

Diversity and Inclusion

Beyond gender: Promoting diversity in French companies

French companies want executives with diverse national origins and socioeconomic backgrounds. But they have had uneven success in achieving this goal.

by Sandra Sancier-Sultan and Stanislav Zavjalov



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Almost 15 years have passed since McKinsey published its first *Women Matter* report,¹ a pioneering study that established a strong positive correlation between the presence of women in top management and better organizational and financial performance by their companies. Further research has since investigated other forms of diversity, such as diversity of origins and sexual orientation.² These studies have established a positive correlation between this broader concept of diversity and better economic performance. We estimate, for example, that organizations ranking in the first quartile for ethnic diversity have on average a 59 percent probability of achieving EBIT margins above the national median for their sectors.

Organizations that have reached maturity in gender parity are now addressing broader issues of diversity and inclusion: national and socioeconomic origins, culture, educational levels, work experience, sexual orientation, and disabilities. Organizations in some countries—such as Brazil, the United Kingdom, and the United States—have developed metrics assessing all forms of diversity. In France, however, the regulatory and cultural environment makes it difficult to gather data on any aspect of diversity beyond gender and age (see sidebar, “Methodology”).

¹ *Women Matter: Gender diversity, a corporate performance driver*, McKinsey, October 1, 2007.

² Vivian Hunt, Dennis Layton, and Sara Prince, “Why diversity matters,” McKinsey, January 1, 2015; Vivian Hunt, Lareina Yee, Sara Prince, and Sundiatu Dixon-Fyle, “Delivering through diversity,” McKinsey, January 18, 2018; Sundiatu Dixon-Fyle, Kevin Dolan, Vivian Hunt, and Sara Prince, “Diversity wins: How inclusion matters,” McKinsey, May 19, 2020.

Methodology

The French Corporate Diversity Barometer is an initiative cofounded by McKinsey and Club 21^e Siècle, a French not for profit created in 2004 with the mission of promoting a positive vision of diversity, equality of opportunity, and inclusive meritocracy among decision makers in the economic, political, and media spheres.

The initiative aims to quantify, for the first time, the sociocultural diversity of the governing bodies of French companies by studying them through two complementary prisms: diversity of origins and socioeconomic diversity.

Combining objective criteria with methodological rigor, this report surveyed more than 800 executives at the executive-committee level and one level down from nine major French groups,¹ covering every economic sector and representing almost 1.4 million employees.² The elicited responses have been aggregated and anonymized in this article.

Two major facets of the diversity of origins were analyzed:

- **The international diversity of executives:** this was based on the respondents’ nationality. Any executive profile having a nationality other than French is classified as “diverse.” In what follows, such profiles are categorized as “international executives.”
- **The diversity of French executives:** this was based on the nationality of the respondents’ ascendants (parents and grandparents).

Socioeconomic diversity is likewise studied from two angles:

- **Social mobility:** executives are considered “diverse” if neither of their parents comes from a “privileged” social category, or if they belong to the first generation in their family to hold a university degree or equivalent.

- **Academic background and qualifications:** this criterion takes into account executives who hold a bachelor’s degree or lower qualification.

This analysis is supplemented by an individual measurement of respondents’ perceptions of diversity, as it relates to these two prisms.

This first edition of the Diversity Barometer offers significant insights into the challenges and opportunities of sociocultural diversity in large French companies, establishing a factual baseline measurement of this diversity among the executives of these organizations.

This study adopts a definition of sociocultural diversity based on criteria that seem pertinent to us. We acknowledge, however, that there are alternative definitions that include other dimensions of identity.

Even within the confines of the scope of our study, further criteria could probably be added. If so, they will be integrated into our future work.

¹ Accor, AXA, Crédit Agricole, Legrand, Orange, Sanofi, Société Générale, Sodexo, and TotalEnergies.

² Sources are the websites of the companies surveyed in this study.

Two kinds of diversity

To shed factual light on types of diversity among senior managers in France, McKinsey and Club 21^e Siècle joined forces to create the French Corporate Diversity Barometer. The barometer is designed to measure, for the first time in France, the sociocultural diversity of the executive ranks of large companies and to help organizations advance in this area.³ It measures two complementary factors: diversity of national origins and socioeconomic diversity. We hope it will help companies develop oversight mechanisms based on objective criteria and act as a catalyst for progress.

