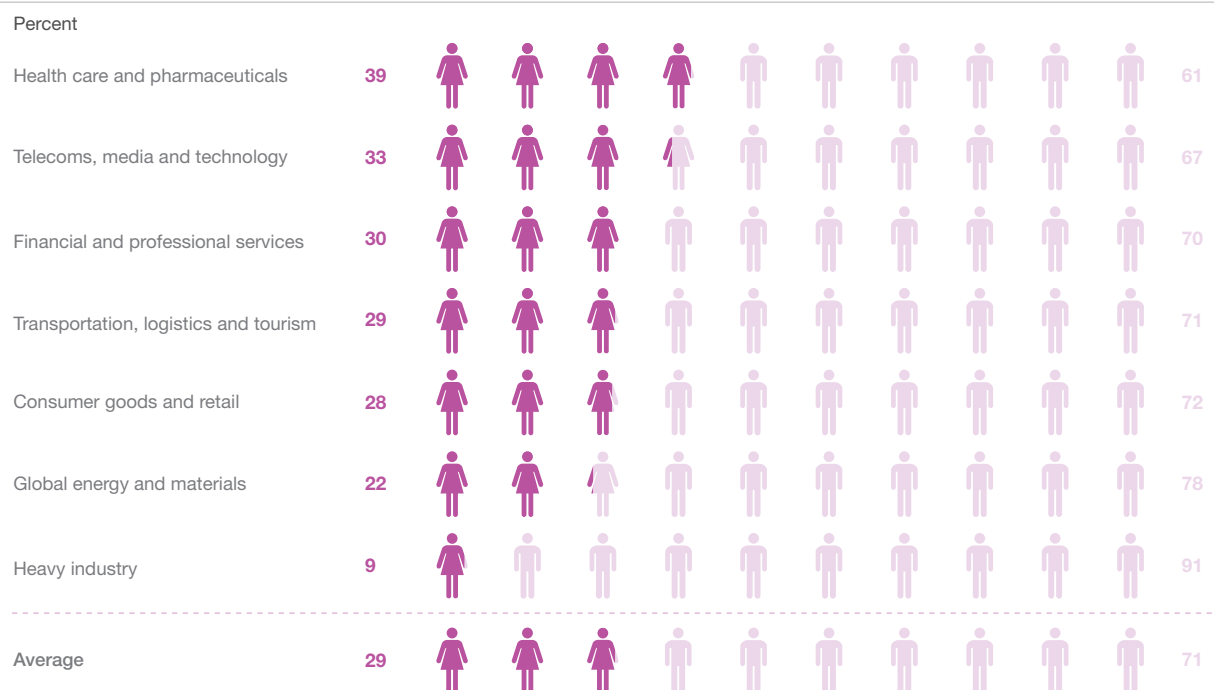
Total number of companies in sample = 210

SOURCE: Orbis database, 2014; World Economic Forum, Global Gender Gap Report, 2014; company annual report

Differences are greater still when examined by industry. In the 55 companies that participated in our survey, 29 percent of senior management positions – defined here as executive committee members and their direct reports – are held by women. Health care

and pharmaceuticals has the highest share with 39 percent (Exhibit 5).⁹ Heavy industry lags, as might be expected in a sector that traditionally relies for its workforce on engineers – who are still almost all men¹⁰ – with just 9 percent.

EXHIBIT 5: Women's representation in the senior management¹ of African companies by industry



Total number of companies in sample = 55. Total number of employees in sample = 201,653. These are the 55 companies that responded to McKinsey's organizational survey; they are not the same 55 used for the analysis of EBIT margins

1. ExCo level or direct reports

SOURCE: McKinsey & Company, *Women Matter Africa* survey data, 2015

9. Agriculture and agri-processing companies were not surveyed and this industry is therefore excluded from the analysis

10. According to the Engineering Council of South Africa's 2013 registry, women constituted 11 percent of trainee engineers and 4 percent of professional engineers



“I have had to be tough working in a male-dominated industry like mining.”

– State-owned enterprise executive, South Africa

The pattern is similar when it comes to the representation of women on Africa’s boards by sector.¹¹ The average figure in the 210 companies analysed was 14 percent.¹² Yet in health care and pharmaceuticals – the sector that tops the league – 20 percent of board members are women. In heavy industry, that figure is halved (Exhibit 6).

Women are outnumbered by men not just at the senior management and board levels but at every stage of the African corporate pipeline. Moreover, their representation diminishes as they move along that pipeline – an important consideration if today’s women in non-management positions are to rise to become tomorrow’s senior managers.

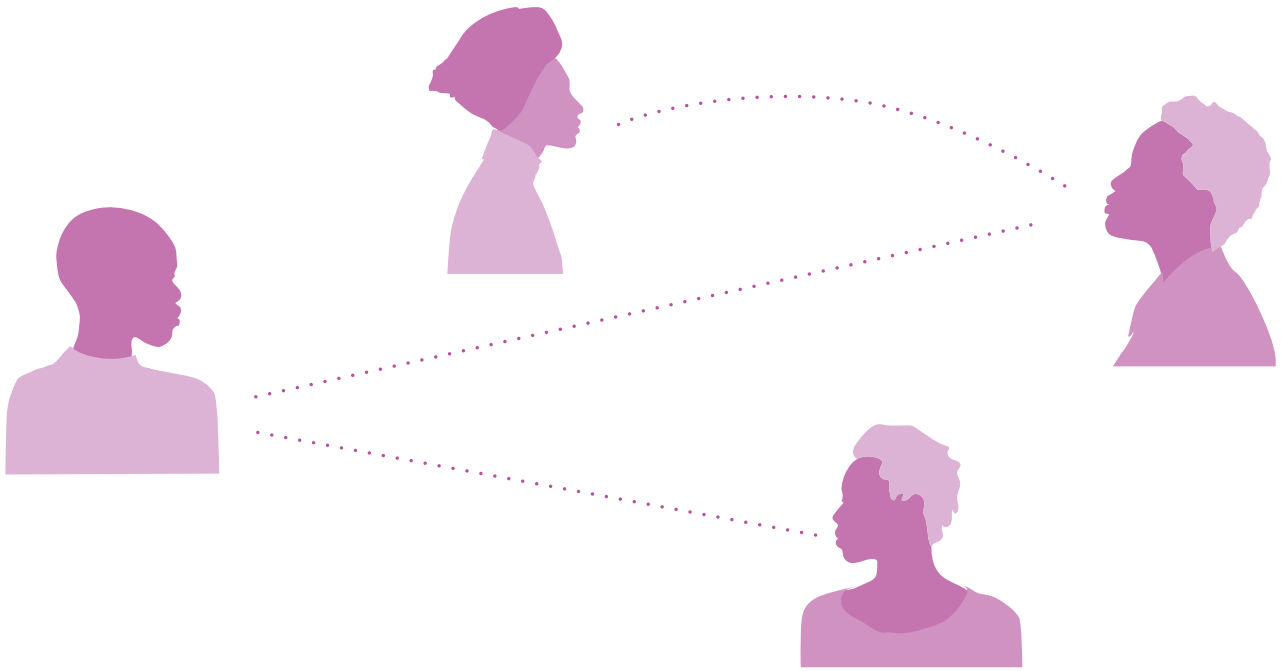
EXHIBIT 6: Women’s representation on the boards of African companies by industry



Total number of companies in sample = 210
SOURCE: Orbis database, 2014

11. Agriculture and agri-processing companies were not surveyed and this industry is therefore excluded from the analysis.


12. The different sample set explains why the figure for women’s representation on African boards differs when making global comparisons or focusing only on Africa 14 percent and 16 percent respectively)



In Africa, women account for 47 percent of non-management professional positions. At the middle management level, this figure falls to 40 percent and, as described earlier, at senior management level to 29 percent. From start to end, this amounts to “leakage” of 18 percentage points (Exhibit 7). This is alarming, but leakage is higher still elsewhere. China has much

higher female representation at the non-management level (53 percent), but leakage thereafter is 47 percentage points. In the United States, leakage is 20 percentage points. What is noteworthy is the relatively low level of leakage – an average 7 percentage points – experienced by those companies where women are better represented at senior management levels.

EXHIBIT 7: Women's representation across the corporate pipeline

Percent	Non-management	Middle management ¹	Senior management ²	Total leakage ³ p.p.
				
