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THE POWER OF PARITY: HOW ADVANCING WOMEN'S EQUALITY CAN ADD \$12 TRILLION TO GLOBAL GROWTH

Dec 15th, Jonathan Woetzel
IFC and IMF

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Overview of Power of Parity work

What it is

- Case for change: why gender equality matters both in terms of the opportunity for higher economic growth in the next decade, and broader benefits of women as equal members of society and the economy
- Research on 95 countries comprising >90% of female population and global GDP, across 15 indicators of equality in society and the economy
- Identifying the highest impact issues and geographies: the 10 global and regional "impact zones" that most affect women
- Identifying 100+ best practices to address impact opportunities including potential ways the private sector can contribute; both internally within their firms and externally, including in coalitions with public and social sector stakeholders

What it is not

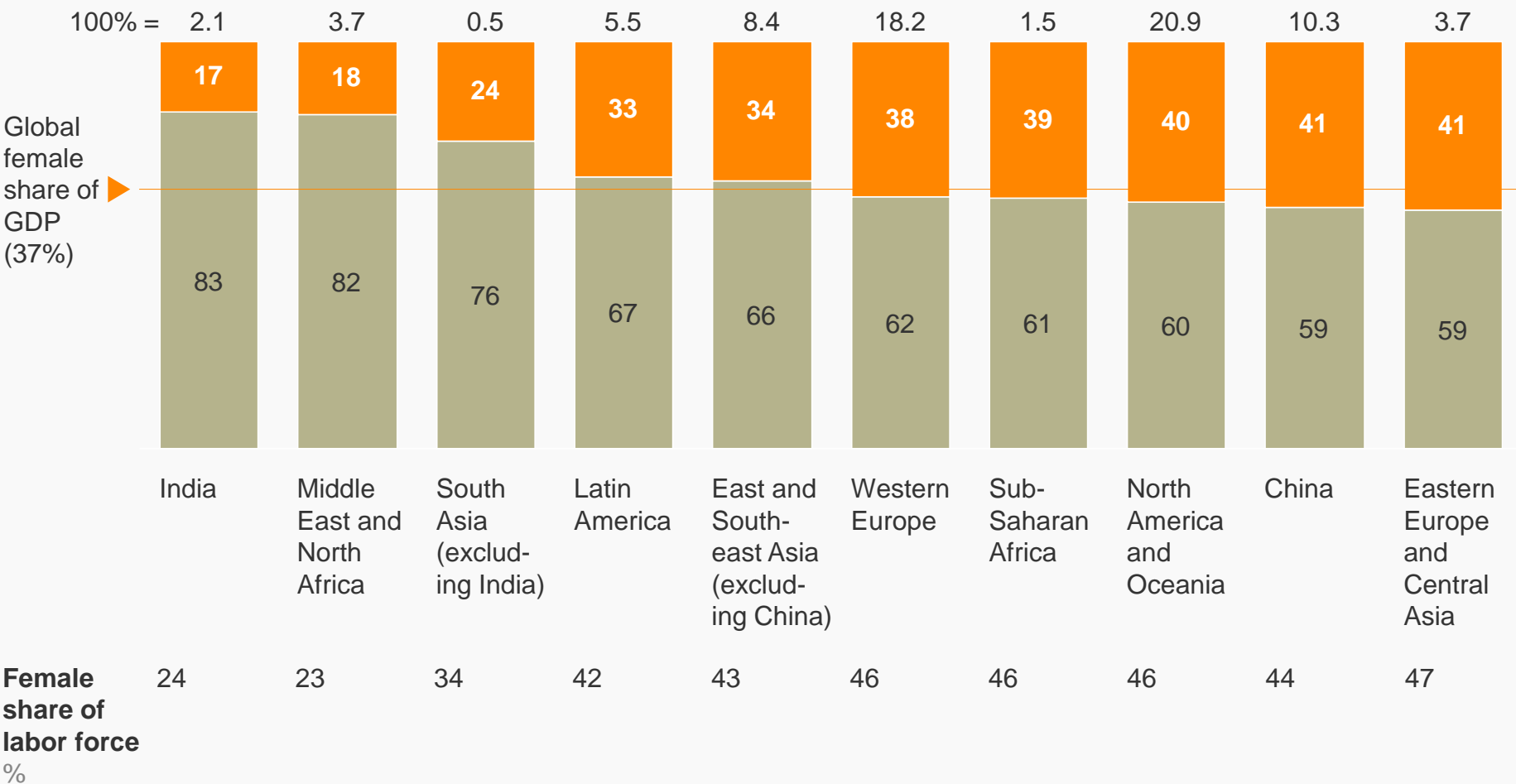
- Set of targets for global community actions
- In-depth research on individual social or economic indicators to understand causality
- Value judgment on importance of specific issues
- Country- or issue-specific set of prescriptions

Women contribute 37 percent to global GDP—with a range among regions of 17 percent to 41 percent

GDP in 2014

\$ trillion

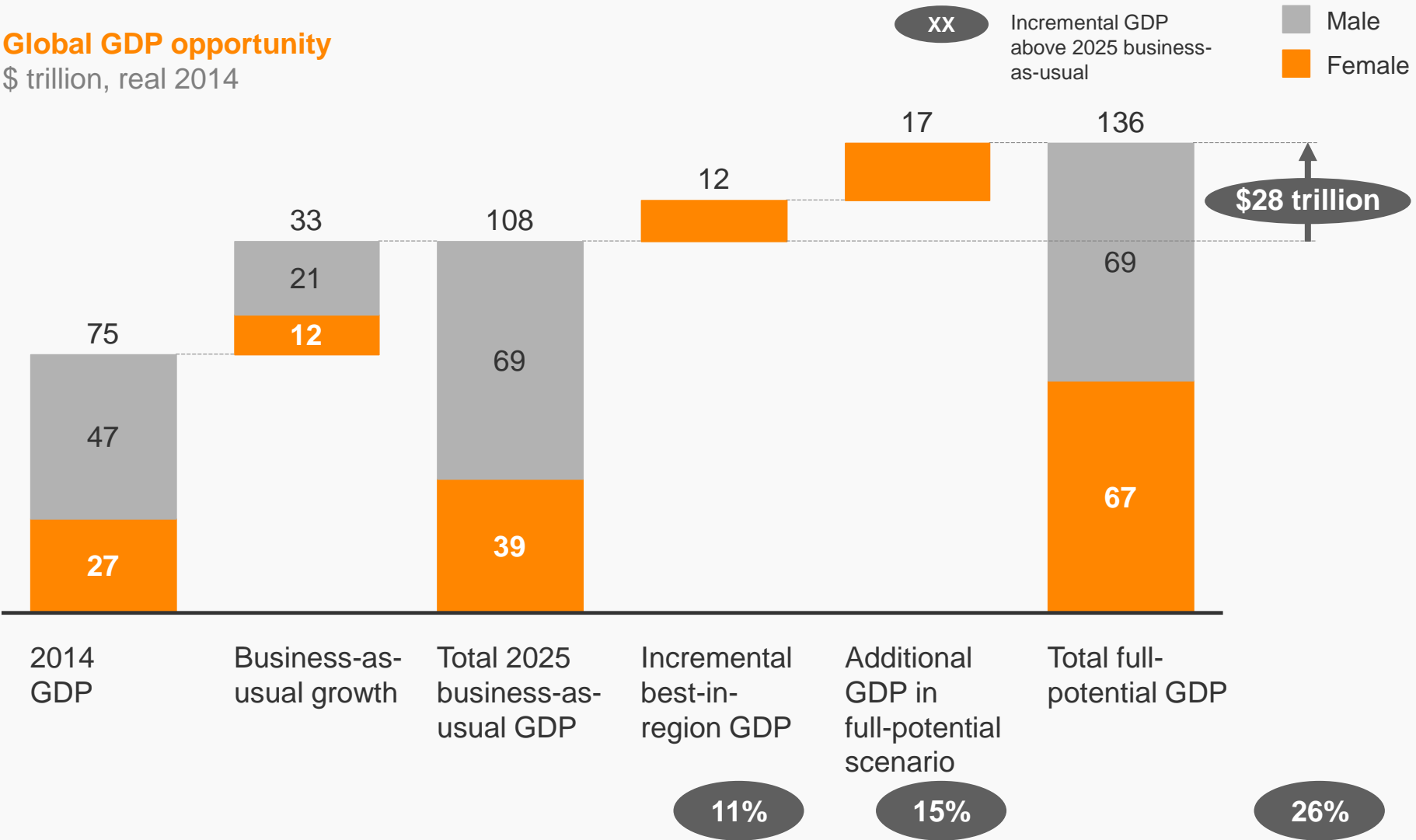
Female Male



SOURCE: ILO; World Input-Output Database; Oxford Economics; IHS; national statistical agencies, McKinsey Global Growth Model; McKinsey Global Institute analysis

