



Inside the black box

Fixing the leaking pipeline of women leaders

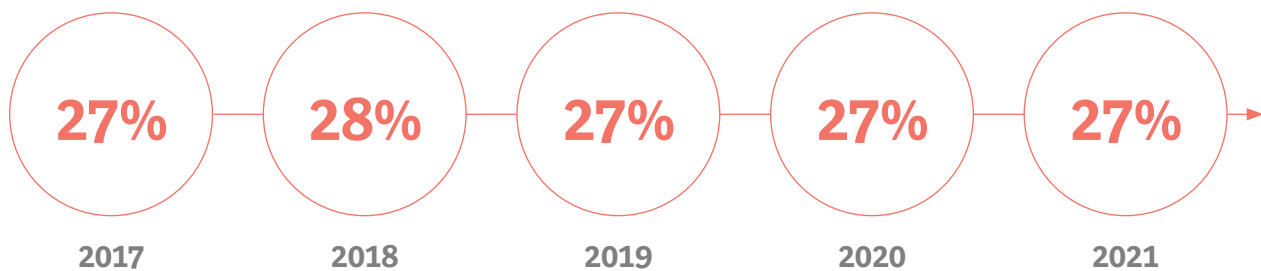
Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.

Despite the increased efforts of Danish companies to enhance diversity, equity, and inclusion (DE&I), the representation of women in leadership positions has not increased over the past five years. To change this, women must advance at the same rate as men. Companies must understand what happens in the black box between recruitment and senior leadership and embed DE&I in the full organization accordingly. This will help companies successfully address the needs of women and create workplaces where women can thrive and grow.

Exhibit 1: Representation of women in leadership has been flat over the past five years

%-share representation of women in leadership in Denmark
(legislators, senior officials and managers)



Source: World Economic Forum Gender Gap Report 2017-2021

This year, the Gender Diversity Roundtable—hosted by UN Women and Boston Consulting Group (BCG), and working for a more diverse, equitable, and inclusive Denmark—is focusing on advancement and retention of women.

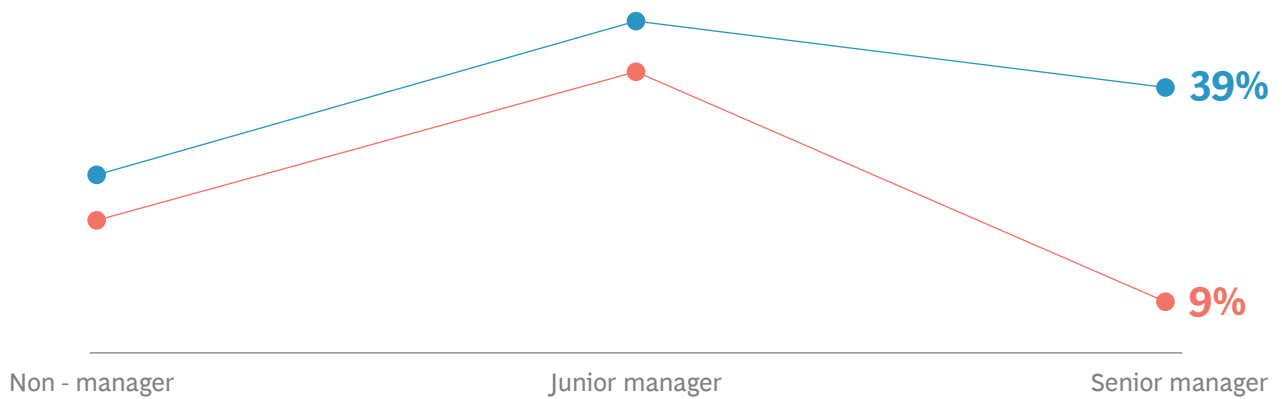
70% of large Danish companies have set diversity targets, but so far, their efforts have not resulted in higher representation of women in leadership. Over the past five years, the representation of women in leadership positions has stagnated at 27%—only one in four leaders is a woman, and this rate does not seem to be improving. Many women enter these organizations, but on the road to leadership they leave the company or stop advancing. We need to understand what happens inside this black box between recruiting and the top.

In a survey conducted by BCG, we found that only one in ten women in senior leadership positions actively want to advance to executive level. Yet, nine of ten surveyed people in the Nordics do not see the lack of advancement as an obstacle to creating gender diversity in the workplace, when it obviously is.

Danish companies have tended to focus on diverse talent and the representation of women at the recruiting stage and at the executive and board level, but nothing in between. If we want to build a strong pipeline of women leaders, we must move beyond recruitment and focus on retention and advancement.

Exhibit 2: Only 1 in 11 women at a senior level want to advance

Share seeking promotion (%)¹



Source: BCG Global Diversity Survey 2020

1. No. of respondents: 955; 903 for Nordic men; Nordic women

● Nordic men
● Nordic women

We believe this can be done by focusing on four areas:

- 1** Understanding and accommodating both functional and emotional needs
- 2** Recognizing that needs change over the career lifecycle
- 3** Implementing cohesive DE&I-dedicated processes and initiatives driven by an inclusive culture
- 4** Keeping the black box open through increased data transparency and continuous leadership commitment



To build a pipeline of women leaders, we must understand and accommodate their needs

Regardless of their gender, employees will only stay at a company if their needs are fulfilled. It is critical to understand the needs of women in the workplace and how they differ from those of their male counterparts. Research conducted by BCG confirms that women's needs are different from those of men; that women at the same career level may have different needs; and that needs change throughout the career.