Africa average	47	40	29	18
Africa top quartile companies ⁴	53	55	46	7
US average	45	39	25	20
China average	53	21	6	47

Total number of companies in African sample = 55. These are the 55 companies that responded to McKinsey's organizational survey; they are not the same 55 used for the analysis of EBIT margins

1. Management levels excluding ExCo and direct reports

2. CEO, ExCo and direct reports

3. The share of women in senior management minus the share of women in non-management positions

4. Top quartile companies from survey sample in terms of share of women in senior leadership

SOURCE: McKinsey & Company, *Women Matter Africa* survey data, 2015; McKinsey & Company in collaboration with Lean In, *Breaking Down the Gender Challenge*, 2016; McKinsey & Company proprietary database, 2011



Of course, companies can attain relatively high levels of women in senior roles despite leakage if they recruit large numbers of women at more junior levels – as appears to be the case in the health care and pharmaceuticals sector (Exhibit 8). And companies with low leakage do not necessarily have a high share of women in senior positions if they recruit relatively few junior women, as in the consumer goods and retail sector. Ultimately, therefore, more equal representation throughout the pipeline has to be the goal if companies

are to benefit fully from female leadership. That means first understanding why some companies find it hard to attract women into entry-level positions. In engineering, for example, they may struggle to find women graduates in the disciplines they require. As a result, women are under-represented across the pipeline. It also means understanding where and why leakage occurs, as the remedies are likely to differ. Some companies struggle to promote women. Although they make a focused effort to recruit women

EXHIBIT 8: Women's representation across the corporate pipeline by industry

Percent	Non-management	Middle management ¹	Senior management ²	Total leakage ³ p.p.
				
Health care and pharmaceuticals	81	62	39	42
Financial and professional services	62	29	33	29
Transportation, logistics and tourism	55	45	30	25
Consumer goods and retail	32	28	29	3
Telecoms, media and technology	28	28	28	0
Global energy and materials	19	22	22	-3
Heavy industry	24	0	9	15
Average	47	40	29	18

Total number of companies in African sample = 55. These are the 55 companies that responded to McKinsey's organizational survey; they are not the same 55 used for the analysis of EBIT margins

1. Management levels excluding ExCo and direct reports

2. CEO, ExCo and direct reports

3. The share of women in senior management minus the share of women in non-management positions

SOURCE: McKinsey & Company, *Women Matter Africa* survey data, 2015

“With more women in leadership, decision-making would be more inclusive and consider multiple points of view.”

– Senior public sector official, Nigeria

and establish a fairly even gender split at the non-management level, it becomes unbalanced within the first few promotion cycles. In the 55 companies in our survey, women make up 45 percent of the workforce but receive just 36 percent of promotions (Exhibit 9).

Some companies manage to promote women into middle management roles but then encounter difficulties promoting them to senior management positions. Women are effectively locked out of the top.

EXHIBIT 9: Workforce and promotions: women vs men in companies surveyed in Africa



1. Total number of companies in sample = 55. Total number of employees in sample = 201,653. These are the 55 companies that responded to McKinsey's organizational survey; they are not the same 55 used for the analysis of EBIT margins
SOURCE: McKinsey & Company, *Women Matter Africa* survey data, 2015; McKinsey & Company, *Women in the Workplace*, 2015

African women in government

The under-utilization of female talent and its impact on performance is not an issue in the private sector only. Women leaders are under-represented in the public sector too. This report focuses on their role in government in Africa, and finds that representation rates still need to double if Africa is to achieve gender equality.

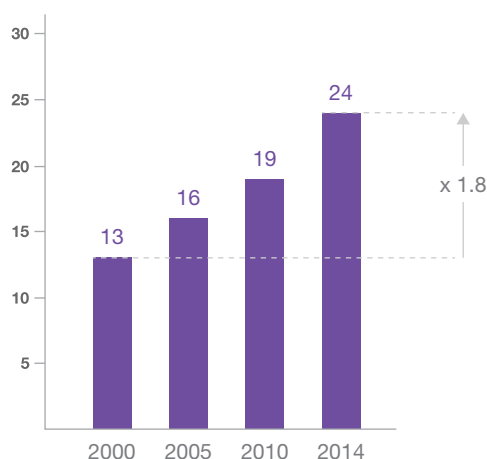
From 2000 to 2014, the proportion of women parliamentarians almost doubled to reach 24 percent, and women's representation in cabinet increased fivefold to 22 percent between 1980 and 2014 (Exhibit 10). This growth can in large part be attributed to targets for women's representation set

by parliaments and political parties. Today, Africa is second only to the European Union in terms of its share of female parliamentarians (Exhibit 11).

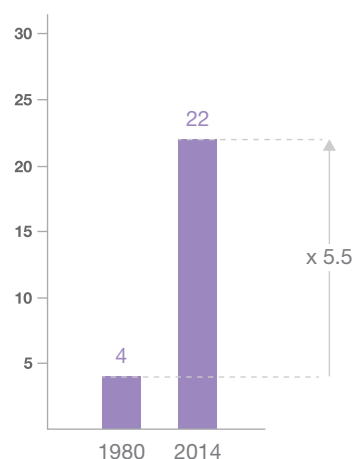
This relative success by no means holds true across all regions and countries, however. As in the private sector, there is significant variation. East Africa has by far the largest number of women in parliament. Southern Africa performs just above the African average of 24 percent and North Africa just below (Exhibit 12), while West Africa has the lowest representation at 18 percent.

EXHIBIT 10: Women's representation in parliament and cabinet in Africa

Proportion of women parliamentarians in Africa¹
Percent

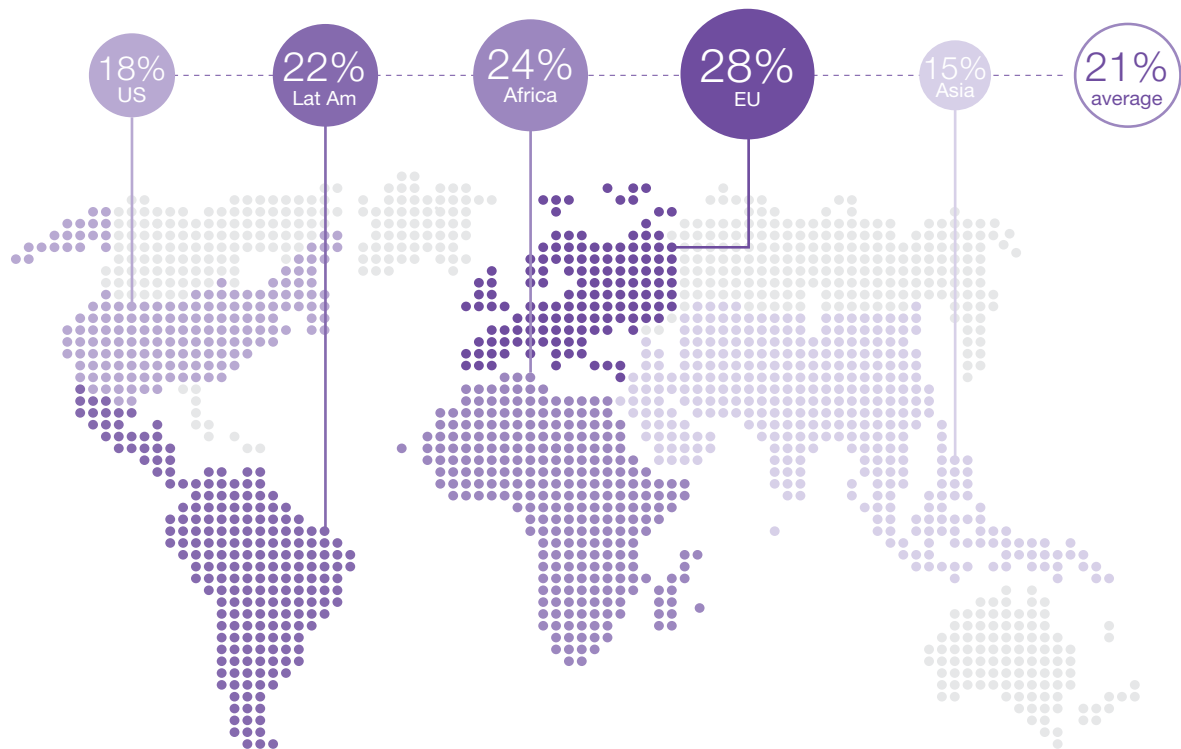


Proportion of women cabinet ministers in Africa
Percent



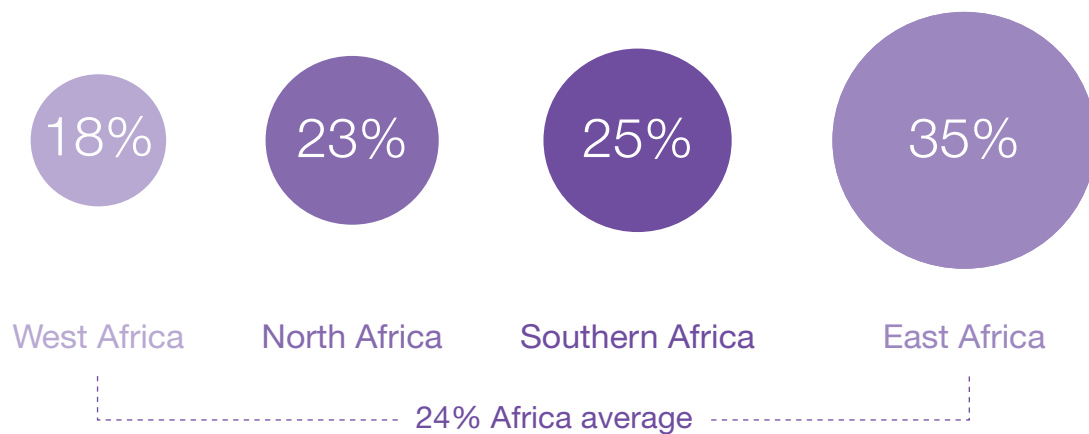
1. Lower or single house only; upper house (where existing) is not included
SOURCE: AfDB, *Where are the Women? Inclusive Boardrooms in Africa's Top-Listed Companies*, 2014; www.ipu.org

