



THE BOSTON CONSULTING GROUP

LEADERS MUST STEP-CHANGE DIVERSITY ALONG CAREER LADDER TO PERFORM

By Mai-Britt Poulsen, Asger Ryhl and Matias Pollmann-Larsen

Leaders tackle an increasingly complex and faster changing environment

Delivering growth is top priority on the strategic agendas for the majority of Danish companies across industries. However, Danish leadership have to steer businesses in an increasingly multicultural society with a new digital-native millennial generation with different values and behaviours. In result, four imperatives are at the forefront of the leadership agenda:

Win fight for talent. Talent is becoming the core of companies' competitive advantage requiring companies to strengthen employee value propositions and recruiting activities to win

Engage in customers' journeys. Consumers increasingly expect personalised products and services delivered across digital devices and platforms. Therefore, big data analytics and behaviour mapping are an unprecedented opportunity to gain competitive advantage through consumer insights.

Embrace industry 4.0. Robotics, AI, digital and automation allow to improve cost and quality in operations while fulfilling high CSR and sustainability expectations.

Stay ahead of innovation curve. Accelerated innovation and new business models require incumbents to be agile with short innovation cycles supported by strategic partnerships, M&A and JV to stay competitive.

Leadership teams need diversity to succeed

Leadership teams requires a wider set of competences (skills and experiences) and personality traits (characteristics and patterns of behaviours) to succeed in this environment. Therefore, leaders at all levels should build diverse teams to ensure the best performance today and in the future. To harvest the value of diversity, leader must ensure an inclusive culture to capitalize on their team's diverse strengths.

Gender is a key lever to create diversity

Obtaining diversity in capabilities is relatively easy as competences are visible attributes obtained through education and experience. On the other hand, obtaining diversity in personality traits is much harder as traits are not immediately visible. In addition, Denmark has a leadership culture favouring a narrow set of personality profiles, typically exerting dominant and decisive behaviours, which further limit diversity and inclusion. Gender, age and nationality/race are the three core and most visible diversity driver. For Denmark, exhibiting only ~15% females in companies' leadership teams today, achieving gender diversity becomes paramount.

In the past decade, Gender diversity progressed slowly in Denmark, falling behind peers

Despite many policies in Denmark being on par with Nordic peers and gender diversity being high on companies' strategic agenda, the share of females in leadership teams only increased 1 percentage point from 2006 to 2016. Denmark is on a 78th place globally and far behind Nordic peers, who advanced gender diversity in leadership by 6-10 percentage points in the same period.

The gender diversity roundtable in Denmark will change this

Three Gender diversity roundtable meetings will focus on how leaders can advance gender diversity along the career ladder. The roundtable members are 5 CEOs, 5 university rectors and 5 presidents of civil society and member organizations. 3 BCG reports will support this journey:

1 Educational institutions can increase gender diversity in study lines. Primary schools play a pivotal role in educating on gender diversity to lay a foundation of understanding and awareness. Higher education institutions should adjust marketing efforts to appeal to minority gender in leadership-prone study lines while supporting students on career paths in line with their ambition. Companies should strive to increase female conversion in existing recruiting channels and expand into new channels to get diversity in their recruiting pipeline.

2 Companies and organizations can leverage concrete initiatives to improve gender diversity from middle management to executive teams. Flexible careers models are required to enable females and males to manage work-life balance especially at life changing moments like becoming a parent. Female networks, role models and sponsor programs offer female talent a climbing ladder to executive management. Establishing an open and inclusive leadership culture is an underlying enabler to drive the change. To ensure a lasting impact, a systematic and fact-based quantitative and qualitative approach is required to allow tracking of progress and building the business case for change.

3 Society and culture is the foundation and starting point for gender diversity. Danish society has clear gender roles (caregiver and provider) limiting gender diversity. This is also reflected by Denmark being one of the most gender segmented workforces in Europe. Both men and women are affected: women on failing career ambitions and men feeling they sacrifice time with their family. To change, educational institutions and companies play a pivotal role in changing behaviour and unconscious biases limiting diversity. In parallel, policy maker have the power to enable society with policies to facilitate shifts in gender roles and create a culture fostering gender diversity.

We believe Denmark is at a turning point if leaders in society are committed to change the diversity agenda. It is possible to break a vicious cycle that limits companies and society from harvesting the value of a larger talent pool of highly educated females. Companies obtaining a diverse leadership team with an inclusive culture will be able to make better and more nuanced business decisions driving a competitive advantage over peers.