The executives of the companies in the survey do see diversity of origins as a strategic issue: more

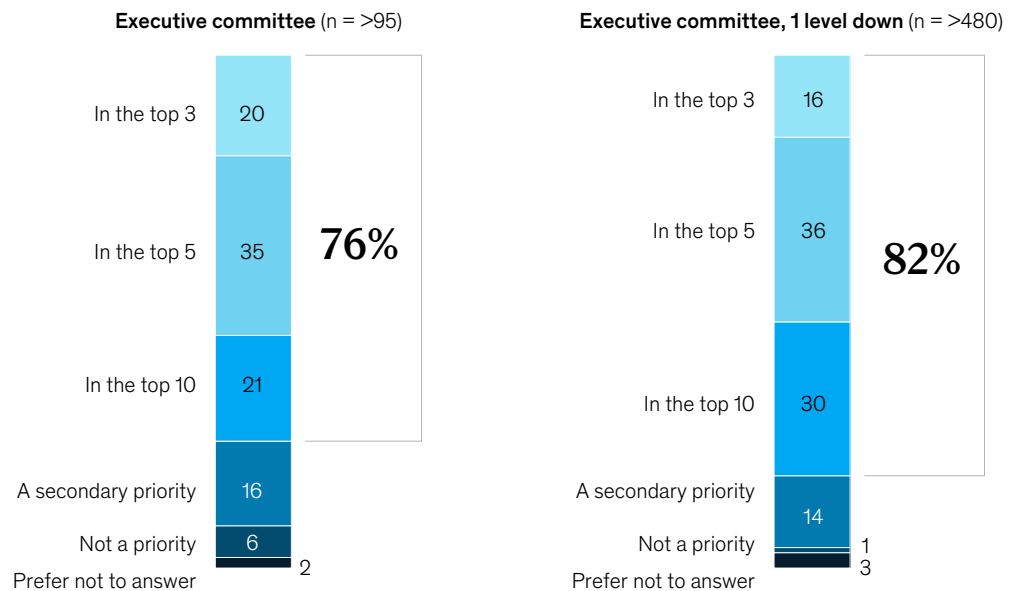
than half of the respondents at the executive-committee level and one level down consider it to be one of the top five priorities of their organizations (Exhibit 1). Almost 70 percent of the executives knew about specific actions or programs implemented by their companies to achieve diversity. Yet nearly 40 percent say that the level of effort invested ranges from middling to very low.

The barometer did show that executives of the companies in the sample are, in some senses, very diverse: 77 percent of these executives are diverse by national origins or socioeconomic background. Yet when we break down the figures, we find fundamentally different dynamics at work in these two aspects of diversity.

Exhibit 1

Diversity of personnel is a strategic priority for top management in France.

Level of diversity as a strategic priority,¹ % of respondents



¹Question: Do you see diversity of origins as a strategic priority for your company?

Source: Results from the French Corporate Diversity Barometer, by McKinsey and Club 21^e Siècle, conducted between Sept 2020 and Aug 2021, n = 827

³The study surveyed more than 800 executives at the executive-committee level and one level down at nine major French groups—Accor, AXA, Crédit Agricole, Legrand, Orange, Sanofi, Société Générale, Sodexo, and TotalEnergies—in every economic sector and with almost 1.4 million employees.

National origins

Of the executives in our sample with diverse origins, nearly half—46 percent—are foreign nationals or have dual nationality, French and one other. A large majority of the international executives in our sample are European⁴ (19 percent) or North American (9 percent). Very few of these executives (1 percent) come from Africa, excluding the Maghreb (northwest Africa). The high level of internationalization of top-management teams seems to reflect the business of our sample’s companies, which are increasingly international, both in geographic footprint and target markets. In fact, these companies generate an average of 71 percent of their sales revenues outside France.