EXHIBIT 11: Women's representation in parliament by global region^{1,2}



1. Lower or single house only; upper house (where existing) is not included
 SOURCE: World Economic Forum, *Global Gender Gap Report*, 2014

EXHIBIT 12: Women's representation in parliament in Africa by region



SOURCE: Orbis database, 2014; World Economic Forum, *Global Gender Gap Report*, 2014; company annual reports

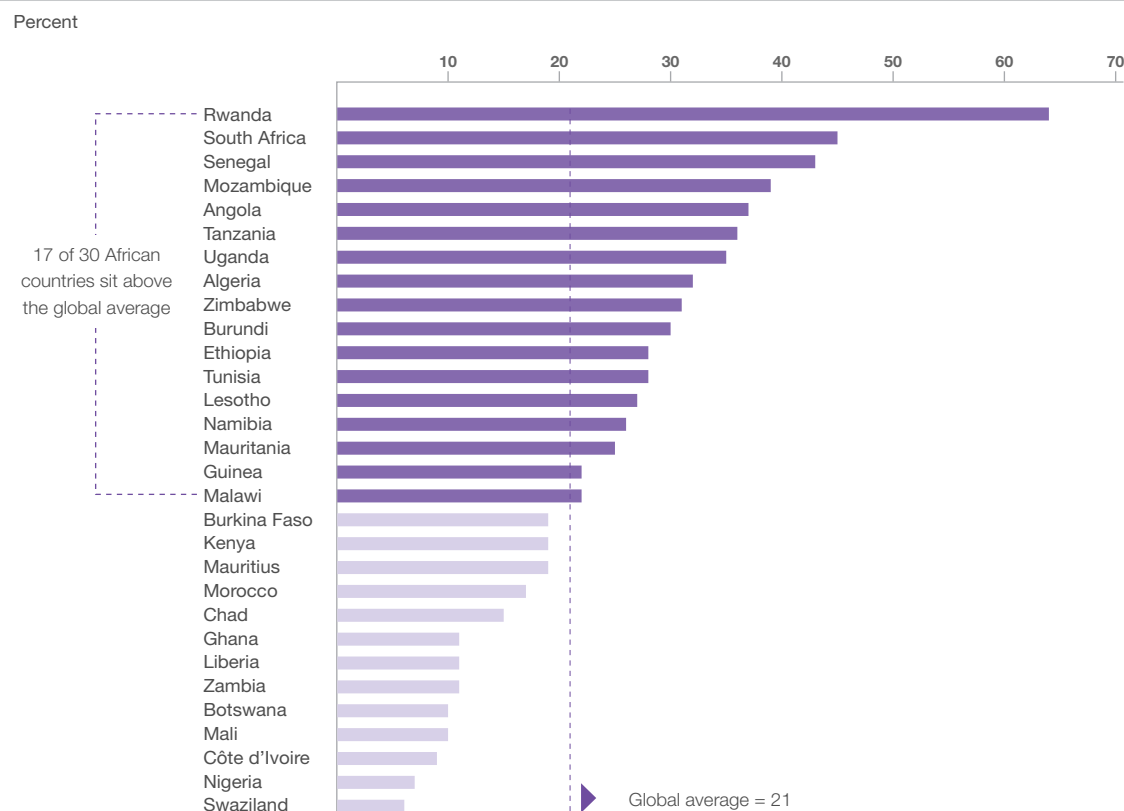
“The law and constitution are creating more opportunities. Women are being reached out to because of legal requirements for female representation.”

– Consumer goods executive, Kenya

Seventeen out of 30 African countries we examined sit above the global average¹³ of 21 percent (Exhibit 13). Rwanda and South Africa lead the way with triple and double this percentage respectively.

Indeed, at 64 percent Rwanda has the highest share of women parliamentarians in the world. In stark contrast, women in the parliaments of Nigeria and Swaziland hold just 7 and 6 percent of seats respectively.

EXHIBIT 13: Women's representation in parliament in Africa by country¹



1 . Includes 30 of the 33 African countries covered by the World Economic Forum's *Global Gender Gap Report*, 2014; excludes islands
 SOURCE: World Economic Forum, *Global Gender Gap Report*, 2014

13. World Economic Forum, 2014, *Global Gender Gap Report*

Africa has also made relatively good progress when it comes to the share of cabinet positions held by women. It sits just below the global average of 23 percent, though behind the United States, the European Union, and Latin America (Exhibit 14).

The regional differences in Africa hold true here too. East Africa is again above the average, Southern Africa is in line with it, and West and North Africa are below average (Exhibit 15).

EXHIBIT 14: Women’s representation in cabinet by global region

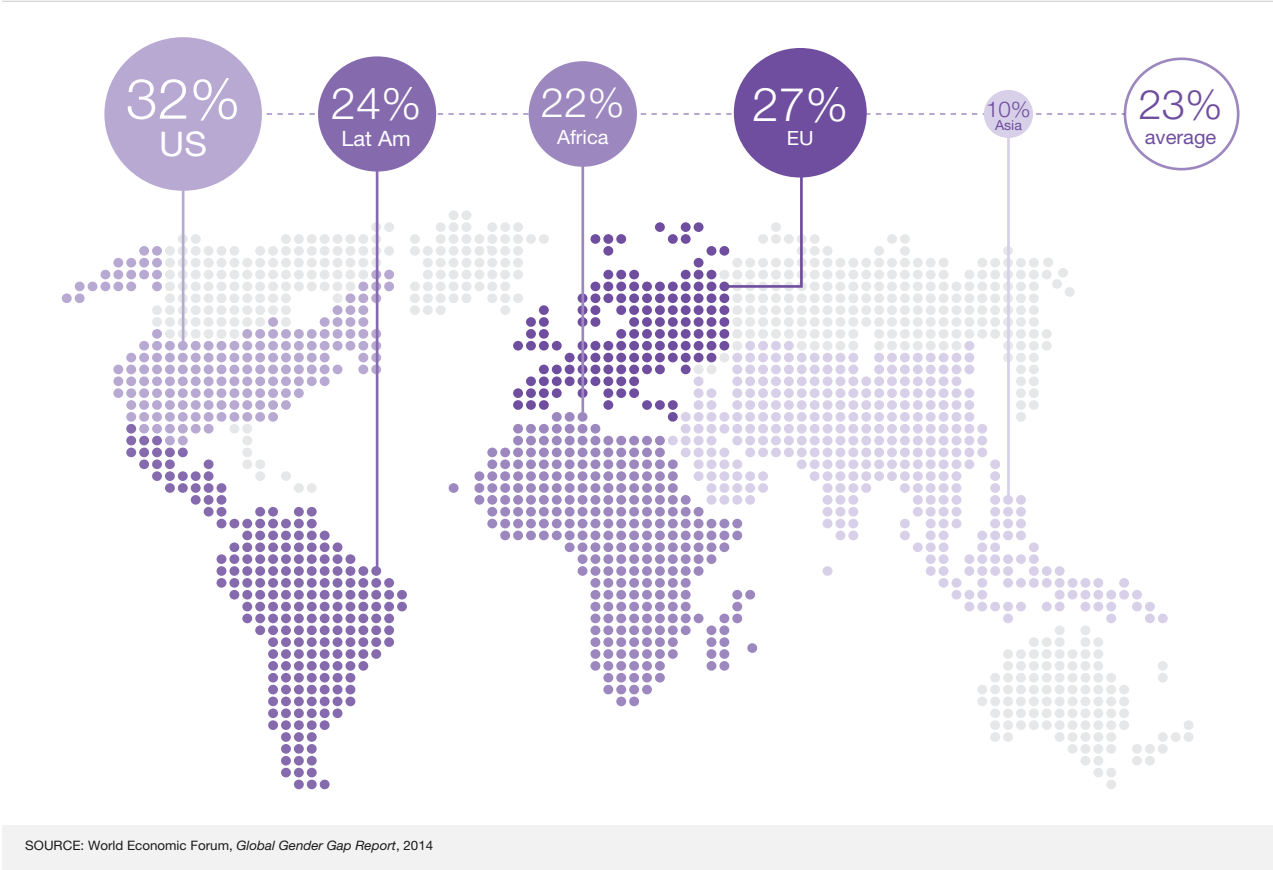
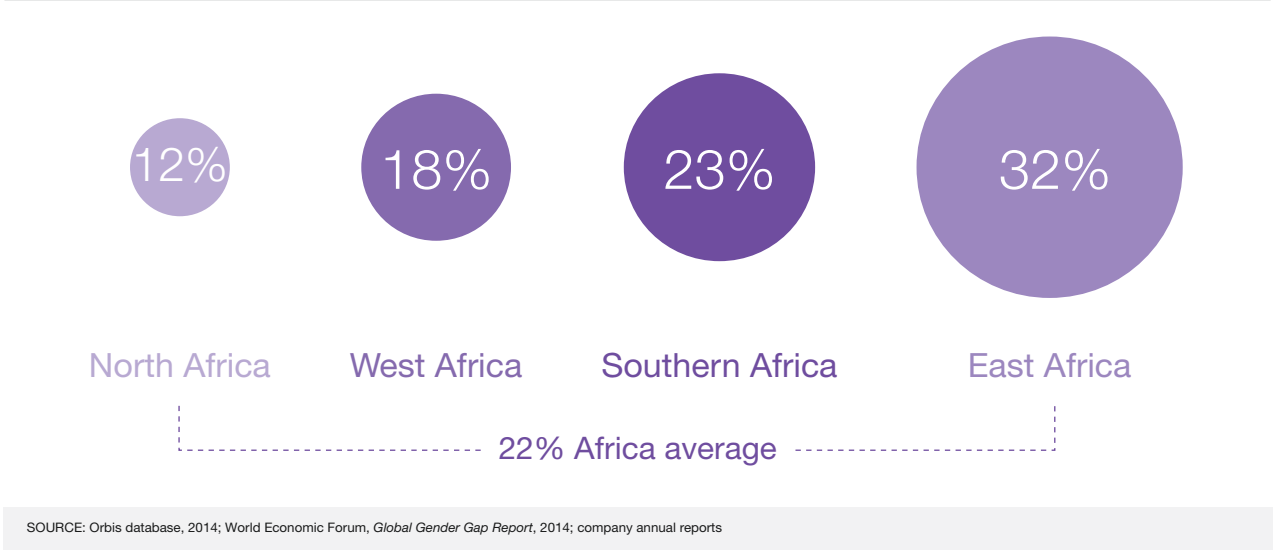


