



Sodexo's Gender Balance Study

**EXPANDED OUTCOMES
OVER 5 YEARS**

2011-2016



THE MOVEMENT TOWARD GENDER BALANCE IN MANAGEMENT

As companies around the world become increasingly diverse and interconnected, the paucity of women in leadership positions has emerged as a pressing concern for organizational stakeholders and society at large. Recent statistics highlight the magnitude of the problem. According to a 2017 report by McKinsey, only 1 in every 4 management positions is held by a woman.¹ The gender gap is even starker when it comes to senior leadership positions in large corporations: only 5.2% of S&P 500 CEOs are women.²

Companies are increasingly recognizing the importance of rectifying these imbalances, and ensuring that more women are promoted and retained in leadership positions. For instance, over 75% of CEOs report that gender diversity is a top priority in their organization,³ and a growing number of companies are embracing public commitments to achieving gender parity in leadership.⁴

Despite widespread commitment and positive movement toward gender parity in management, it is clear that much progress remains to be made. A traditional, male-focused view of leadership continues to dominate the corporate world. In a global McKinsey survey of managers and top executives, close to 40% of women felt their communication and leadership styles were incompatible with the prevailing styles in the top management of their companies.⁵ This survey also showed that while most men and women agree women can lead as effectively as men, the men had reservations when asked if they were “strongly convinced.” The survey revealed that 84% of women strongly agreed they could lead as effectively as men at senior management levels, but only 43% of the men were strongly convinced.⁵

Organization de-biasing is critical, as it contributes to an evolution of prevailing leadership styles. Research from McKinsey has proven that behaviors more frequently used by women have a positive impact on organizational performance.⁶ For example, women tend to care about developing people, and they set expectations and give rewards more often. These leadership skills are critical to strengthen the work environment, reinforce values, instill accountability, and drive results, all of which inspire people and organizations to perform better.⁶

“Gender diversity is essential. It is beyond a moral obligation—it’s a business imperative and differentiator. At Sodexo, greater diversity and inclusiveness are part of a cultural transformation that requires time and humility.”

- Denis Machuel,
Chief Executive Officer, Sodexo





Other research supports the importance of gender parity in leadership from a business perspective. For instance, studies conducted by Catalyst have found a correlation between the presence of women in leadership positions and key business performance indicators (KPIs) such as return on equity, stock growth, and improved sustainability.⁷ These findings suggest that having women in leadership is not only the “right thing” to do, but can play a key role in promoting firms’ profitability, reputation, and strategic advantage.

Overall, the movement toward gender parity in leadership still requires momentum to transition from vision to action. Correcting misconceptions and unconscious biases about women’s ability to serve as effective leaders is one important piece of the puzzle. It is also critical to emphasize that gender balance in leadership positions is a matter of business sense as much as it is a matter of fairness.

In 2014, Sodexo aimed to contribute to this knowledge by launching an internal study to explore and understand the correlation between gender-balanced management and performance. This effort became known as the Gender Balance Study, a multi-year longitudinal analysis of gender parity within all levels of leadership globally at Sodexo. Preliminary results from the Gender Balance Study have been reported previously.⁸ The current paper builds upon these previous efforts by summarizing and expanding the data on gender-balanced teams and KPIs over five years.

“We believe that **gender balance fosters creativity and innovation**, and ultimately drives better business results. When women reach their full potential, business and society are stronger and more successful.”

- Sophie Bellon,
Chairwoman, Sodexo Board



SODEXO'S GENDER BALANCE STUDY

The goal of Sodexo’s Gender Balance Study was to expand previous research on the business case for women in leadership to the business case for parity in representation of men and women in management positions (“gender balance”). The study therefore aimed to test the performance implications of a gender-inclusive work culture, as opposed to a culture in which one gender dominates over the other.

Furthermore, Sodexo’s study took a broader approach by examining women across all levels of management—not just upper-level leadership positions. This wider lens was designed to shed light on the “pipeline” that will ultimately affect gender balance at the top tier of leadership.

Data was collected and analyzed from over 50,000 managers from 70 entities worldwide. Management teams from a diverse range of functions, ranging from top leadership to site management, were all included.

In an effort to build upon previous studies by Catalyst, McKinsey and other agencies that have largely focused on financial performance indicators, both financial and non-financial business indicators were examined as outcomes of gender balance in management. Sodexo’s previous research suggests that the optimal outcomes are evidenced when management teams have a gender ratio of 40% – 60% women, and this ratio was used in the current study to define gender-balanced management.