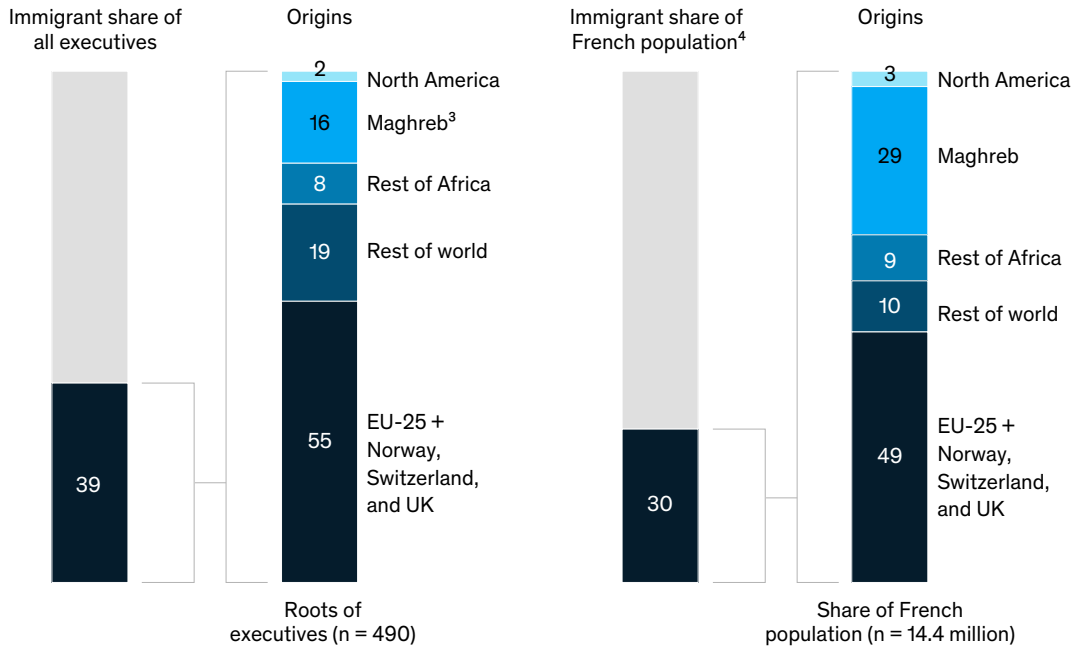
The diverse origins of their executives enables such companies to be more aware of the cultures of the regions where they operate and to adapt their strategies accordingly.

Among the French executives in our sample, 39 percent have foreign ancestry, at least in part. Of these, 15 percent have at least one parent of foreign nationality. If we include the nationality of the grandparents, the proportion rises to 18 percent. Six percent are dual nationals or acquired French nationality without having any French ancestors. In the French population as a whole coming from immigration, 30 percent have at least one foreign ancestor (Exhibit 2).

Exhibit 2

Thirty-nine percent of French executives have foreign ancestry, a proportion in line with the French population as a whole coming from immigration.

Ancestral roots, % of respondents who are immigrants¹ or children and grandchildren of immigrants²



¹Respondents born abroad and of foreign nationality or who have acquired French nationality.

²Respondents with at least one parent or grandparent who is an immigrant.

³Algeria, Libya, Mauritania, Morocco, and Tunisia.

⁴Estimated on a large sample of the French population aged <60 in 2011. Michèle Tribalat, "Une estimation des populations d'origine étrangère en France en 2011," *Espace Populations Sociétés*, 2015/1–2.

Source: Results from the French Corporate Diversity Barometer, by McKinsey and Club 21° Siècle, conducted between Sept 2020 and Aug 2021, n = 827

⁴EU-27, plus Norway, Switzerland, and the United Kingdom.