Closing the gender gap could deliver \$12 trillion of additional GDP in 2025, and up to \$28 trillion in the full potential case

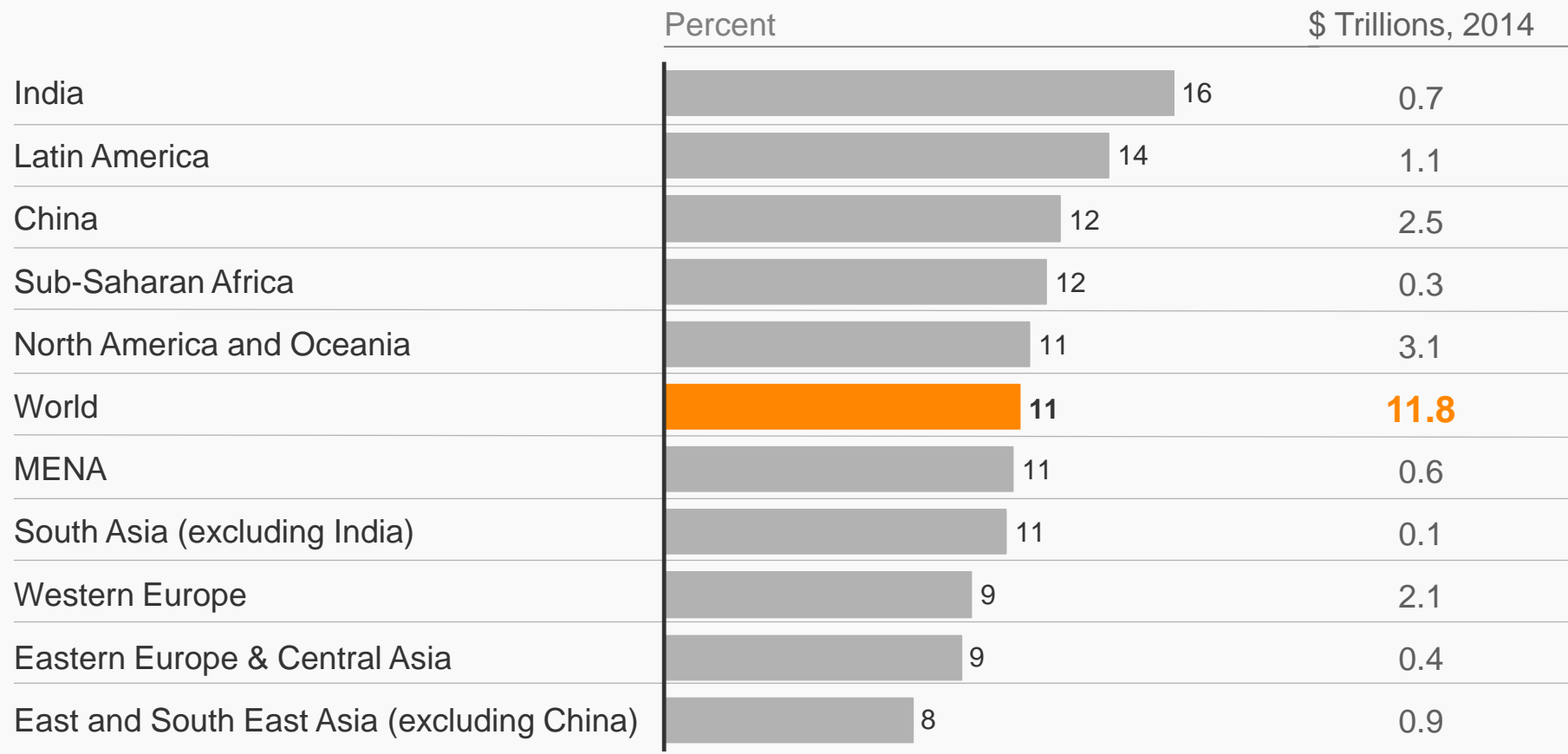
Global GDP opportunity
\$ trillion, real 2014



Substantial economic value is at stake in all regions from bridging the gender gap

Global GDP opportunity in the best-in-region scenario, 2025

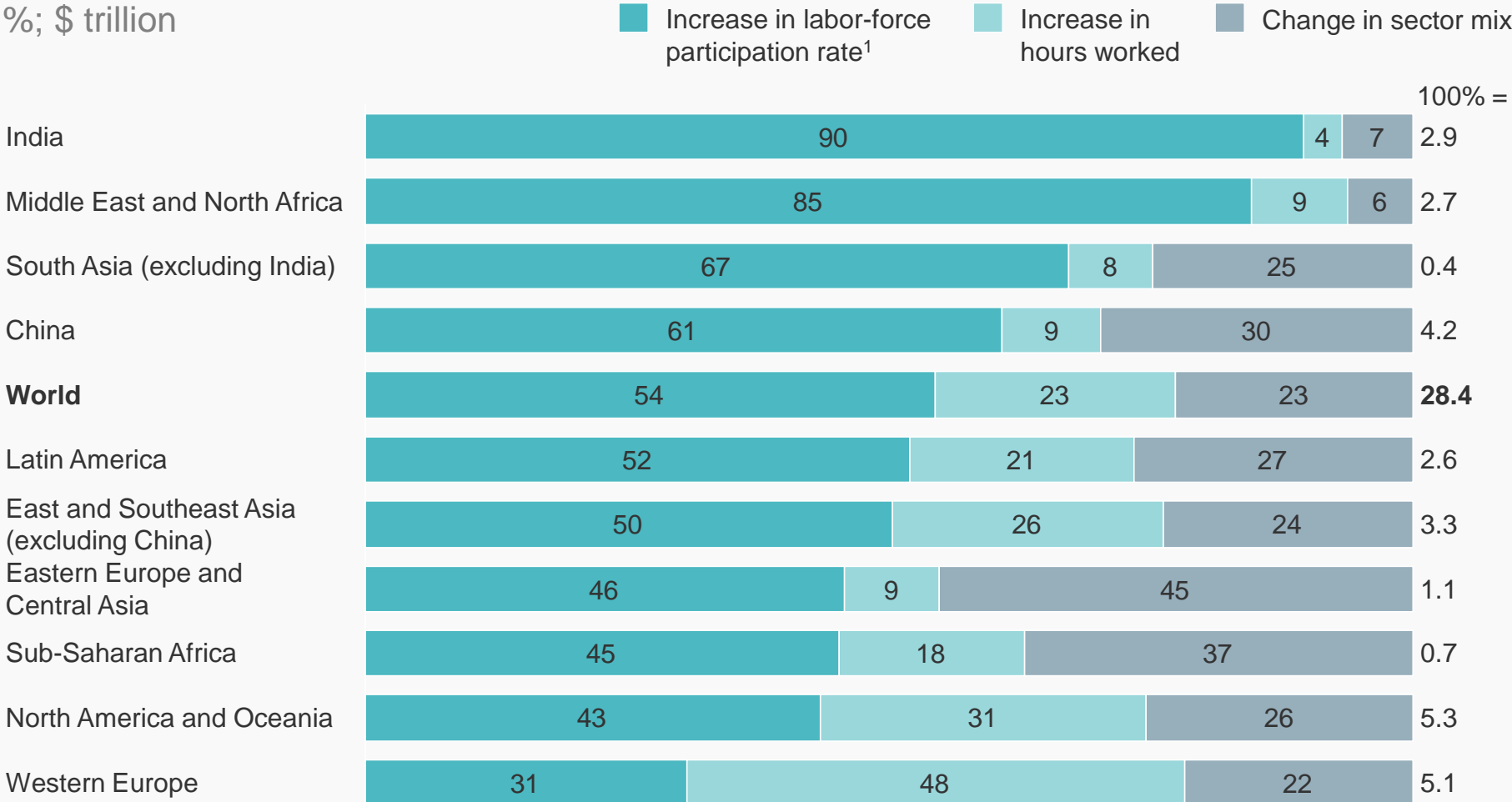
Incremental 2025 GDP to 2025 business-as-usual scenario



Drivers of additional GDP vary among regions

Incremental 2025 GDP in the full-potential scenario compared with the business-as-usual scenario

%; \$ trillion



¹ Includes impact of change in unemployment rate for women in the full-potential scenario.

NOTE: Numbers may not sum due to rounding.