EXHIBIT 15: Women’s representation in cabinet in Africa by region



Numbers do not necessarily equal influence

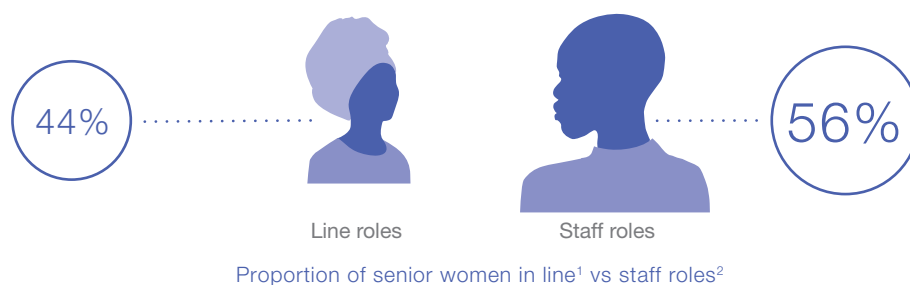
A greater proportion of women at senior levels in business and government cannot be the only goal. The type of roles they undertake is important too if they are to have as much influence as men.¹⁴

In the private sector, most women managers hold staff roles¹⁵ rather than the line roles that offer more exposure to decision-making forums, core operations, and promotion to CEO¹⁶ positions. North America¹⁷ is a case in point. While staff roles are divided fairly equally between men and women at

the middle management level, at senior management level 65 percent are occupied by women.

Africa is no different. Fifty-six percent of female senior managers hold staff roles in the companies surveyed (Exhibit 16), and there is a substantial pay gap between men and women holding senior positions in private sector companies¹⁸ – arguably another indicator of women’s lack of influence. In South Africa, for example, women board members earn 17 percent less than their male counterparts.

EXHIBIT 16: Roles held by senior women in companies surveyed in Africa



1. Line roles focus on core operations, e.g., strategy, finance, risk; staff roles focus on support functions, e.g., legal, HR

2. Total number of companies in sample = 55; total number of roles in sample = 127; total number of employees in sample = 201,653. These are the 55 companies that responded to McKinsey's organizational survey; they are not the same 55 companies used for the analysis of EBIT margins

SOURCE: McKinsey & Company, *Women Matter Africa* survey data, 2015; McKinsey & Company, *Women in the Workplace*, 2015

14. Defined as a combination of three factors: level of input the leader has into key organizational decisions, share of the organization's financial resources overseen by the leader, and the size and stature of the workforce that reports to the leader

15. Staff roles focus on support functions such as HR and legal; line roles focus on core operations such as strategy, finance, and risk

16. McKinsey & Company in partnership with Lean In, 2015, *Women in the Workplace*

17. McKinsey & Company, 2012, *Unlocking the Full Potential of Women at Work*

18. PWC, 2015, *Non-executive Directors: Practices and Remuneration Trends*

It is a similar story in government with regard to the types of senior roles women hold. More than 50 percent of African women cabinet ministers are in charge of social welfare portfolios,¹⁹ while only 30 percent lead the ministries for treasury, infrastructure, defense, and foreign affairs – arguably departments with more political influence (Exhibit 17). As important as social welfare portfolios are, they do not oversee revenue-generating resources or decide how revenue should be allocated. In addition, social welfare portfolios do not tend to prepare the incumbents sufficiently for

appointment to head of state or other senior political roles. It is also worth noting that the ratio of women with social welfare portfolios to other functions has not changed in the past 25 years, a period in which new social welfare portfolios have been created. This, rather than a real distribution of power, might account for the higher number of women in cabinet.

African women ministers are half as likely as their male peers to be appointed to influential portfolios such as finance minister or prime minister (Exhibit 18).

EXHIBIT 17: Women's share of cabinet appointments in Africa by function

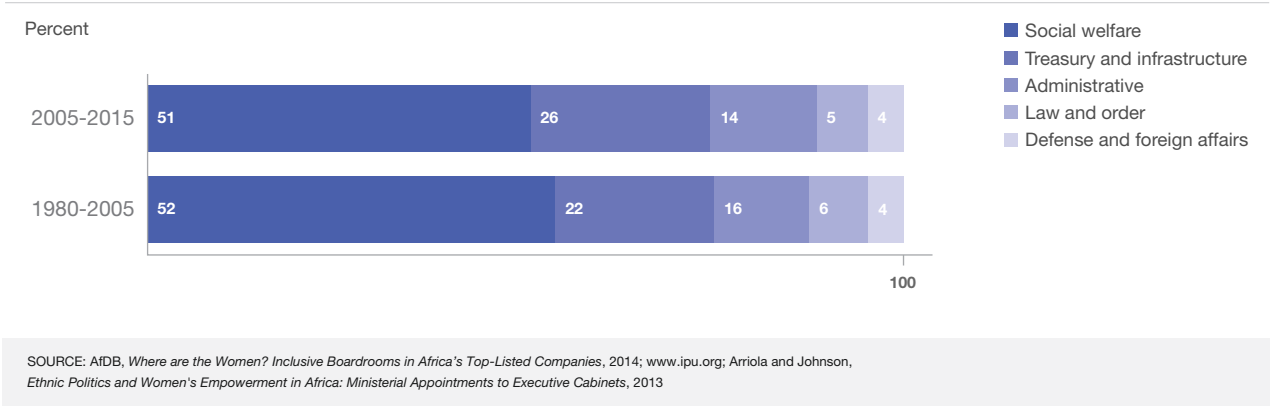
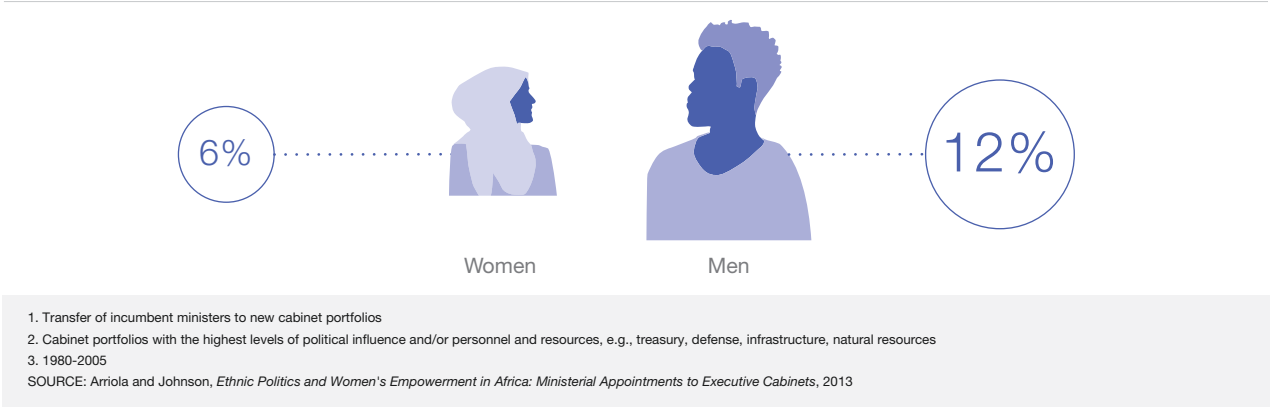


EXHIBIT 18: Appointments¹ to high-impact² cabinet portfolios in Africa: women vs men³



19. Youth and women's affairs, arts and culture, tourism and handicrafts, general duties and national guidance, education

“When women step up to volunteer for big roles, they [men] say, “You’re aggressive.” I have heard people give glowing praise to a man who has done something far less complex than I have.”