Let's compare these people, in both groups, with at least one immigrant ancestor. In both, about half have one or more ancestors from the countries of the European Union. Some 10 and 3 percent, respectively, in both groups have one or more ancestors from Africa, excluding the Maghreb or from North America. But when we consider the descendants of people from the descendants of the remaining groups, we find two significant differences between executives of French nationality and the French population as a whole. First, among the whole French population with at least one immigrant ancestor, 29 percent have ancestors from that region, but only 16 percent of the corresponding group of executives in our sample do. Conversely, descendants of people from the rest of the world are twice as common (19 percent) among

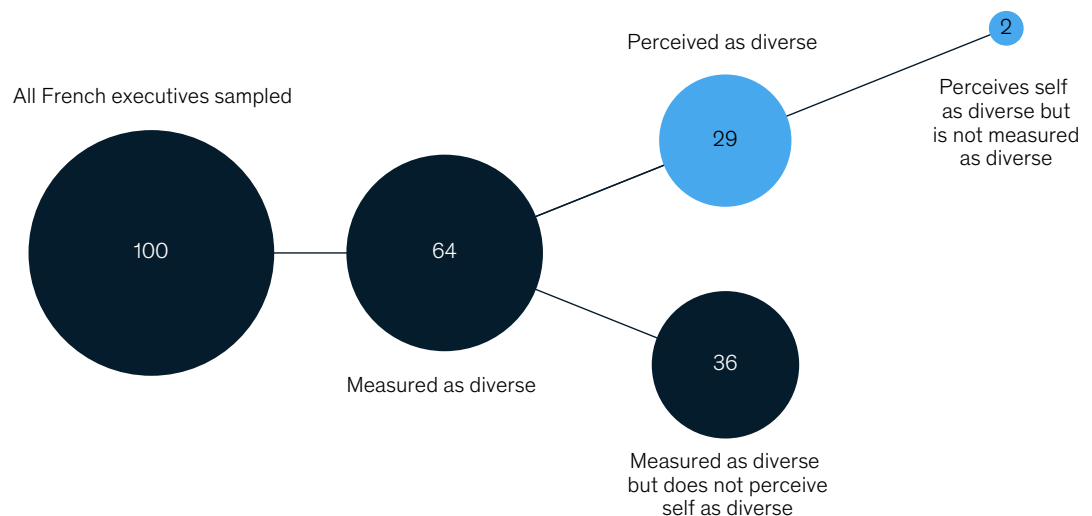
executives with French nationality and at least one immigrant ancestor than they are among all French people with French nationality and at least one immigrant ancestor (10 percent).

Our analyses also point to a significant gap between diversity as measured by our objective criteria, on the one hand, and diversity as perceived by the respondents themselves, on the other. Sixty-four percent of the executives in our sample had objectively diverse national origins, yet 36 percent of the executives do not perceive themselves as diverse (Exhibit 3). These are mainly people from geographically and culturally close areas (the European Union and North America, in 75 percent of all cases) or French executives who trace their foreign ancestry back to their grandparents, usually from Europe (60 percent).

Exhibit 3

Only about a third of the executives in our sample perceive themselves as diverse.

Perception of belonging to a diversity group among French executives,¹ % (n = >590)



¹Question: Do you see yourself as having a diverse background?

Source: Results from the French Corporate Diversity Barometer, by McKinsey and Club 21^e Siècle, conducted between Sept 2020 and Aug 2021, n = 827

Conversely, 2 percent of the executives in our sample perceive themselves as having diverse national origins despite meeting none of our criteria. Most of these executives have strong regional identities (notably Corsicans and Bretons), specific historical attachments (for instance, the descendants of French settlers in Algeria), or multicultural life stories (such as people who spent a long time abroad as children).

Socioeconomic diversity

Our Diversity Barometer also shows that 60 percent of the executives in our sample have socioeconomically diverse backgrounds by virtue of their social mobility or level of educational qualifications (to meet our criteria for diversity, these must be no higher than a bachelor’s degree). But if we break down the 60 percent figure, we find that it is inflated, largely by the presence in our sample of international executives.

Of the executives measured as socioeconomically diverse, the vast majority (83 percent) are socially mobile: their parents did not come from privileged

socioprofessional categories. French and international executives differ significantly in this respect. International ones are far more socially diverse: 72 percent had parents from nonprivileged categories, as opposed to 38 percent of their French counterparts. International executives are actually four times more likely to be children of manual workers (Exhibit 4).