Generally, needs can be divided into two groups: functional and emotional:

- » **Functional needs** are what you need to be able to succeed at your job, such as work-life balance, flexibility, and compensation.
- » **Emotional needs** are what you need to thrive at your company, such as feeling valued, respected, and supported.

Companies have tended to focus on addressing functional needs as they are more tangible. Understanding and acting on these functional needs is a crucial step in the right direction. However, research conducted by BCG found that 78% of women in Denmark value emotional needs more than functional needs—so it is important for companies to understand and accommodate these as well. Specifically, feeling that the job is meaningful, feeling valued, and feeling respected emerged as the top three needs of women.

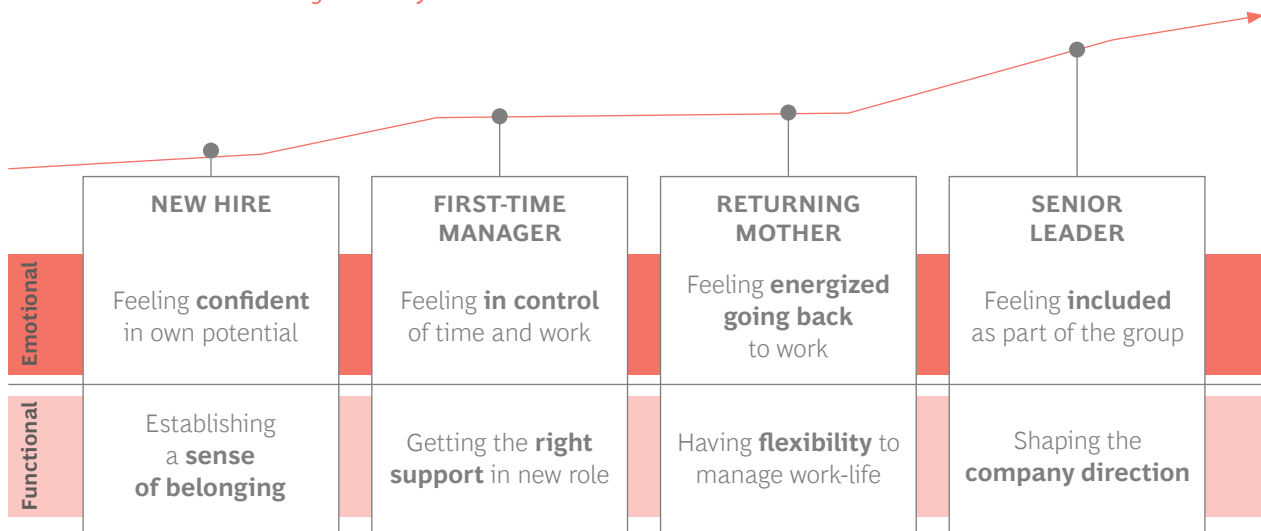


Needs change throughout the career lifecycle

Needs are not static—they change throughout the career lifecycle, as you get new responsibilities, and your professional and personal life changes. Companies must approach them accordingly.

To understand how needs can develop through a career, let us explore the journey of Emma, a fictional senior leader at a Danish company.

Exhibit 3: Emma's journey



Starting in the job – finding your way in a new landscape

Situation: In her first position, Emma needed to gain confidence. She was uncertain of her own competence and felt a strong need to gain a sense of belonging.

Meeting the needs: Emma needed to receive feedback to understand her strengths, areas of development, and potential. Many activities were in place to accommodate social needs, but having to adjust to the competitive company culture could at times be an obstacle to feeling a genuine sense of belonging and inclusion.

First management position – feeling supported and in control

Situation: When Emma received her first promotion, new dimensions of navigating and gaining control over the role emerged. Now that she was closer to the senior leadership, she noticed that she was not establishing the same informal relationship to them as her male peers. That, combined with the lack of other women at the top, made it difficult for her to see herself in the role, and she wondered if she even wanted to be there.

Meeting the needs: To feel comfortable in the role, Emma needed to find support and someone to spar with. Around this time, the company started a spon-

sorship initiative. Her sponsor was a senior leader who, more than just a mentor, took an active role in challenging Emma and advocating for her, creating true allyship. It was empowering for Emma, and it made her feel both valued and more certain she could achieve her goals.

Returning from parental leave – feeling valued and energized

Situation: Returning from parental leave, she was at times overwhelmed by having to manage having a small child at home and being a leader. She appreciated the strong company focus on her new role as a parent, but she had a nagging feeling that the company only saw her as a mother and not a manager with a bright career future—a burden rather than an asset.