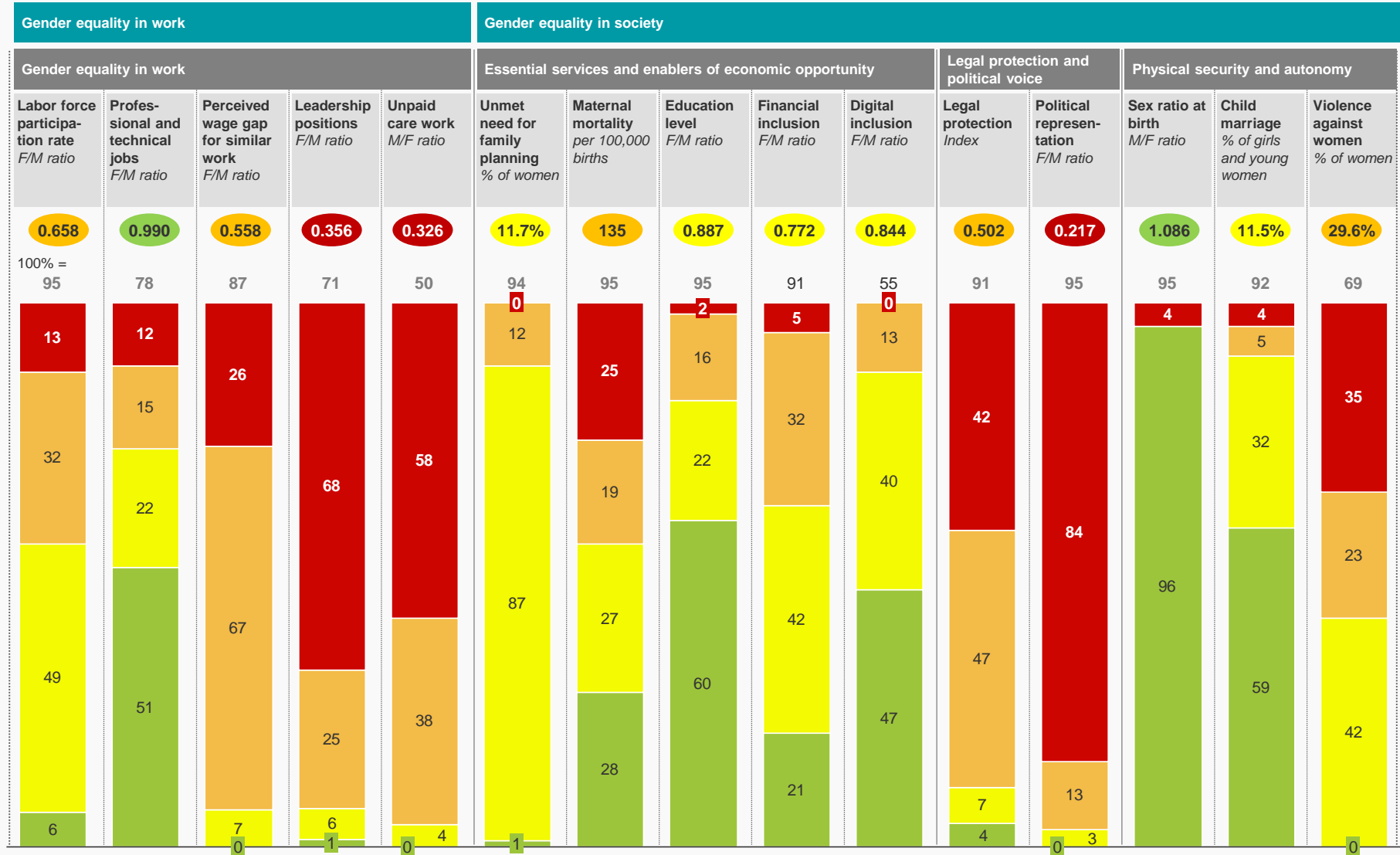
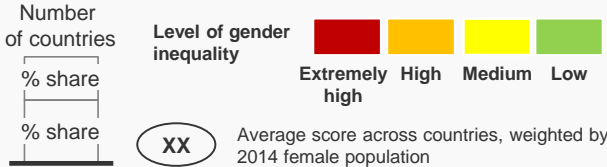


MGI uses

15 indicators grouped in four categories to offer broad assessment of gender equality

- Gender equality in work
- Essential services and enablers of economic opportunity
- Legal protection and political voice
- Physical security and autonomy

More than half of the 15 indicators point to extremely high or high levels of inequality



NOTE. Numbers may not sum due to rounding.
SOURCE: McKinsey Global Institute analysis

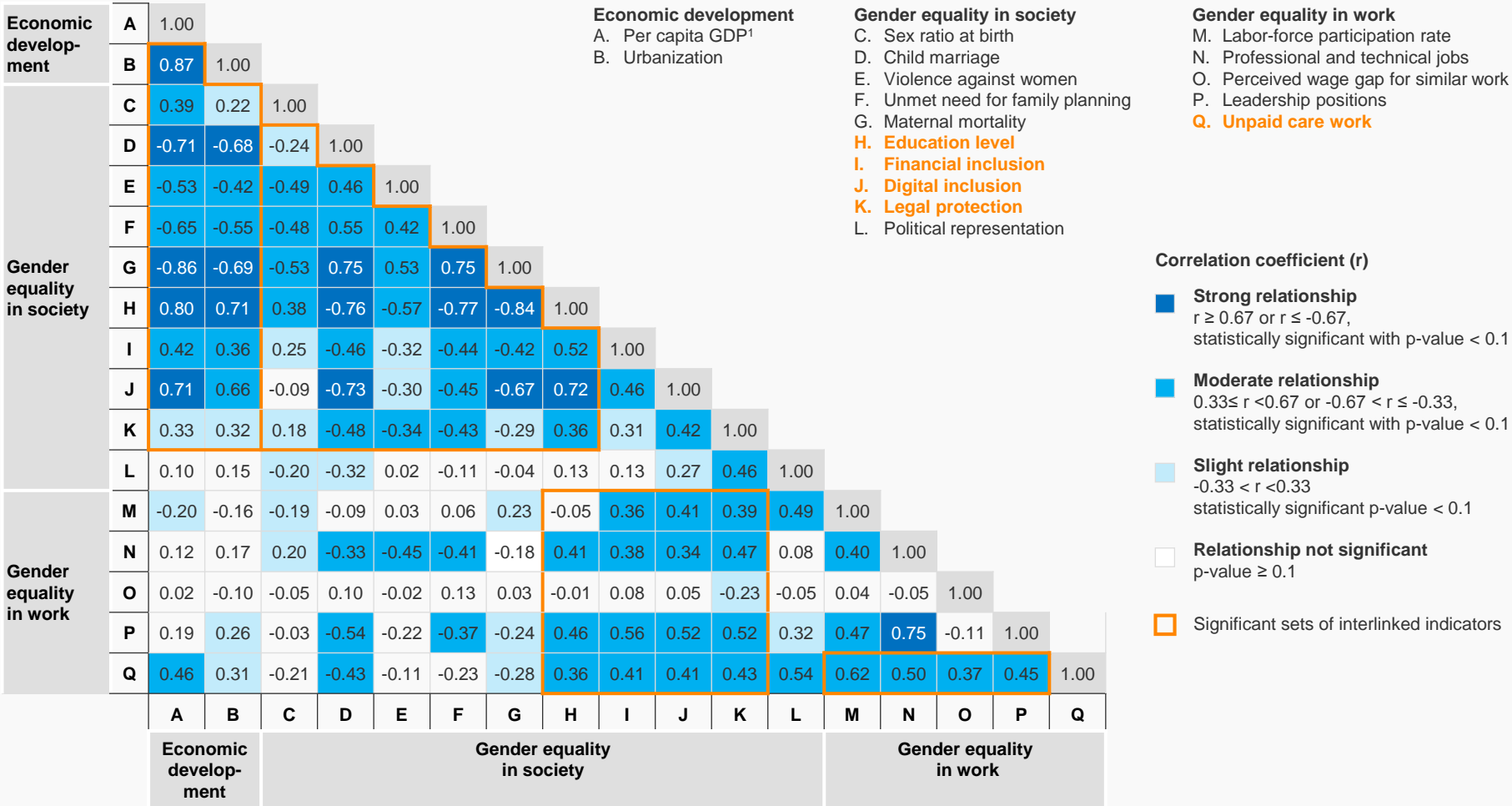
Gender Parity Scores (GPS) range from 0.44 in South Asia (excl. India) to 0.74 in North America and Oceania

Gender inequality (1.0 = gender parity)

● High ● Extremely high



Gender equality in society is correlated with economic development, and gender equality in work with key social enablers and unpaid care work