As for education, the great majority of the executives in our sample have at least a master’s degree (Exhibit 5). Only 5 percent of the French executives hold educational qualifications at the bachelor’s level or below. Clearly, educational achievement remains a key determinant of professional advancement in France. The international executives are more socioeconomically diverse: 28 percent have only a bachelor’s degree or less. For them, professional experience seems more important than academic levels for professional advancement. What’s more, only 32 percent of the French respondents were the first in their families to hold university degrees, while 42 percent of their international counterparts were.

Exhibit 4

The parents of French executives are more than twice as likely as the parents of international executives to have been executives themselves.

Socioprofessional categories of parents of international and French executives,¹ % of respondents

French executives (n = >500)



International executives (n = >275)



Executives and professionals

Craftspeople, shopkeepers, business owners

Intermediate occupations

Clerical workers

Manual labor

Other¹

¹Other includes unemployed and unspecified.

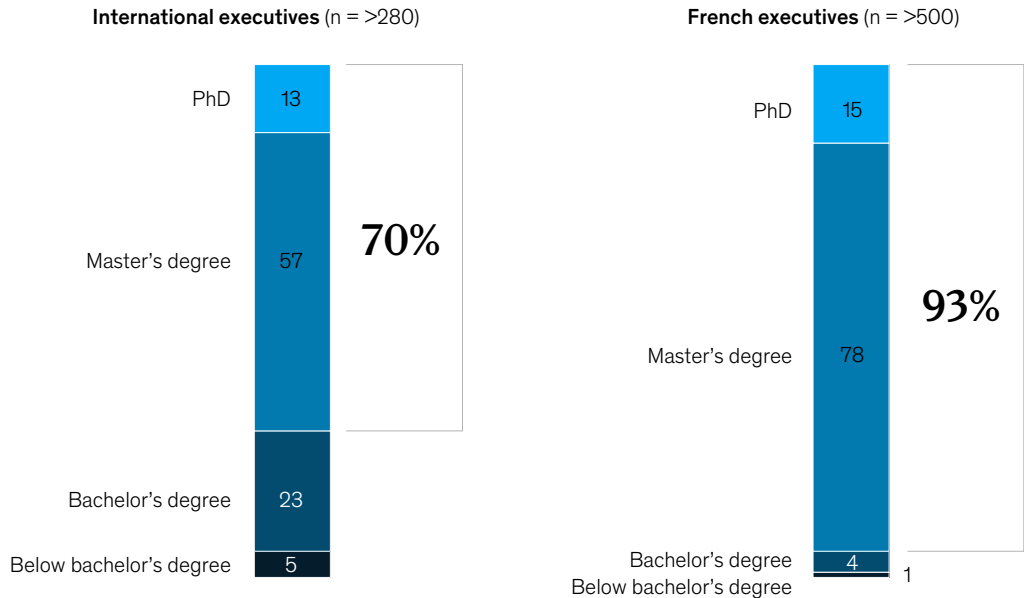
Source: Results from the French Corporate Diversity Barometer, by McKinsey and Club 21^e Siècle, conducted between Sept 2020 and Aug 2021, n = 827

⁵"Delivering through diversity."

Exhibit 5

Educational achievement remains a key determinant of professional advancement among French executives.

Educational qualifications¹ of international and French executives, % of respondents



¹Or equivalent; "other" qualifications (<3%) are excluded.

Source: Results from the French Corporate Diversity Barometer, by McKinsey and Club 21^e Siècle, conducted between Sept 2020 and Aug 2021, n = 827

Four important levers

Our previous work⁵ identified best practices developed by companies that have successfully implemented diversity programs. By combining this work with the insights from our experience at such companies and our information from the participants in the barometer, we have identified four courses of action to promote sociocultural-diversity initiatives in organizations.

1. Treat sociocultural diversity as a strategic goal for top management

The first step for companies keen to progress more quickly toward sociocultural diversity is to make it a strategic priority under the responsibility of top management. Interviews with executives from companies leading the way in this area show that their efforts amount to nothing less than a

cultural revolution. Action to achieve sociocultural diversity—closely overseen by top management—must be part of a transformation project for the company as a whole. Organizations cannot make progress unless top management not only believes that diversity, in its broadest sense, is a competitive advantage but also embraces an ambitious change management program spearheaded by the CEO. The mobilization of the management team and the whole organization must be strong and visible, both to employees and to external stakeholders such as consumers, investors, the media, and the general public.

