

# Diversity wins

How inclusion matters

**The business case for  
inclusion & diversity  
is stronger than ever**

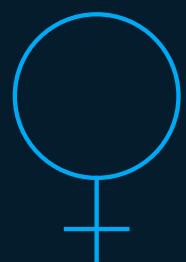
McKinsey  
& Company





# Companies in the top quartile for gender diversity are 25% more likely to financially outperform their peers

Difference in likelihood of outperformance of 1<sup>st</sup> and 4<sup>th</sup> quartile<sup>1</sup>

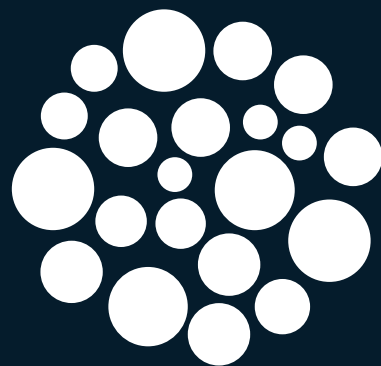


Gender



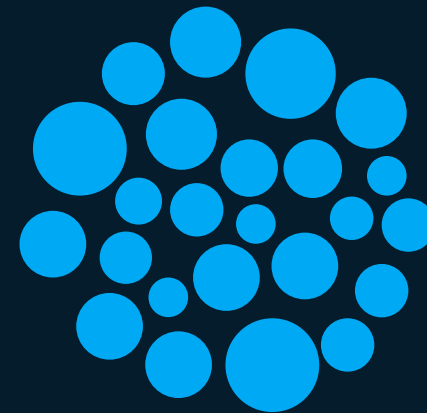
15%

2014



21%

2017



25%

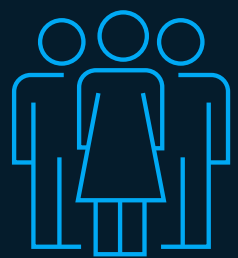
2019

<sup>1</sup> Difference in likelihood of financial outperformance vs the national industry median of five years average EBIT margin, using the full dataset of companies in each year.

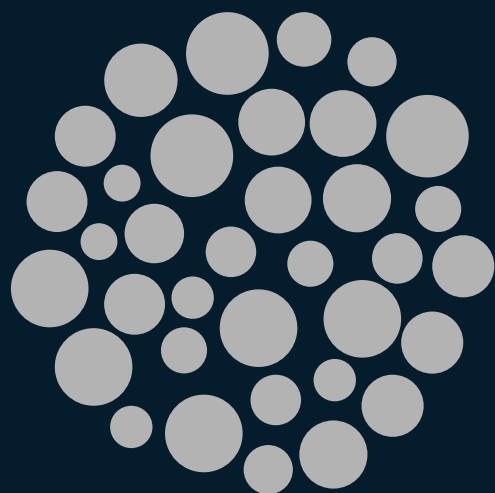


# Companies in the top quartile for ethnic diversity are 36% more likely to financially outperform their peers

Difference in likelihood of outperformance of 1<sup>st</sup> and 4<sup>th</sup> quartile<sup>1</sup>

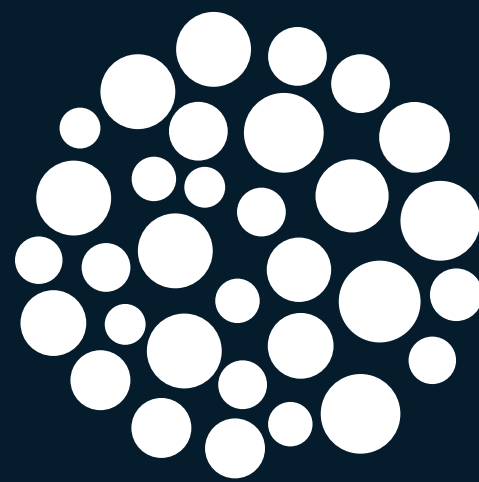


**Ethnicity**



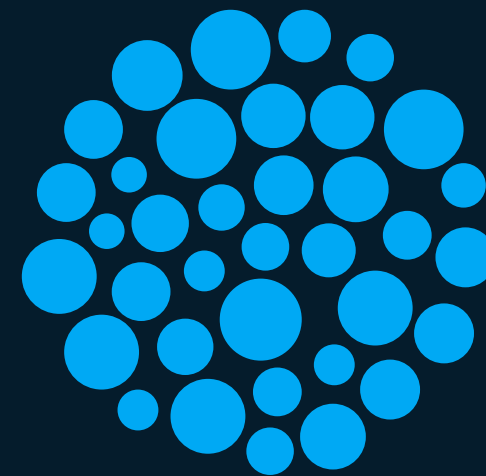
**35%**

**2014**



**33%**

**2017**



**36%**

**2019**

<sup>1</sup> Difference in likelihood of financial outperformance vs the national industry median of five years average EBIT margin, using the full dataset of companies in each year.