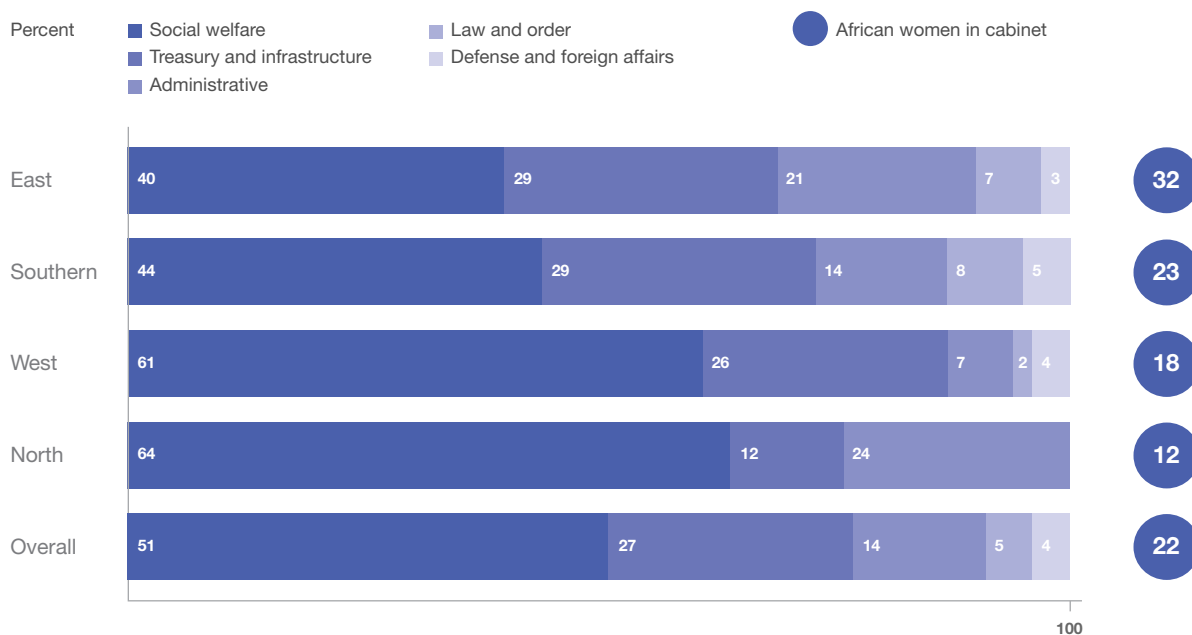
– Business woman, South Africa




Looked at by region, in East and Southern Africa women occupy a greater share of cabinet seats and hold proportionally fewer social welfare portfolios than they do in other regions. In North Africa, the opposite

is true; there are proportionally fewer women in cabinet and they are more likely to have social welfare appointments (Exhibit 19).

EXHIBIT 19: Women’s share of cabinet appointments in Africa by region and function¹



¹ Based on data from 21 African countries (~80% of Africa’s total population); includes “minister delegate” and “minister of state” appointments
SOURCE: www.guide2womenleaders.com



***“I was determined not to be treated differently
and I refused to meet gender stereotypes.”***

– Public and social sector leader, South Africa

Getting serious about gender diversity

Research suggests women continue to face three big obstacles in taking on senior leadership roles in African organizations:

- **Gender issues are not taken seriously enough.**
In Africa, only one in three CEOs has gender diversity on his or her agenda.
- **The barriers women face in the workplace are poorly understood.** Organizations do not share women leaders' view of the impediments to their success.

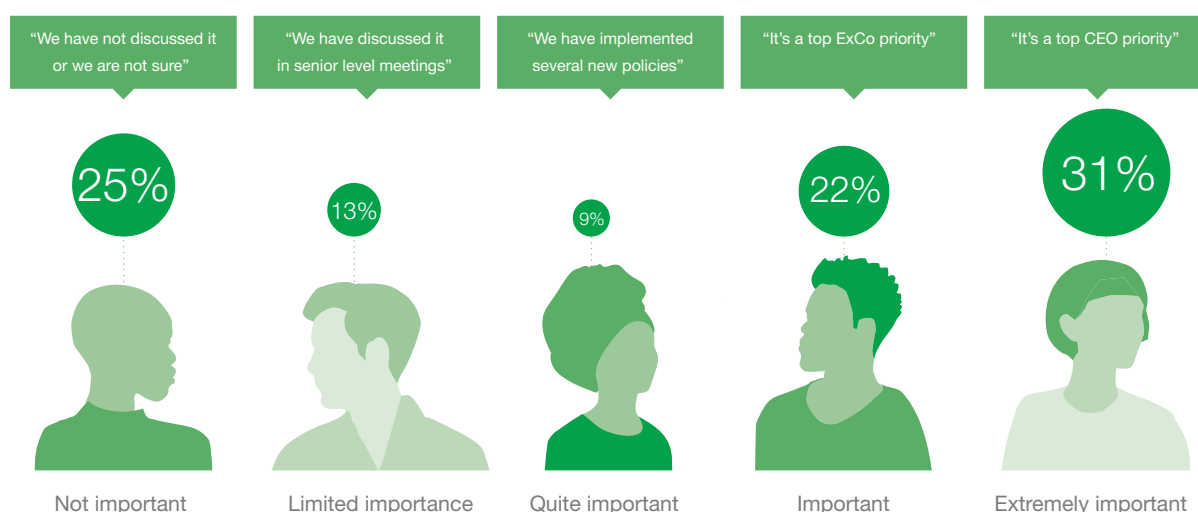
■ **Programs to redress the gender balance do not tackle the right issues.** Lack of understanding of the reasons for women's under-representation means efforts to tackle it can miss their target.

Gender issues are not taken seriously enough

Despite the strong business case for gender diversity in leadership, only 31 percent of the African companies we surveyed saw it as a top strategic priority for the CEO, while 25 percent stated it was of no importance (Exhibit 20). Today's women leaders have succeeded, it seems, largely through a combination

EXHIBIT 20: The importance of gender diversity in African organizations

Response as a percentage of total, 2015



Total number of companies in sample = 55. These are the 55 companies that responded to McKinsey's organizational survey; they are not the same 55 used for the analysis of EBIT margins
SOURCE: McKinsey & Company, *Women Matter Africa* survey data, 2015

“As a woman, the bulk of domestic responsibilities falls on you. People think, ‘Why does this woman send emails at 3am?!’...But I juggle differently.”

– Consumer goods executive, South Africa

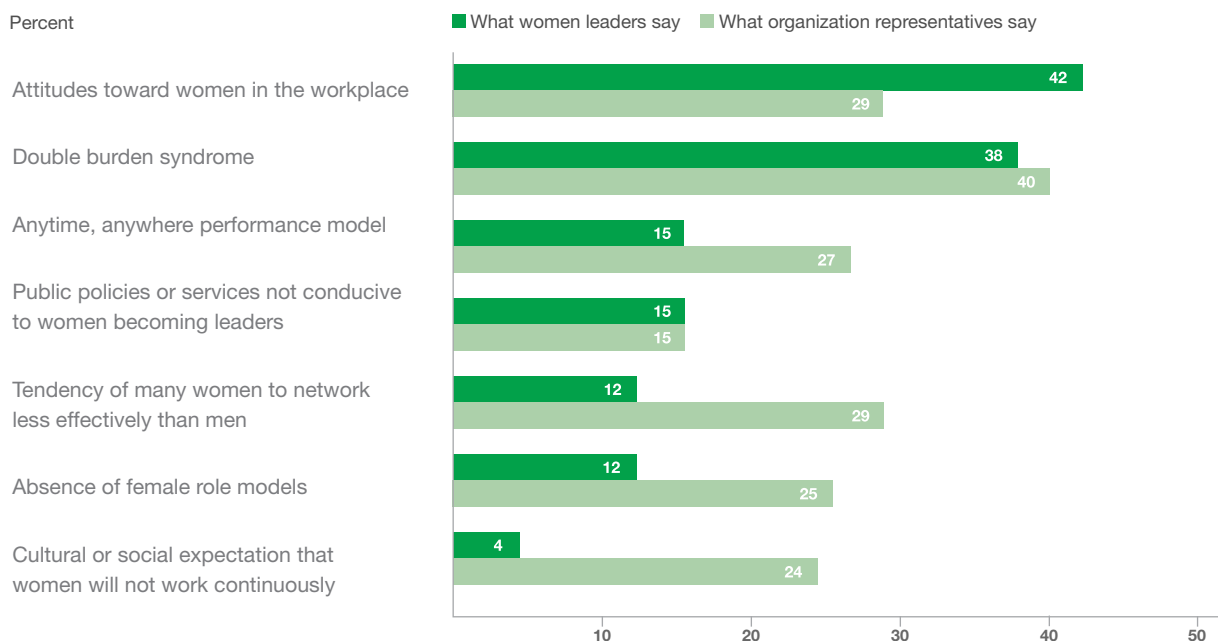
of opportunity and drive rather than a coordinated corporate effort to promote gender diversity. Yet unless gender diversity is at the top of the CEO’s agenda, progress toward it is likely to be slow.²⁰

The barriers women face in the workplace are poorly understood

Organizations and women leaders in Africa have different views on the main barriers to more women taking on more senior positions (Exhibit 21).