“A **balanced talent mix combined with an inclusive culture** helps to enhance innovation, engagement and productivity to achieve the right business outcomes.”

- Rohini Anand, PhD,
Senior Vice President, Corporate
Responsibility and Global Chief
Diversity Officer, Sodexo



A FOCUS ON KEY BUSINESS PERFORMANCE INDICATORS

The study found that teams managed by a balanced mix of men and women were more successful across a wide range of outcomes. Operating margins, client and employee retention, employee engagement, safety, and other key performance indicators were all higher among teams that had gender-balanced management compared to teams with gender-imbalanced management.

Key findings included the following:

- **Employee engagement:** Defined as the number of entities with an employee engagement rate higher than the external benchmark in FY16. **14 percentage points higher** for entities with gender-balanced management.
- **Employee retention:** Defined as the average employee retention rate in FY16. **8 percentage points higher** for entities with gender-balanced management.
- **Client retention:** Defined as the number of entities registering a client retention rate of 90% or more in FY16. **9 percentage points higher** for entities with gender-balanced management.
- **Safety:** Defined as the number of entities that decreased workplace accident rates between FY14 and FY16. **12 percentage points higher** for entities with gender-balanced management.
- **Operating margins:** Defined as the number of entities significantly increasing operating margins between FY14 and FY16. **8 percentage points higher** for entities with gender-balanced management.

These findings reaffirm Sodexo's previously analyzed study of 50,000 managers from 100 entities worldwide between 2011-2014, and establish the strength and stability of these trends over a five-year period. The longitudinal nature of the study demonstrates that gender-balanced teams deliver sustained and predictable results.

Interestingly, the pattern of results indicated that a near-equal balance of men and women in management was critical to observing gains in financial and non-financial KPIs. Once the proportion of women in management exceeded 60%, the benefits plateaued, confirming that a mix between 40% and 60% is necessary for optimal performance.

The analysts also found a direct correlation between the percent of women in the total workforce and those in management and vice versa, which indicates that gender-balanced workforces and leadership create an environment supportive of career growth for women. This lends support to the idea that gender parity in top leadership is closely related to the pipeline of women in the workforce.

Overall, these results add a new, compelling dimension to a growing body of research that demonstrates the many benefits of gender parity in leadership.



2016 GENDER BALANCE STUDY

WHO WE SURVEYED

OVER
50,000
MANAGERS
IN
70
ENTITIES

THE OPTIMAL BALANCE

BETWEEN
40% TO 60%
MEN AND WOMEN



EFFECTIVE GENDER BALANCE
IN MANAGEMENT

WHAT ARE THE KEY FINDINGS?

ENTITIES WITH GENDER-BALANCED MANAGEMENT SCORED HIGHER ON 5 KEY PERFORMANCE INDICATORS

OPERATING MARGINS
Number of entities significantly increasing
operating margins between FY14 and FY16



+8
percentage
points

EMPLOYEE RETENTION
Average employee retention
rate in FY16



+8
percentage
points

CLIENT RETENTION
Number of entities with a client
retention rate of 90% or more in FY16



+9
percentage
points

SAFETY
Number of entities that decreased workplace
accident rates between FY14 and FY16



+12
percentage
points

EMPLOYEE ENGAGEMENT
Number of entities with an employee engagement
rate higher than the external benchmark in FY16



+14
percentage
points

SODEXO ON GENDER PARITY

The results of Sodexo's five-year Gender Balance Study confirm that gender parity in leadership positions promotes the interests of stakeholders across all levels of an organization. Further, these results help justify an ongoing effort at Sodexo to promote equal access among men and women to leadership and growth opportunities. The company is a leader in gender parity at both its current levels of balanced leadership, and in its goals to improve.

Below are several key statistics from 2017 that illustrate Sodexo's commitment to gender balance in management and top leadership, and to ensuring growth opportunities for women.

Sodexo's Commitment to Gender Balance: Key Statistics 2017

Representation of women on the Board of Directors	50%
Representation of women on the Global Executive Committee	25%
Representation of women among senior leaders	32%
Representation of women among middle management	46%
Employees working within entities with gender-balanced management	59%

Despite notable progress, more work needs to be done. Accordingly, Sodexo's top leadership has put policies in place to help the company achieve optimal gender balance throughout management ranks and in leadership positions. For instance, Sodexo's CEO has committed to reach a global representation of 40% women in senior leadership by 2025, and he has made the teams accountable by linking 10% of annual incentives for the executive population to help target this benchmark. Additionally, Sodexo has a target that all employees work for gender-balanced management teams by 2025, up from today, where 59% of our employees work within entities with gender-balanced management.