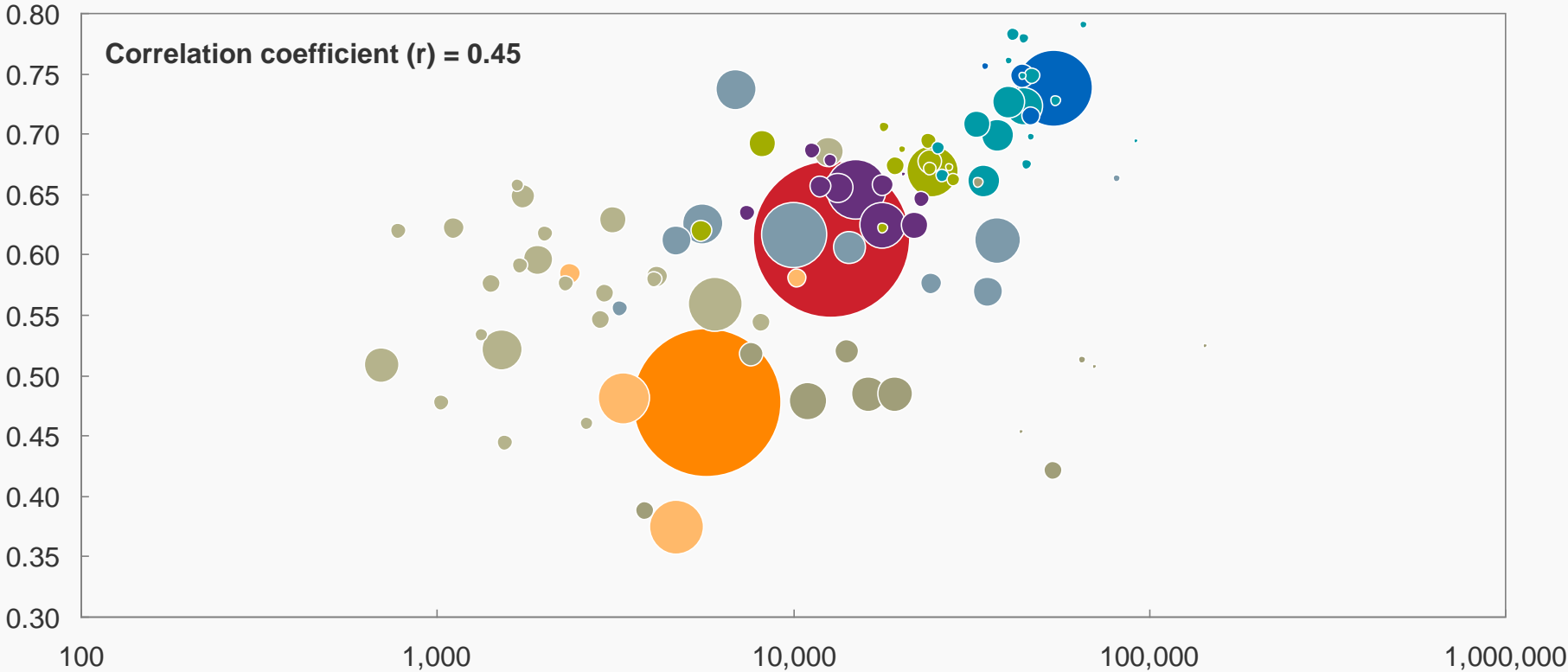
¹ Log of per capita GDP used for correlations.
 NOTE: Extreme variables beyond +/- 2 standard deviations of mean were trimmed before calculating correlation. Correlation coefficient labels rounded to two decimal places. Color coding based on actual, not rounded, values.

Countries' aggregate GPS tends to increase with per capita GDP

- Western Europe
- Eastern Europe and Central Asia
- North America and Oceania
- Middle East and North Africa
- Sub-Saharan Africa
- Latin America
- China
- East and Southeast Asia (excluding China)
- South Asia (excluding India)
- India

○ Circle represents size of country's female population in 2014

Gender Parity Score: Aggregate score (parity = 1.00)



Per capita GDP (log scale)
2014 purchasing-power-parity international dollar

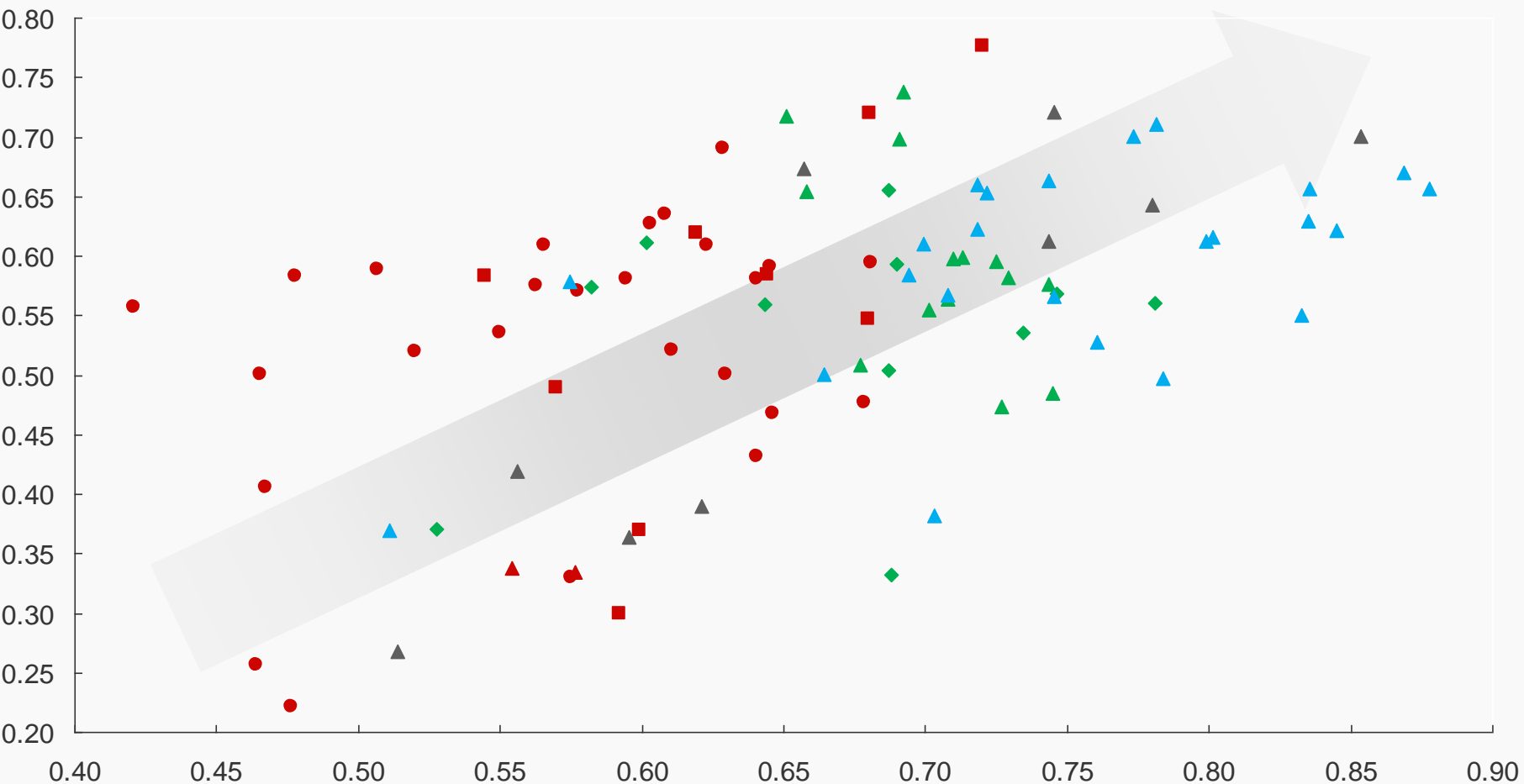
NOTE: For legibility, country names are not shown

Gender equality in society is linked with gender equality in work

Per capita GDP levels, 2014 purchasing-power-parity international dollar

- <5,000
- 5,000-10,000
- ◆ 10,000-15,000
- ▲ 15,000-25,000
- ▲ 25,000-50,000
- ▲ >50,000