Organizational representatives see the “double burden” syndrome, whereby working women also have to take primary responsibility for domestic duties, as the biggest barrier to their success. Women see this as an issue too, but say the most important barrier is attitudes in the workplace that result in women being treated differently from men. Organizations give this considerably less recognition. Our *Women Matter* reports have highlighted a range of unconscious biases – sometimes held by women as well as men – that are obstacles to women’s advancement. The performance evaluation bias, for example, describes how men tend to be evaluated

EXHIBIT 21: Perceptions of the main barriers to success in the workplace: women leaders¹ vs organizations



Total number of companies in sample = 55. These are the 55 companies that responded to McKinsey’s organizational survey; they are not the same 55 companies used for the analysis of EBIT margins.

1. Women leaders refer to the 35 women leaders interviewed

SOURCE: McKinsey & Company, *Women Matter Africa* survey and interview data, 2015

20. McKinsey & Company in partnership with Lean In, 2015, *Women in the Workforce*

“Women need to play a proactive role in their professional development and view it as an investment in themselves.”

– Telecommunications executive, Nigeria



more on their future potential, and women more on what they have achieved to date. Women also tend to be given less credit for their success than men, and to be criticized more for any failure. The resulting lack of confidence means women are less likely to put themselves up for promotion. There is also a maternal bias: motherhood triggers assumptions that women are less committed to their careers. As a result, they tend to be held to higher standards and offered fewer leadership opportunities.

Programs to redress the gender balance do not tackle the right issues

At the time of publishing, 67 percent of the companies surveyed had gender diversity initiatives in place. Yet only 27 percent of these companies reported any level of success in developing more women leaders. Why are they not having more impact?

It may be too early to show results: gender diversity initiatives can take up to five years to change the

make-up of the workforce.²¹ Sometimes, however, the problem lies in poorly designed initiatives that do not adequately improve the experience of the women that they are targeting, poorly implemented initiatives, lack of sponsorship at the very top of the organization or buy-in from middle management. And sometimes the initiatives chosen fail to tackle the underlying problems.

Exhibit 22 shows the kinds of initiatives implemented by those companies in our survey that are actively seeking to improve gender diversity. The most common measures overall are leadership skill-building programs and setting targets to boost women's representation. These are both important. Yet among companies with a higher representation of women in senior management the most common measure is flexible working hours – one of a range of initiatives that ease the double burden. These companies are also more likely to allow their employees to work from home. However, only 15 percent of all companies tackle women leaders' primary concern – attitudes in the workplace.

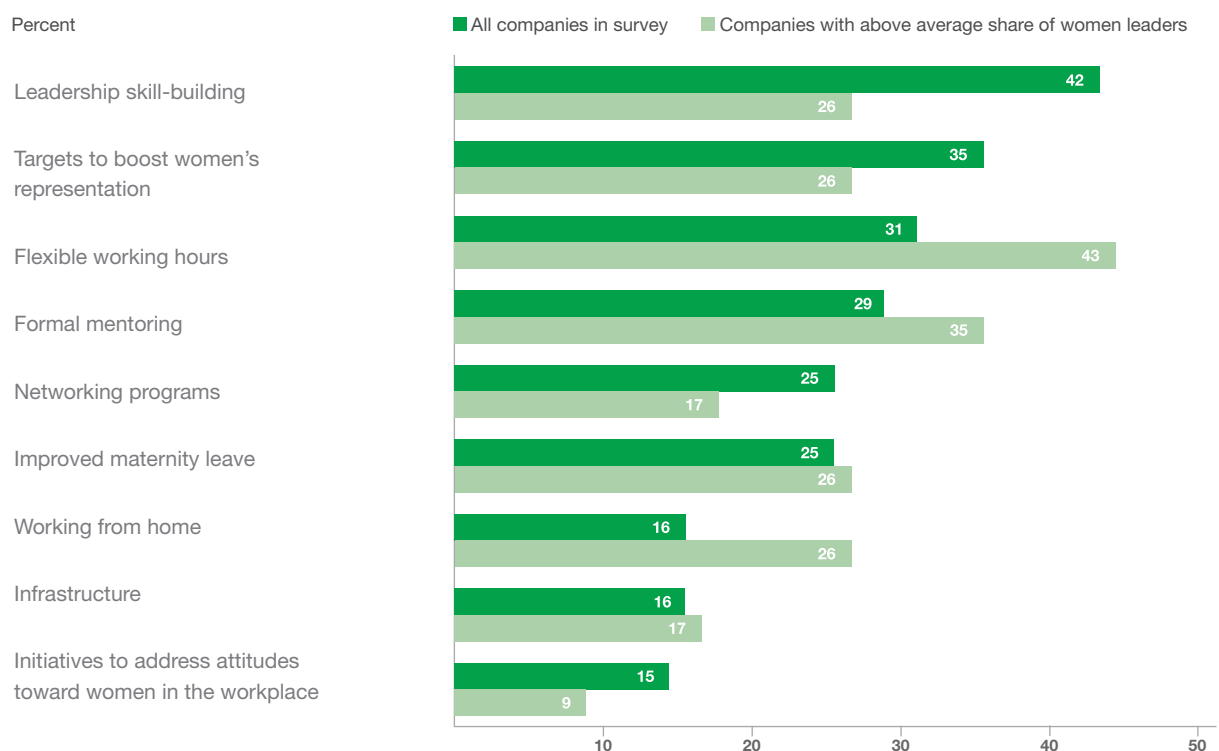
21. Yukiko Nakagawa, 2014, *The Gender Diversity-Firm Performance Relationship by Industry Type, Working Hours and Inclusiveness: An Empirical Study of Japanese Firms*, International Journal of Advances in Management and Economics



“Both public services and the private sector are a man’s world with all types of discrimination toward women, ranging from harassment to the limitation of their prospects of promotion.”

– Public sector official, Gabon

EXHIBIT 22: Gender diversity programs: all companies in survey vs companies with above average share of women leaders



Total number of companies in sample = 55. These are the 55 companies that responded to McKinsey’s organizational survey; they are not the same 55 companies used for the analysis of EBIT margins.
 Women leaders refer to the 35 women leaders interviewed
 SOURCE: McKinsey & Company, *Women Matter Africa* survey data, 2015

Key actions to drive gender diversity

Our *Women Matter* research suggests that four actions will be key to driving greater gender diversity among the leadership of African organizations:

- Make gender diversity a top board and CEO priority.
- Anchor gender diversity strategies in a compelling business case.
- Confront limiting attitudes toward women in the workplace.
- Implement a fact-based transformation strategy.

Make gender diversity a top board and CEO priority

Large-scale strategic and operational change requires role-modeling from senior leaders. Research²² shows that when the CEO is a chief advocate for change, the workforce is more inclined to believe that it is important and mirror the CEO's mind-set and behaviors. Thus boards and CEOs must engage visibly with the organization's transformation initiatives by attending women's events, participating in discussions on gender diversity and regularly reviewing progress, for example. In addition, to demonstrate their commitment they can:

- **Set targets and key performance indicators (KPIs) for women's representation in leadership and the broader workforce and review these targets regularly.** Experience elsewhere shows that companies with formal gender diversity commitments increase female representation in the corporate pipeline the fastest, while those with no formal commitments actually lose ground over time.²³ Our survey revealed that 47 percent of companies with clear targets have an above-average share of women in senior leadership positions. Yet to be

effective, targets should be SMART – that is, specific, measurable, attainable, relevant, and time-bound. For example, a target could be set to double the representation of women in the senior executive team to 30 percent by 2020 by decreasing the attrition rates of female colleagues above middle management level. Furthermore, organizational targets should be specific to each region or division to take into account different starting points.