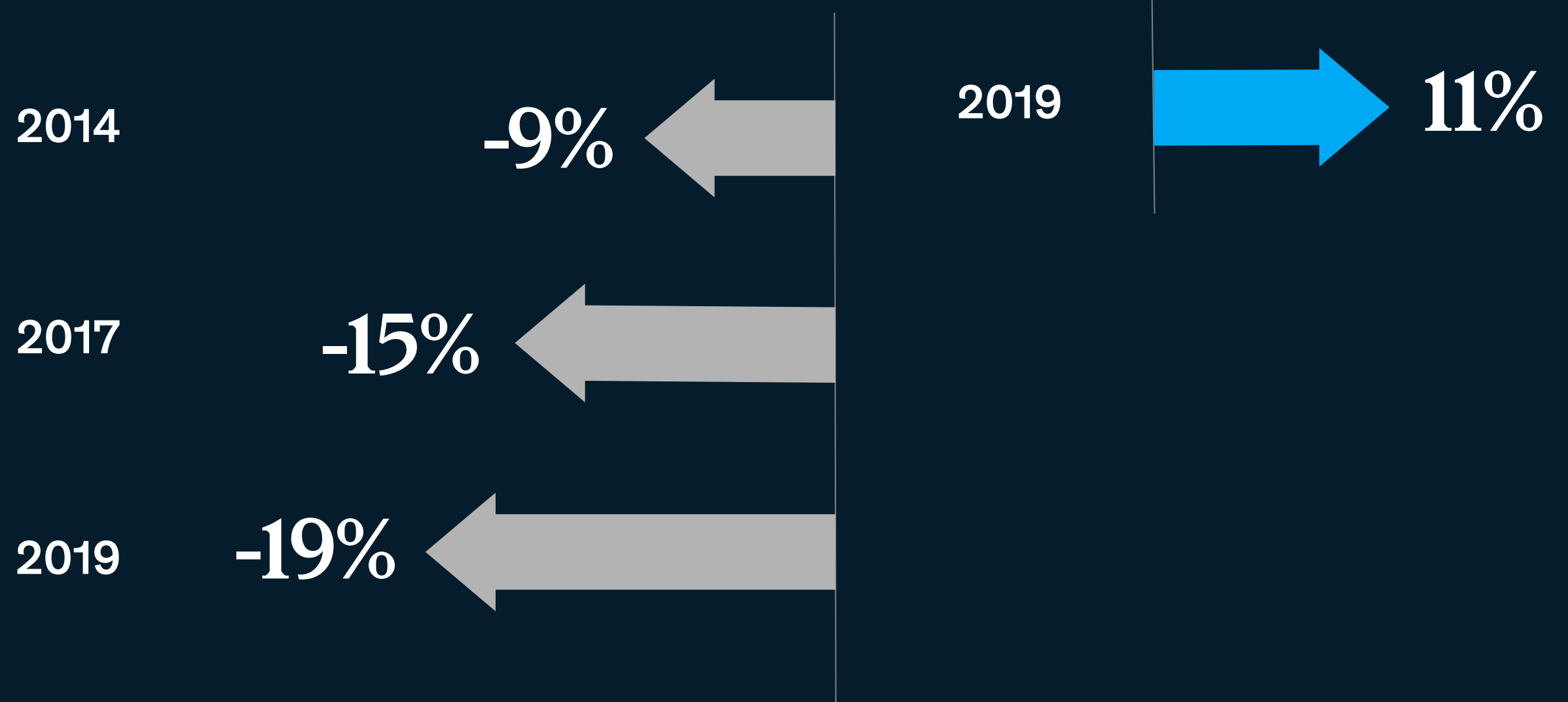


# Companies that don't prioritize gender diversity risk a growing performance penalty

Difference in likelihood of financial outperformance<sup>2</sup>

Penalty for bottom quartile

Advantage for top quartile



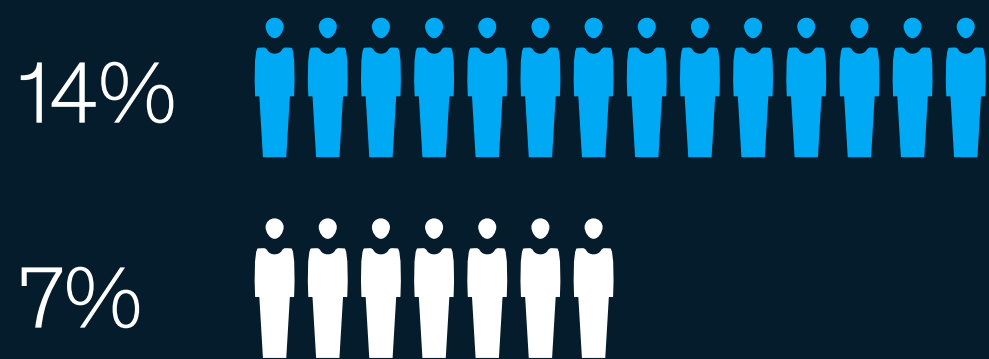