Gender Parity Score: Gender equality in work



Gender Parity Score: Gender equality in society

Attitudes influence gender equality outcomes

Per capita GDP levels, 2014 purchasing-power-parity international dollar

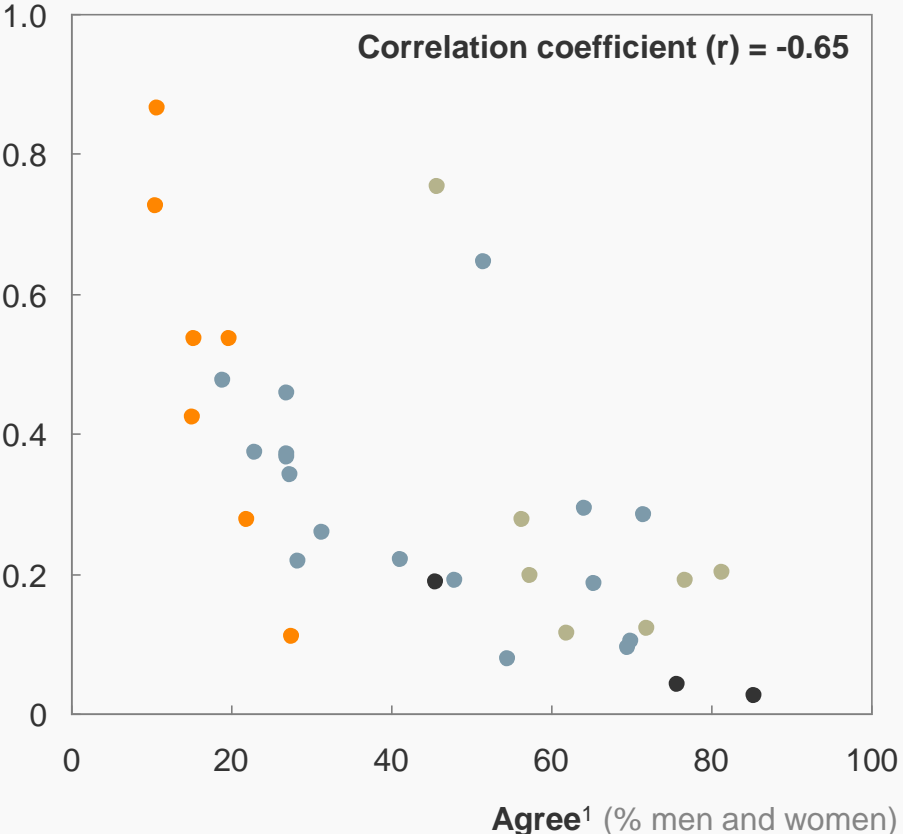
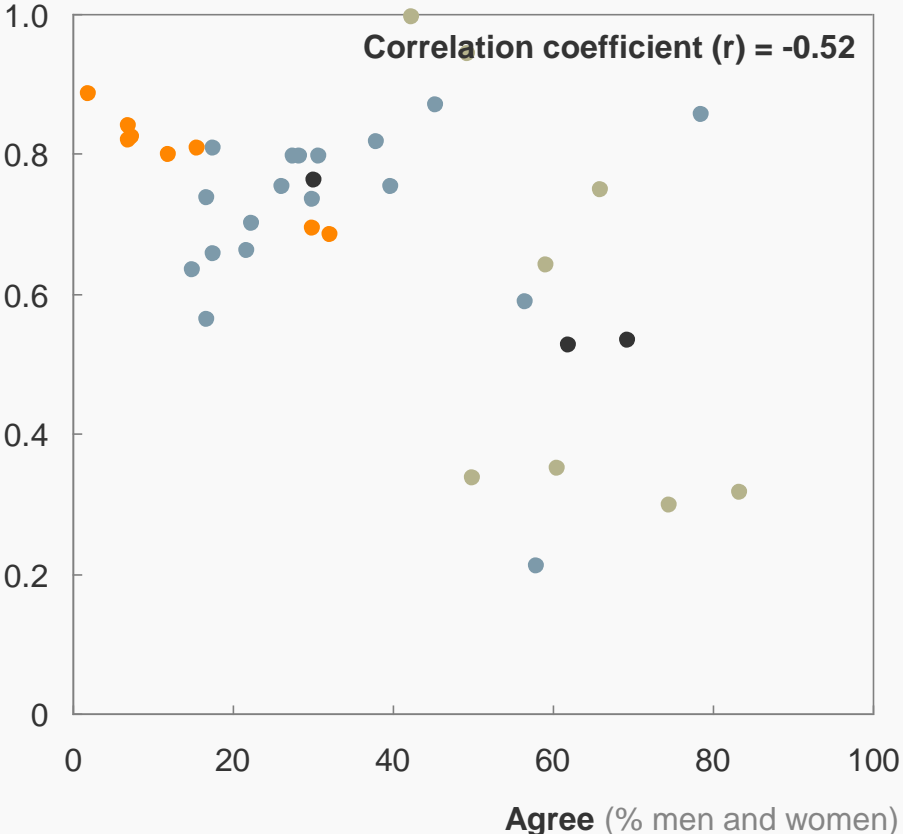
- <10,000
- 25,000-50,000
- 10,000-25,000
- >50,000

“When jobs are scarce, men should have more right to a job than women”

“On the whole, men make better political leaders than women do”

Labor-force participation rate
Female-to-male ratio

Political representation, composite
Female-to-male ratio

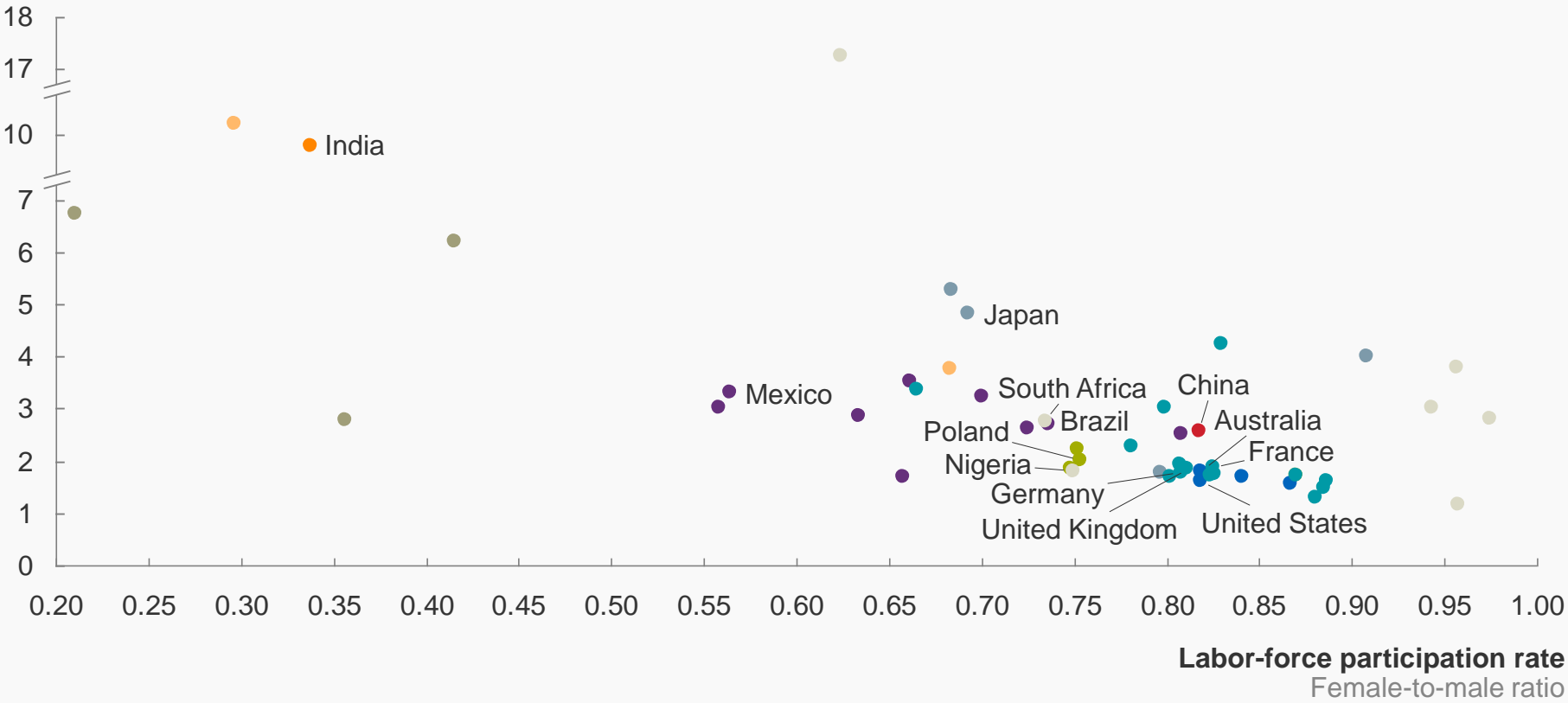


¹ Possible answers to this question included “Strongly agree,” “Agree,” “Disagree,” “Strongly disagree,” and “Don’t know.” Percentage on the X axis includes responses for “Strongly agree” and “Agree.”