- **Establish a culture of accountability.** Each target should be assigned an “owner”, ideally a senior executive who reports directly to the CEO and is thus seen as a credible proxy in terms of intention and authority. The targets could be incorporated into the KPIs of each senior executive and reinforced by performance incentives. KPIs are most successful when they are explicit by function and level and refreshed regularly, perhaps annually.²⁴ A good KPI might stipulate a minimum of 40 percent women appointees to middle management roles by the end of the financial year, for example. Decision-making structures such as recruitment criteria and promotion requirements should be defined as clearly and objectively as possible to eliminate bias and protect meritocracy.

- **Lead communications on the gender diversity strategy.** It is the CEO's role to communicate to employees the strategy to increase women's representation, and inspire them to help bring about change. Face-to-face communication – town halls or networking events, for example – create a real dialogue and assure employees that leadership commitment is strong. Communication about progress will need to be frequent and honest.

22. Barsh, Devillard, and Wang, 2012, *The Global Gender Agenda*, McKinsey Quarterly

23. McKinsey & Company in partnership with Lean In, 2015, *Women in the Workforce*

24. Wittenberg-Cox, 2012, *Three Diversity “Best Practices” That Hurt Women*, Harvard Business Review

“The corporate world needs a mix of people to ensure that employers are responsible, that is, not deciding for women what they can or cannot handle.”

– Financial services executive, Nigeria



Anchor gender diversity strategies in a compelling business case

The results of our African survey show that the EBIT margin of companies in the top quartile in terms of the share of women on their boards were on average a fifth higher than the industry average and the same holds true for women's representation on executive committees. That is, companies in the top quartile with regards to women's representation on executive committees outperformed industry EBIT margins by 14 percent on average. African women leaders also stress how the benefits of diversity extend to areas such as risk management, decision-making, and board dynamics – all of which can have an impact on financial performance – and global research supports this view.

The link between women's leadership and EBIT performance, and between gender diversity and better decision-making, is the basis on which to build a robust business case. Each industry and company must build its own case and communicate it simply and clearly to give employees the rationale they need to link their own interests to the success of gender diversity programs.

Confront limiting attitudes toward women in the workplace

Organizations can help to overcome this barrier by addressing unconscious bias and including men in

gender diversity initiatives. Many companies unwittingly exclude men from the gender diversity conversation and give the impression that it is a women-only issue. Yet men are the largest stakeholder group in most private and public sector companies and organizations.

Unless they engage and invest in changing the status quo, their attitudes will continue to be an obstacle to gender diversity targets. Organizations should also conduct surveys to understand what form the limiting attitudes take. Tackling bias can include the following measures:

- **Define and implement a robust leadership model** that explicitly defines the leadership attributes valued by the company including, for example, fairness and willingness to act as a mentor.
- **Get people to experience bias on a personal level.** Google, for example, encourages employees to take a test to measure their bias. Workshops are another possibility.
- **Remind people about gender bias** before making decisions, to guard against subjective perspectives.
- **Define objective scoring criteria** for processes that are especially vulnerable to bias, such as recruiting and performance reviews. Ensure that HR policies include measures to deal with discriminatory behavior.

Implement a fact-based transformation strategy

In respect of organizational transformation, companies with a clear understanding of their starting point are more than twice as likely to succeed.²⁵ This is because the starting point informs the types of changes that need to be made and, later, indicates whether progress has been achieved and hence whether companies are focusing their efforts in the right areas. A gender diversity strategy is no exception, yet very few organizations gather or codify information on their current standing. To assess diversity across functions, business units, and regions, organizations must collect, analyze, and monitor HR data that shows the gender balance at every level. Key metrics include:

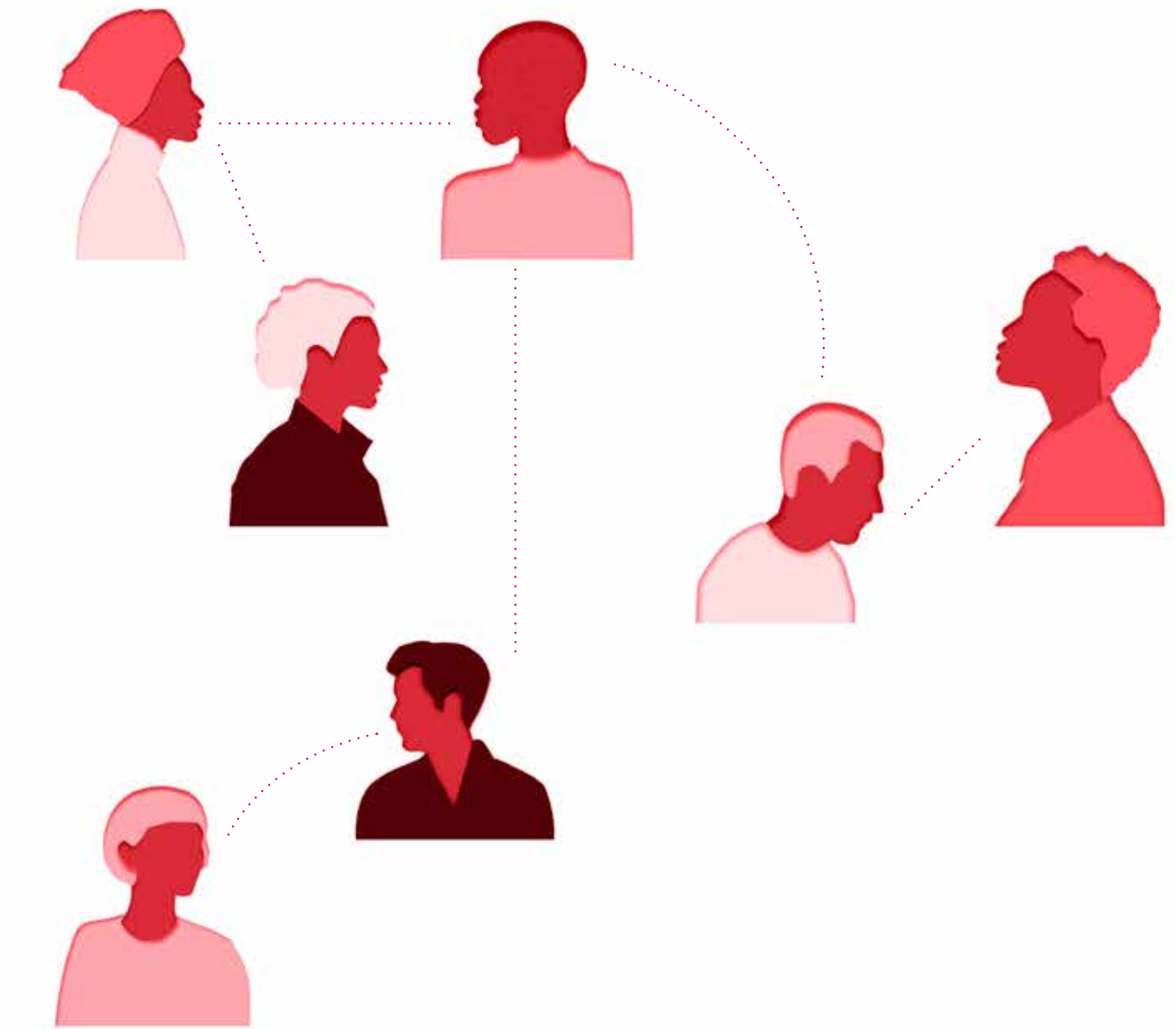
- **Pay levels.** Track gender pay gaps and their causes – differences in qualifications or experience, for example – to understand where and how to act.
- **Leakage.** To develop strategies to increase retention rates for women, understand why more women than men leave and why.
- **Promotions.** Understand why men are promoted more often than women and the obstacles women face.
- **Concentration of women in staff versus line roles.** Have a clear view of the distribution of women across all roles and remove barriers that may prevent them from occupying line roles.

- **Organizational health metrics.** Track job satisfaction, perceptions of meritocracy and work-life balance, and desire for advancement in order to customize initiatives that address women's specific concerns. Listen to what female employees say and prioritize initiatives accordingly.

Once the starting point is understood, it is important to design initiatives that address the root causes of lower levels of women's participation and leakage of women along the pipeline. This could include initiatives that enable women to better balance home and work, such as flexible working arrangements and maternity leave policies.