"We cannot build a better tomorrow without empowered, gender diverse teams. Ensuring that we have created an environment that attracts, retains and develops women leaders is paramount to my role as CEO of North America and to those in leadership at Sodexo. It's great to recruit women into our company, but we must also offer a foundation that allows them to flourish and grow in their career while they are here. I take that responsibility very personally."

- Lorna Donatone, Chief Executive Officer,
Geographic Regions; Region Chair – North America;
Member of Sodexo Global Executive Committee;
SWIFT Executive Sponsor



NEXT STEPS

Sodexo believes that its Gender Balance Study provides a compelling business case for pursuing parity in representation across genders in leadership positions. As such, it is our hope that these results will stimulate an even deeper commitment to gender balance throughout the company. We also hope that these results will serve as a powerful tool in appealing to regions in which diversity and inclusion are not as readily embraced, sometimes due to the cultural context.

More broadly, the distinctive nature of the study—with its focus on gender balance across all strata of management and both financial and non-financial KPIs—provides important clarity to the overall picture on why, and how, companies should pursue gender balance in the workforce. Accordingly, we are disseminating these results both among our clients and among the wider business community.

Sodexo intends to continue this study as the company works toward its goals for gender parity in leadership. Our analysts will also expand our scope of research, including investigating how gender balance in leadership affects innovation and how we might share our balanced teams' best practices.

At its core, the Gender Balance Study aims to understand how our success is shaped by gender parity in leadership. These results confirm that Sodexo should continue to embrace its dedication to gender balance in leadership, and continue to set ambitious goals for diversity and inclusion within the company and beyond.

"Men must take equal responsibility in moving the needle and supporting the advancement of women in the workplace. We must equally step up to make sure there are more opportunities for women to be promoted and to foster inclusive, gender-balanced teams."

- Satya Menard, Chief Executive
Officer, Service Operations
Worldwide; Member of Sodexo
Global Executive Committee
SWIFT Executive Sponsor



REFERENCES

1. McKinsey. (2017). Women Matter: Time to accelerate. Ten years of insights into gender diversity. Retrieved from <https://www.mckinsey.com/global-themes/gender-equality/women-matter-ten-years-of-insights-on-gender-diversity>
2. Catalyst. (last updated November 22, 2017). Women CEOs of the S&P 500. Retrieved from <http://www.catalyst.org/knowledge/women-ceos-sp-500>
3. McKinsey. (2017). Retrieved from <https://www.mckinsey.com/global-themes/gender-equality/fifty-the-front-lines-of-gender-inequality>
4. Huang, G. (2017). Seeking women: 70+ companies that have set gender diversity targets. Retrieved from <https://www.forbes.com/sites/georgenehuang/2017/02/14/seeking-women-40-companies-that-have-set-gender-diversity-targets/>
5. McKinsey. (2013). Women Matter 2013. Gender diversity in management: Moving corporate culture, moving boundaries. Retrieved from [https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Women%20matter/Addressing%20unconscious%20bias/WomenMatter%202013%20Report%20\(8\).ashx](https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Women%20matter/Addressing%20unconscious%20bias/WomenMatter%202013%20Report%20(8).ashx)
6. McKinsey. (2016). Women Matter 2016. Reinventing the workplace to unlock the potential of gender diversity. Retrieved from <http://amazonefund.com/wp-content/uploads/2017/03/Women-Matter-2016-Reinventing-the-workplace.pdf>
7. Catalyst. (2014). Diversity Matters. Retrieved from <http://www.catalyst.org/knowledge/diversity-matters>
8. Sodexo. (2016). Gender-balanced teams linked to better business performance: A Sodexo Study. Retrieved from http://sodexoinsights.com/wp-content/uploads/2016/04/Sodexo-Study_Gender-Balance-Trend.pdf



©2018 Sodexo Operations, LLC
This document contains proprietary and confidential information of Sodexo.
It may not be disclosed to third parties without Sodexo's prior written consent.

9801 Washingtonian Boulevard
Gaithersburg, MD 20878
1 888 Sodexo7
Solutions@Sodexo.com
www.sodexoUSA.com