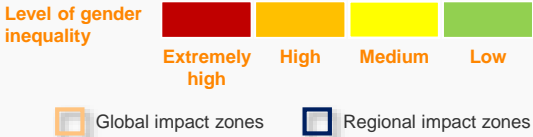
Women spend more time than men in unpaid care work, but the gap narrows as female participation rises vs. men

- Western Europe
- Eastern Europe and Central Asia
- North America and Oceania
- Middle East and North Africa
- Sub-Saharan Africa
- Latin America
- China
- East and Southeast Asia (excluding China)
- South Asia (excluding India)
- India

Unpaid care work by women vs. men
Female-to-male ratio of time spent on unpaid care work



Gender inequality is strongly concentrated in ten “impact zones” (1/2)



		Gender equality in work					Gender equality in society									
		Gender equality in work					Essential services and enablers of economic opportunity					Legal protection and political voice		Physical security and autonomy		
Region	Female population, 2014 million	Labor-force participation rate F/M ratio	Professional and technical jobs F/M ratio	Perceived wage gap for similar work F/M ratio	Leadership positions F/M ratio	Unpaid care work M/F ratio	Unmet need for family planning % of women	Maternal mortality per 100,000 births	Education level F/M ratio	Financial inclusion F/M ratio	Digital inclusion F/M ratio	Legal protection Index	Political representation F/M ratio	Sex ratio at birth M/F ratio	Child marriage % of girls and young women	Violence against women % of women
China	671	0.817	1.072	0.570	0.201	0.389	4%	32	0.973	0.873	no data	0.583	0.191	1.170	2%	15%
East and Southeast Asia (excl. China)	401	0.707	1.003	0.647	0.384	0.299	13%	103	0.962	0.845	0.868	0.483	0.156	1.060	8%	25%
India	612	0.338	no data	0.483	no data	0.102	13%	190	0.763	0.659	0.724	0.399	0.114	1.108	27%	37%
South Asia (excl. India)	194	0.508	0.346	0.506	0.076	0.176	17%	164	0.788	0.525	0.723	0.261	0.152	1.066	26%	44%
Middle East and North Africa (MENA)	191	0.324	0.553	0.604	0.116	0.161	12%	57	0.883	0.638	0.767	0.226	0.116	1.049	12%	38%
Sub-Saharan Africa	412	0.839	0.744	0.629	0.339	0.476	24%	483	0.689	0.740	0.580	0.415	0.310	1.038	19%	40%
Latin America	276	0.672	1.064	0.463	0.573	0.350	10%	70	0.989	0.799	0.965	0.657	0.302	1.049	3%	37%
North America and Oceania	196	0.823	1.319	0.608	0.736	0.618	7%	25	1.000	0.865	0.996	0.742	0.346	1.049	2%	33%
Eastern Europe and Central Asia	181	0.777	1.648	0.586	0.582	0.506	10%	21	0.978	0.881	0.941	0.525	0.169	1.061	3%	19%
Western Europe	212	0.792	0.964	0.527	0.503	0.482	9%	6	0.997	0.827	0.951	0.771	0.486	1.057	1%	22%

Gender inequality is strongly concentrated in ten “impact zones” (2/2)



Global

Impact zone	Region
1 Blocked economic potential	Global
2 Time spent in unpaid care work	Global
3 Fewer legal rights	Global
4 Political underrepresentation	Global
5 Violence against women	Global



Regional

6 Low labor-force participation in quality jobs	India, MENA, South Asia, and sub-Saharan Africa
7 Low maternal and reproductive health	Sub-Saharan Africa
8 Unequal education levels	India, South Asia, and sub-Saharan Africa
9 Financial and digital exclusion	India, MENA, South Asia, and sub-Saharan Africa
10 Girl-child vulnerability (sex ratio at birth and child marriage)	China, India, and South Asia

MGI identified 75 interventions with six types of action to tackle gender inequality in the impact zones

Financial incentives and support

- Cash transfers
- Vouchers
- Tax policies

Technology and infrastructure

- Safe houses/shelters
- Affordable childcare and elder-care
- Safe transportation
- Digital content/apps

Creation of economic opportunities

- Workplace diversity policies
- Skills and job creation
- Supply chain initiatives

Capability building

- Financial literacy
- Reproductive health education
- Training in institutions and for community members

Advocacy and shaping attitudes

- Community dialogues
- Social media campaigns
- Unconscious bias training

Laws, policies, and regulations

- Strong gender laws
- Effective enforcement
- Quotas for political representation



\$700 BILLION

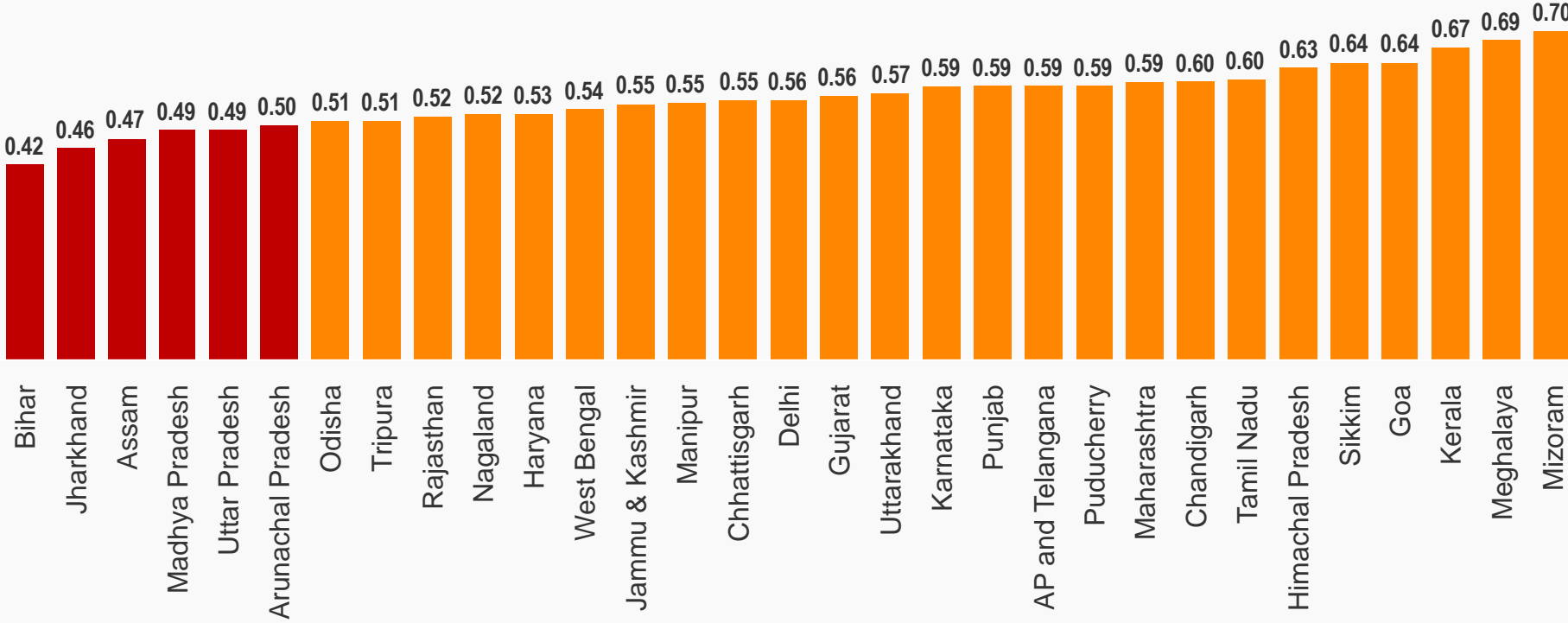
- 16% higher GDP in 2025 compared with business-as-usual scenario from increased participation of women
- 1.4% more per year of GDP growth
- 70% of the opportunity from increasing women's labour-force participation

MGI's Female Empowerment Index

points to where states stand on gender parity

Femdex (1.00 = gender parity)
■ High inequality
■ Extremely high inequality

State Femdex scores vary from **0.42 in Bihar** to **0.70 in Mizoram** (parity =1.00)



Bihar, Jharkhand, Assam, MP, UP
 compare with **Chad and Yemen**
 and make up **32%** of India's women