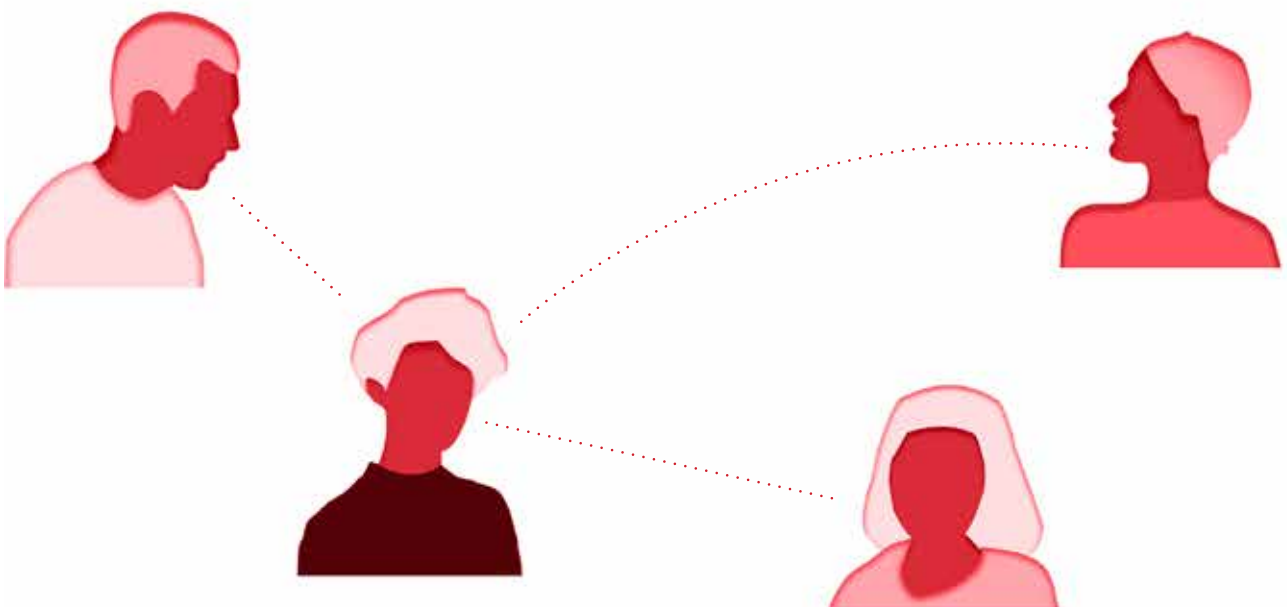
Africa has made considerable strides in ensuring women are better represented at senior levels in business and government. The continent equals – and sometimes beats – the rest of the world. There is still a long way to go to achieve gender equality, however, not only in terms of women's share of senior roles but also in the types of leadership roles they occupy. In the private sector, increasing women's representation at the top makes good business sense, as there is a link with financial performance. Yet if things are to change – really change – organizations in both the private and government spheres need to commit to transforming the way they think and act.

25. McKinsey & Company, 2010, *What Successful Transformations Share: McKinsey Global Survey Results*



“I had mentors who were senior partners who really understood what was going on in the organization and gave me opportunities.”

– Financial services executive, Kenya



Methodology

This report is based on five major pieces of analysis:

- Financial performance analysis of 210 publically traded African companies across 14 African stock exchanges
- Analysis of women's cabinet appointments from 2000 to 2015
- Organizational survey analysis of gender diversity in 55 companies in Africa
- Interview narrative analysis of interviews with 35 women leaders
- Literature analysis of gender equality and diversity in Africa and abroad, including literature from policy-making bodies, business, media, and academia

Financial performance analysis

We used the Orbis database to collect data on financial performance for 210 publically traded African companies across 14 African stock exchanges based on the criteria below:

- In each sub-region (North, Southern, East, and West²⁶), we selected stock exchanges according to individual countries' populations and number of listed companies. The 14 stock exchanges represent more than 50 percent of the continent's population and more than 60 percent of its GDP: South Africa, Botswana, Namibia, Zambia, Tanzania, Uganda, Kenya, Nigeria, Côte d'Ivoire, Ghana, Senegal, Morocco, Tunisia, and Egypt.

- The size of each stock exchange, based on market capitalization and the availability of data, determined how many listed companies we selected for our sample. For larger stock exchanges such as South Africa and Nigeria, we selected a higher number of companies. Where the relevant data was not available for a company, we selected the next largest company. The breakdown of companies by country is as follows

South Africa	49
Nigeria	44
Kenya	25
Morocco	17
Ghana	14
Egypt	13
Botswana	11
Côte d'Ivoire	11
Tanzania	8
Zambia	6
Namibia	4
Uganda	4
Senegal	2
Tunisia	2

- For each of the 210 companies we compiled the EBIT margin and number of male and female board members from 2010 to 2014. In line with the analytical methodology used for McKinsey's *Diversity Matters* work, we analyzed this data as follows:

26. For the purposes of this research, Central Africa was not included because of the lack of data; Angola is included in Southern Africa

- **EBIT margin deviation.** Each company was assigned to one of seven industries.²⁷ In each industry, we averaged the 2010 to 2014 EBIT margins for each company and the annual averages for all companies within the industry. We then calculated the deviation from the industry average for each company's annual average EBIT margin.

- **Gender diversity quartiles.** For each company we used data on the proportional percentage of women on its board to determine the average percentage share of women on the board from 2010 to 2014. We then allocated each company to a gender diversity quartile based on the average share of women on its board.

- We compiled the EBIT margin and number of male and female executive committee members in 2014 for 55 of the 210 companies as follows:

- The list of companies selected was based on availability of data on the number of women on those companies' executive committees.
- Companies fell under eight African stock exchanges: South Africa, Nigeria, Kenya, Ghana, Egypt, Botswana, Zambia, and Uganda.

Cabinet appointment analysis

We based our cabinet appointment analysis on data from Guide2womenleaders.org for 21 African countries representing 80 percent of the continent's population: Algeria, Egypt, Morocco, Tunisia, South Africa, Mozambique, Angola, Zambia, Botswana, Malawi, Ethiopia, Tanzania, Kenya, Uganda, Rwanda, Nigeria, Ghana, Côte d'Ivoire, Niger, Mali, and Senegal. We used the Arriola and Johnson (2013) portfolio classifications and grouped ministries as follows:

- **Social welfare:** education, health, gender, culture, environment, labor, tourism

- **Treasury and infrastructure:** finance, trade and industry, commerce, infrastructure, science and technology, transport, agriculture, water and sanitation

- **Administrative:** cabinet affairs, media and information, home affairs, immigration

- **Law and order:** justice, security, correctional services

- **Defense and foreign affairs:** defense, foreign affairs, international relations

27. Health care and pharmaceuticals; telecoms, media, and technology; financial and professional services (including auditing, consulting and real estate); transport, logistics, and tourism (including air, road and rail passenger transport, freight and mail handling, tourism and hospitality agencies); consumer goods and retail; heavy industry (including construction, heavy equipment and automotive manufacturing); and global energy and materials.

Organizational survey analysis

We used the results of a 33-question survey completed by the HR business units of 55 companies invited to participate in five countries: South Africa, Nigeria, Kenya, Ethiopia, and Morocco. The survey focused on women's leadership at an organizational level, specifically requesting data on the corporate pipeline (the representation of women at various levels of the organization) and gender diversity initiatives. The industry breakdown of participating companies is as follows:

Consumer goods and retail	13
Global energy and materials	4
Financial and professional services	20
Health care and pharmaceuticals	5
Heavy industry	1
Telecoms, media, and technology	10
Transport, logistics, and tourism	2

Interview narrative analysis

We interviewed 35 women leaders in six countries: South Africa, Nigeria, Kenya, Gabon, Senegal, and Morocco. The purpose of the interviews was to collect accounts of their individual paths to leadership, including any challenges and how they overcame them, and how they believed gender diversity would improve organizational performance. In some areas, we used interview data to triangulate or compare against findings from the organizational survey.

Literature analysis

We drew on scholarship on gender equality and diversity in Africa and abroad, including literature from policy-making bodies, business, media, and academia, and compared it with findings from our surveys and interviews. We selected literature by reviewing key publications by author type:

- **Policy-informing institutions**, including the World Economic Forum, *Global Gender Gap Report 2014*; ²⁸ the International Labor Organization, *Women in Business and Management*; the AfDB, *Where are the Women? Inclusive Boardrooms in Africa's Top-Listed Companies*
- **Major business publications**, including *Forbes*, *Harvard Business Review*, *Wall Street Journal*, *The Economist*
- **Leading academic research**, including the American Journal of Political Science, *Ethnic Politics and Women's Empowerment in Africa: Ministerial Appointments to Executive Cabinets*; the International Journal of Business Governance and Ethics, *Why Women Make Better Directors*
- **Press articles**

28. We used the World Economic Forum's Global Gender Gap Report 2014 to inform our analysis of African countries' performance in terms of two metrics: economic participation and political empowerment (see Section 2 of the report). Both of these metrics are a weighted average score of several sub-indices scores. The metric score is indexed to a 0-to-1 scale, where 0 denotes no female representation and 1 denotes female representation on a par with or exceeding that of male peers



“I felt that I had to work a bit harder as a woman, as I am representing all women. I never wanted people to feel I succeeded just because I was a woman.”

– Senior development banking professional, Nigeria

McKinsey&Company

We are truly committed to transformation within our organization and in Africa, and will continue to find ways to have meaningful and sustainable impact.

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***“Resilience helped me during my journey – I failed
many times and I succeeded many times.”***

– Consumer goods executive, Nigeria