<sup>2</sup> Difference in likelihood of financial outperformance vs the national industry median of five years average EBIT margin for 4th quartile vs 1st-3rd quartile, and 1st quartile vs 2nd-4th quartile, using the full dataset of companies in each year.



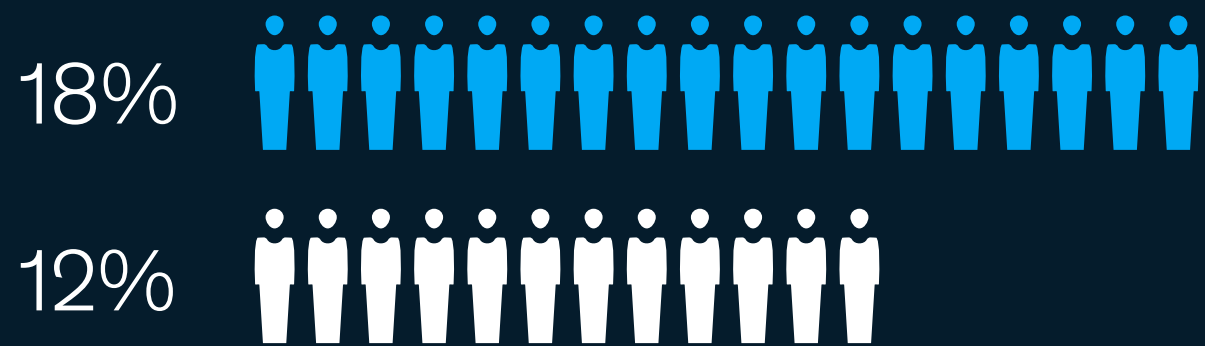
Despite this, progress on executive team diversity continues to be slow