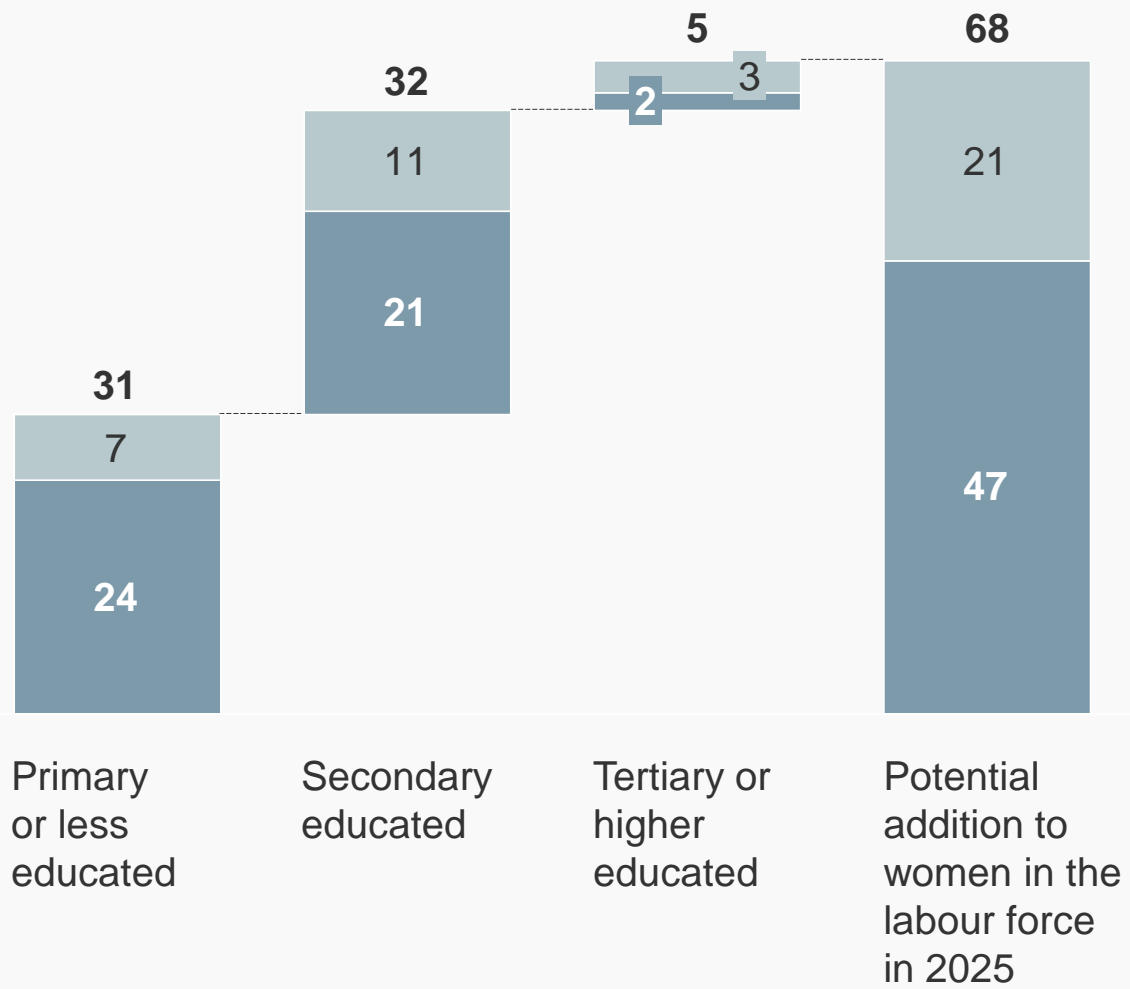
Mizoram, Meghalaya, Kerala, Goa, Sikkim
 compare with **Argentina and China**
 and make up **4%** of India's women

India could add 68 million women to the workforce by 2025

Incremental women in the workforce for each cohort

Million, 2025

Urban Rural



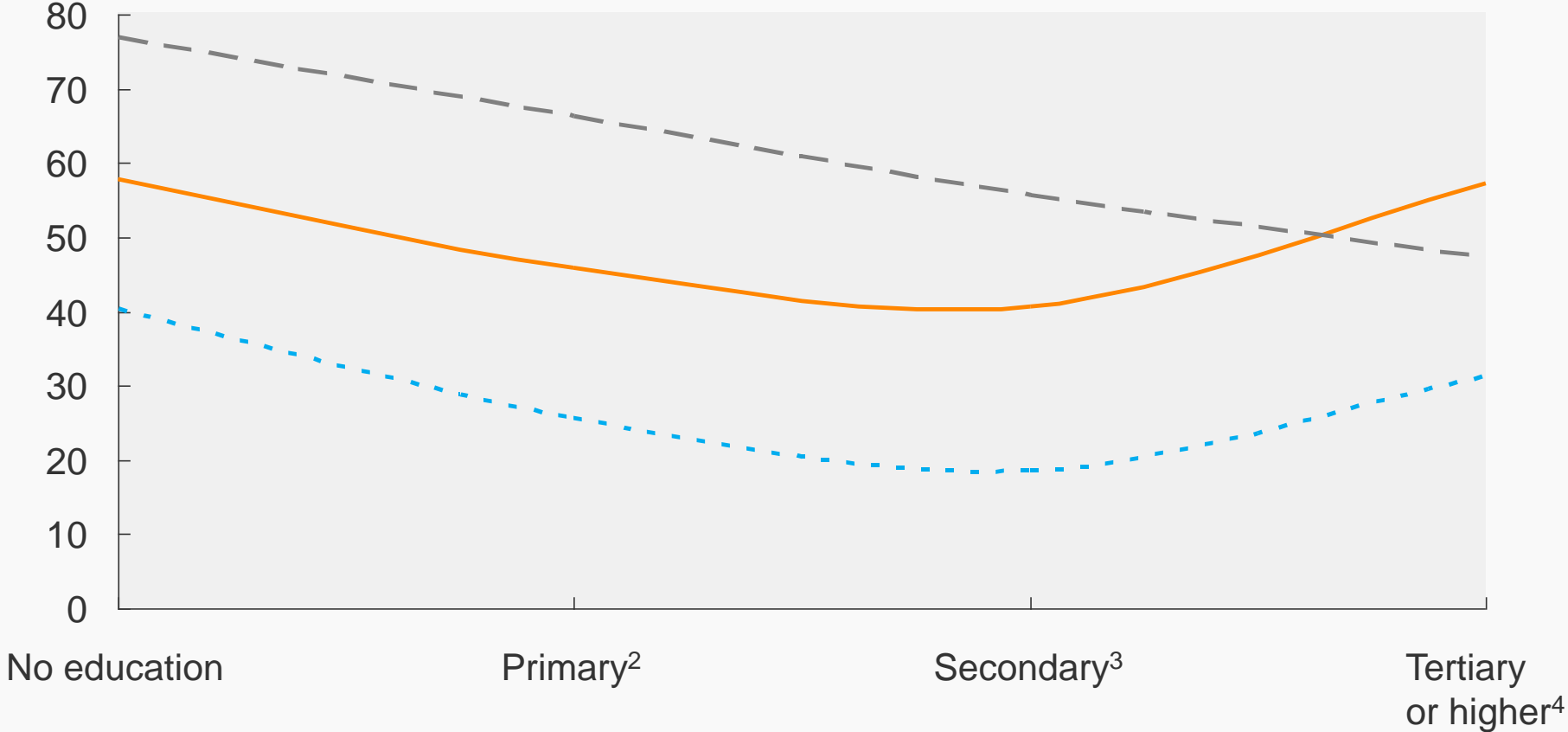
70% of the jobs come from the top 9 states

- **Madhya Pradesh**
- **Uttar Pradesh**
- **Andhra Pradesh**
- **Telangana**
- **Gujarat**
- **Maharashtra**
- **Karnataka**
- **Tamil Nadu**
- **West Bengal**

Labour-force participation rates are higher for women with skills training, both formal and hereditary

Labour-force participation rate, Percent
(All India)

- Formally trained
- With hereditary training¹
- With no training



1 Hereditary training indicates non-formal training other than self-learning and on-the-job training, based on NSSO's definition
2 Those who have completed at least Class V but not Class XII
3 Those who have completed at least Class XII but not a college degree
4 Those who have completed at least a college degree

MGI has identified eight types of action to tackle gender inequality in India

Education

Narrowing secondary and tertiary gaps

Job creation

Policies for women-oriented sectors

Skills

Training for women aligned to jobs

Entrepreneurship

Financial and digital inclusion

Unpaid care work

Better infrastructure and services

Employer policies

Promoting diversity at all levels

Legal protection

Stronger laws and enforcement

Mindsets

Attitudes of men and women, girls and boys



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Appendix

Gender equality in work

15 indicators

1. Labor force participation
2. Job quality
3. Wage gaps
4. Representation in leadership positions
5. The sharing of unpaid care work