Meeting the needs: Establishing a flexible working model made a significant difference in finding a sustainable work-life balance. She decided to discuss her feelings of being a burden with peers and bring it up to her sponsor, and that relieved some of her worries. Together, they developed a career plan that made her feel valued and secure in her position again.

Becoming a senior leader – shaping the company and creating impact

Situation: When Emma began her current position, some of her closest peers had recently sought new opportunities elsewhere, and she at times felt lonely as one of few women in the room. Becoming more senior and influential, she also had a growing need to shape the organization and create impact.

Meeting the needs: Her feelings of loneliness were difficult to navigate, but she felt inspired to be the sort of role model for younger women that she never had for herself; and that gave her a new sense of purpose. Emma began to be acknowledged by executive leaders for her ideas and her drive, and she got the opportunity to take on new responsibilities. This gave her the opportunity to create impact, further strengthening her feeling of purpose.

Walking through Emma's journey, it becomes clear that needs are dynamic, and should be accommodated in order to make women want to stay, and to enable them to grow. Establishing a one-size-fits-all program oversimplifies the situation, since needs are dependent on the unique circumstances of the individual. Though there were common themes, and aspects that continued to be important, what mattered most to Emma as a senior leader was very different from when she first entered the company.



To advance, you need to stay; to stay, you need to feel included

Today, many companies tend to concentrate on stand-alone, ad-hoc initiatives, such as unconscious bias training or isolated mentorship programs. To create significant impact, companies must focus on embedding DE&I initiatives holistically and strategically in the full organization. This means that DE&I is integrated systematically into all processes, that initiatives are cohesive, and that internal and external DE&I efforts are communicated continuously. A good example of how to embed DE&I into company processes is a new tendency among companies to include the DE&I measures and outcomes in evaluations and compensation calculations for executives.

The ultimate goal is to establish an inclusive culture where employees feel accepted and can be their au-

thentic selves. Having an inclusive culture accelerates the value of DE&I initiatives and triples the share of women who plan to stay at a company. If companies do not accommodate this, the pipeline for women leaders will keep on leaking.

Changing the culture is no easy task. You begin by investigating the very foundations of your organization—the company purpose, values, and beliefs. These must be adjusted or rearticulated to reflect the desired inclusive culture. Secondly, you must identify the key company behaviors that you want to promote and award internally, and finally, the new belief system must be communicated throughout the company to infuse it into all layers.



Keeping the black box open

Issues related to retention and advancement are company dependent. Therefore, companies need to open the black box themselves—and keep it open—so they know what they are solving for.

Instead of solely tracking diversity measures (intake of women and representation at different levels), they need to track equity measures, such as attrition rate, advancement rate, and pay gap, as these provide better insight into the dynamics of the company. This will enable companies to be data-driven in identifying where they are losing potential women leaders and take deliberate actions.

Having commitment from leadership has repeatedly proven important to enhancing diversity, equity, and inclusion. However, our research shows that only 1 in 20 male executive leaders in the Nordics regard lack of leadership commitment as an obstacle to creating more gender diversity in the workplace. To change this, and create impact, DE&I must be embedded as a top management priority, leaders must be held accountable for the DE&I agenda (for instance through short-term incentives), and DE&I champions and allies must be grown within the organization at all levels.



Four focus points to inspire the journey toward stronger retention and advancement of women

We must alter the static course of gender diversity in Denmark if we want a diverse, equitable, and inclusive country. In summary, here are four areas to focus on to inspire your journey:

» Accommodate both functional and emotional needs

Move away from solely implementing initiatives to accommodate functional needs and move toward identifying and addressing both the func-

tional and emotional needs of employees to support their continuous advancement.

» Recognize that needs are dynamic along the career path

Understand that needs are dynamic and changing, rather than stable and constant. Initiatives must continue to accommodate the changing needs of women.

» **Embed DE&I holistically in the full organization**

Strive to embed DE&I initiatives holistically in the organization and its processes. This can be supported and strengthened by building an inclusive culture.

» **Keep the black box open and activate leadership**

Track leading indicators of DE&I to understand what issues you are solving for (such as attrition rate, advancement rate, and pay gap), and embed DE&I as a top management priority to ensure continuous review and allocation of resources.

Focusing on these four steps will not only enhance the representation and inclusion of women at different levels, but more broadly create better circumstances for underrepresented groups such as people of color, people from the LGBTQIA+ community, and people with disabilities to thrive and grow.

And remember, Rome was not built in a day.

Creating a workplace where women thrive, want to stay, and are enabled to grow, is a process, where you need to look beyond easy fixes and look at the foundation you stand on as a company. Listen, act, and be ready to learn from the most qualified experts on the topic: the women at your company.



About the author



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Gertie is a Managing Director and Partner at the Copenhagen office of Boston Consulting Group and has been the BCG representative of the Gender Diversity Roundtable since 2021. At BCG, Gertie's experience sits chiefly in the consumer & retail practice area with a passion for strategy, commercial & leadership topics. Besides her efforts with GDR and DE&I more broadly, Gertie also leads BCG Copenhagen's internal efforts to enhance representation, equity and inclusion of women.



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