### Representation in US and UK

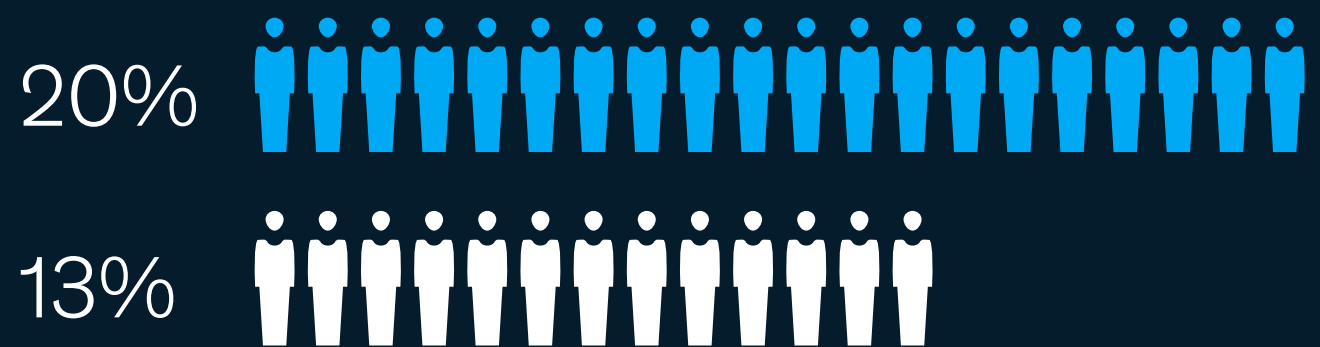
2014



2017



2019

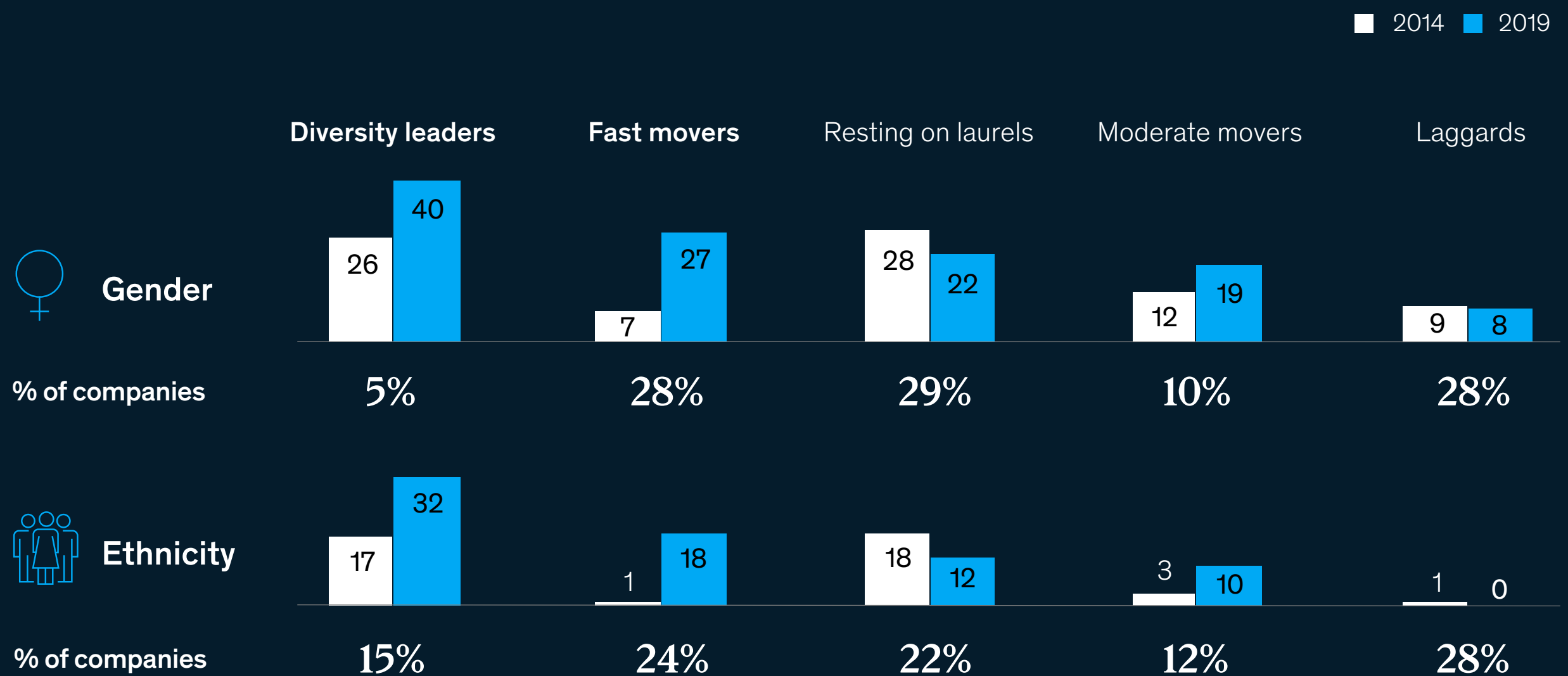


■ Gender ■ Ethnicity



# One-third of firms have shown real gains in executive team diversity, but about 50% have made little or no progress since 2014

## Representation in US and UK





# Promoting diversity does not ensure a culture of inclusion

We used a social listening approach to analyze employer reviews posted online<sup>3</sup>

Overall sentiment on diversity is positive



But sentiment on inclusion is the opposite



<sup>3</sup> Social listening is the action of tracking social media platforms for mentions and conversations related to a brand or topic, then analyzing them for insights to discover opportunities to act; US only.

# Bold actions are needed from businesses to strengthen both diversity and inclusion



## A systematic, business-led approach to I&D

- 1 Increase diverse representation, particularly in leadership and critical roles
- 2 Strengthen leadership and accountability for delivering on I&D goals

## Bold steps to strengthen inclusion

- 3 Enable equality of opportunity through fairness and transparency
- 4 Promote openness, tackling bias and discrimination
- 5 Foster belonging through support for multivariate diversity





Download the full report at  
[mck.co/DiversityWins](https://mck.co/DiversityWins)

McKinsey  
& Company