655
million

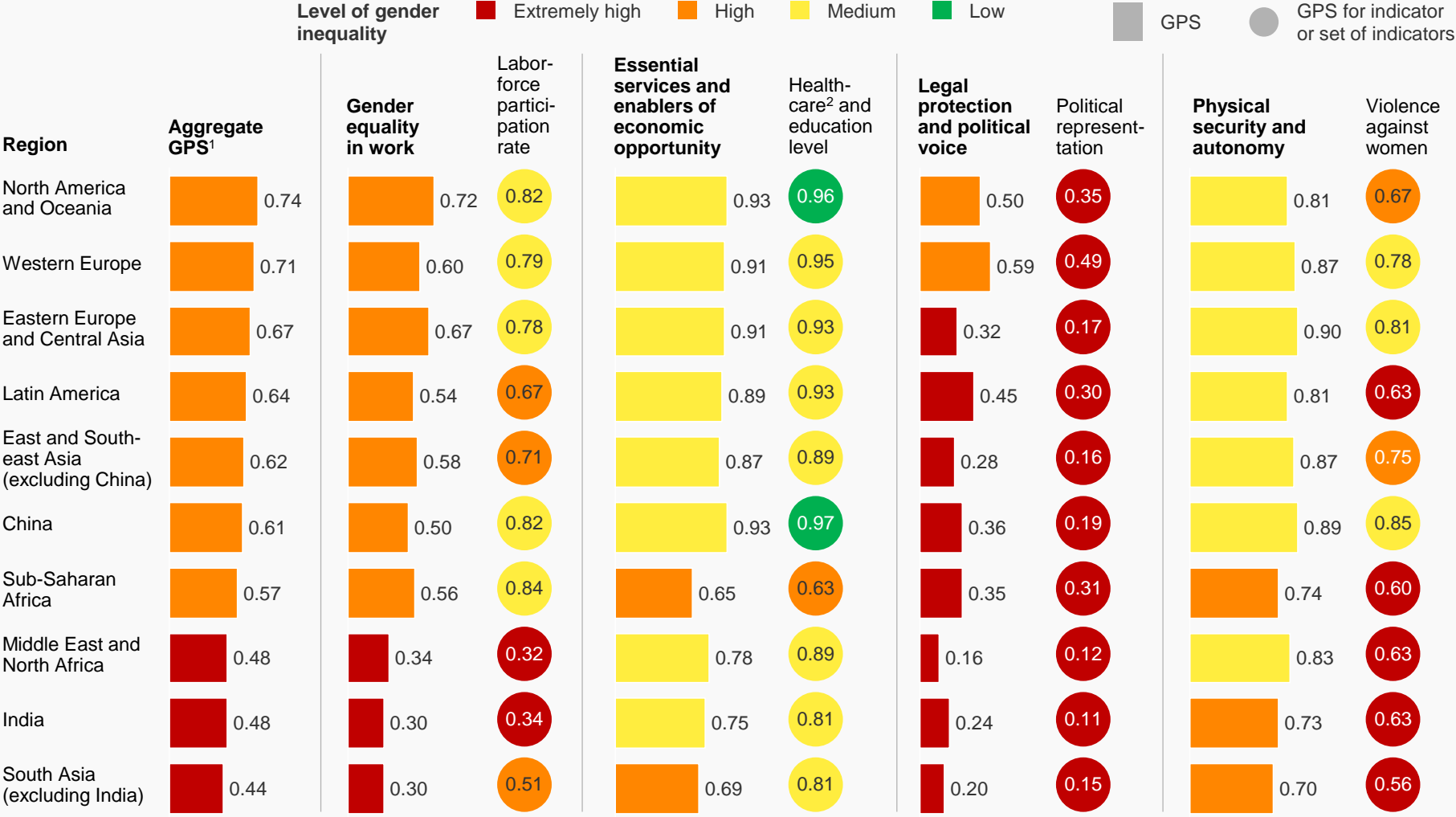
fewer women than
men in the labor force

3X

hours are spent by
woman vs. men on
unpaid care work



Regions have distinct levels and patterns of gender equality



1 All GPS calculations are conducted using a sum of squares method with equal weighting across indicators. For all categories, color coding is in line with impact zones. Color coding for aggregate GPS is based on thresholds for majority of indicators.

2 Comprising unmet need for family planning and maternal mortality.

NOTE: Numbers are rounded to two decimal places. Color coding is based on actual, not rounded, values.



Key success factors to drive change in gender equality (1/2)

1 Tackle multiple barriers simultaneously

Garanti Bank, Turkey: Provides financial products for women entrepreneurs, with training and networking support

2 Involve women in diagnosing issues and suggesting solutions

Asda supermarket chain, UK: Engaged directly with women employees to understand barriers to workplace diversity

3 Engage the right stakeholder

Husband's School, UNFPA, Niger: Engages with men as key decision maker for women's reproductive health

4 Create partnerships to tap diverse skillsets

Bell Bajao campaign, India: NGO, private sector PR agency, and public sector partnered to create anti-violence campaign



Key success factors to drive change in gender equality (2/2)

5 Leverage digital technologies to scale

The Mobile Alliance for Maternal Action (MAMA), 50 countries: Sends maternal health information to women via text messages

6 Measure impact

Berhane Hewane program, Ethiopia: Rigorously measured child marriage interventions to evaluate efficacy

7 Codify and share best practices

The Forum for African Women Educationalists (FAWE): Uses “gender-responsive pedagogy” manual to teach best practices

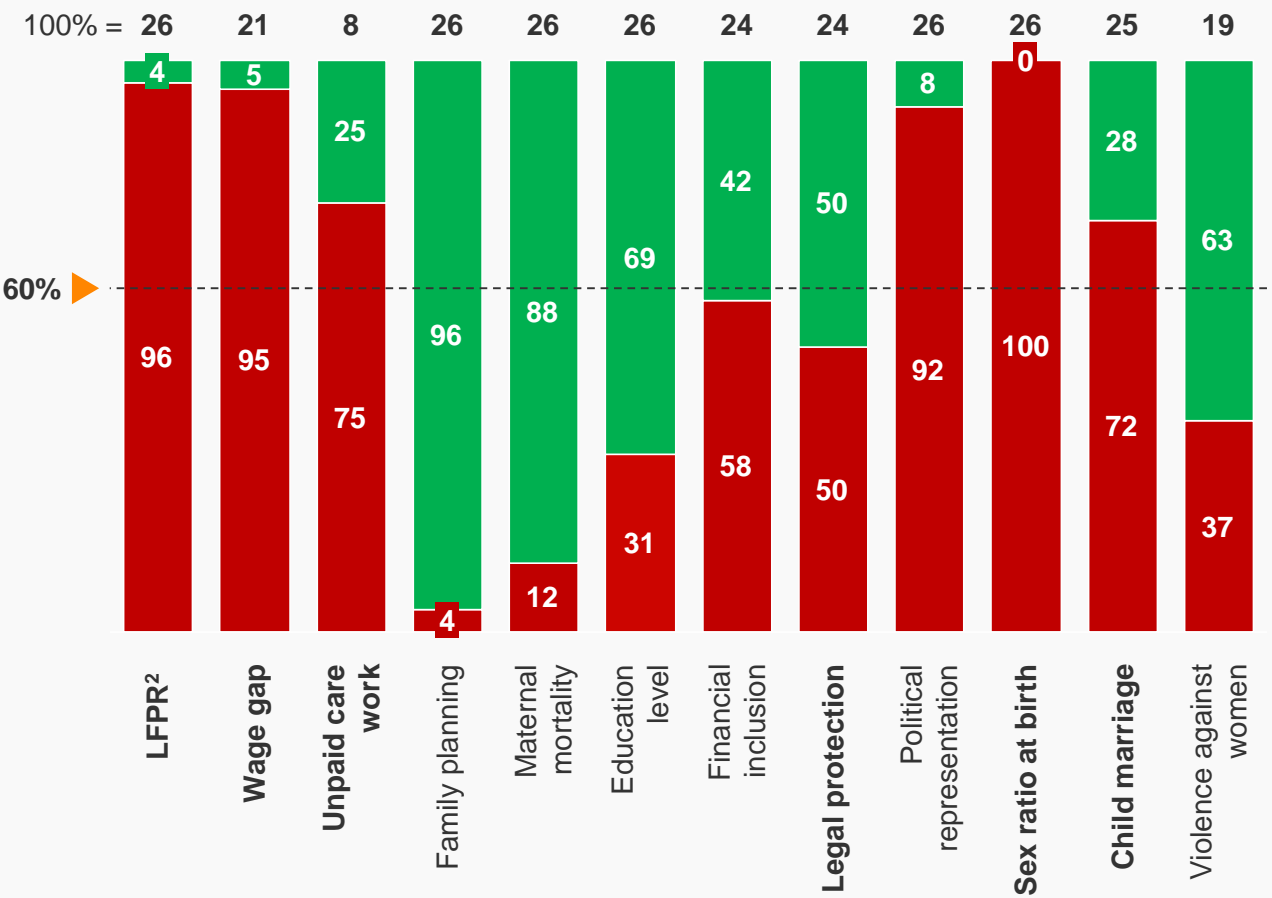
8 Channel overall development budgets in a gender-friendly way

Sustainable development goals: Establishing specific goals related to gender, and inclusion of gender themes across goals

Several countries with lower per capita GDP and Human Development Index than India do better on gender parity

Share of countries with lower per capita GDP and HDI than India¹

■ Countries compared to which India has lower gender parity
■ Countries compared to which India has high gender parity
 - - - - Average share of countries with greater gender parity than India



Countries with most gender parity indicators higher than India

10
Cambodia

9
Bangladesh, Ghana, and Malawi

¹ The Human Development Index (HDI) is a summary measure of average achievement on key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living