Changes to promote sociocultural diversity should be rolled out at every level of the corporate hierarchy. It is particularly important to reinforce the inclusive-leadership capacities of executives

and middle managers (through training programs, for example). Measurement and evaluation tools that help the leaders of diversity initiatives to quantify progress over time and to act objectively can support such initiatives (Exhibit 6).

The companies in our sample have all made diversity a major strategic priority. Organizations have arrived at this goal through different routes: it may be a long-standing commitment, part of a wider need to reinvent and innovate, or a policy implemented in response to a triggering or accelerating event. At two of the nine companies surveyed in our barometer, for example, the year 2020 and the COVID-19 crisis accelerated the commitment to diversity, which is now an objective of their new large-scale transformation plans.

2. Introduce clear indicators

One of the first, indispensable steps toward increasing diversity is to implement and monitor indicators for it. These quantitative measurements—reflecting the vision, the level of ambition, and the strategic targets of the program to increase diversity in the executive ranks—help make progress transparent. They are also the most efficient and reliable way to focus efforts,

to consolidate progress by creating a common language, and to identify bottlenecks and gaps.

The most relevant indicators, for example, measure the proportion of socioculturally diverse people in each business line, at each level of management, and among new hires. These indicators can also track and compare the attrition rates of different kinds of diverse employees in similar functions or the time these employees spend in each stage of professional development. A particularly telling indicator is the proportion of different categories of diverse people eligible for promotion who are actually promoted—essential for helping organizations take stock of the gaps they must address.

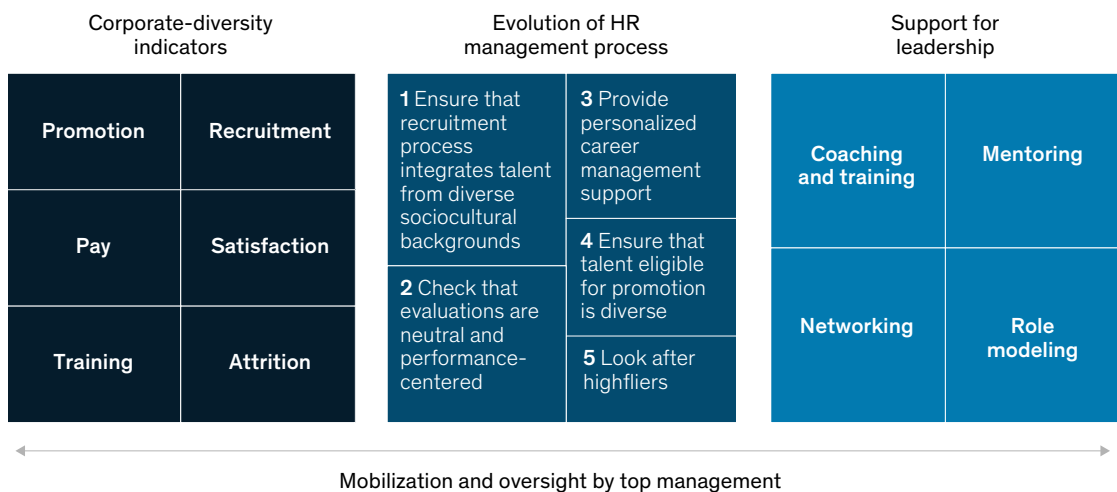
These tools should be used to guide the most important actions, to record advances, and if necessary to adapt the diversity program to a changing situation. Finally, they are a powerful lever for communicating progress, celebrating successes, and maintaining a program’s momentum.

3. Design and oversee an action plan

Once an organization has determined its strategy for achieving sociocultural diversity and chosen

Exhibit 6

A sociocultural diversity strategy can be structured around three areas.



Leadership must strike the right balance between long-term structural initiatives and short-term moves to achieve an effective sociocultural diversity strategy.

the relevant indicators, these must be used to create an actionable road map. The leadership will need to strike the right balance between long-term structural initiatives and effective short-term moves—“quick wins”—that help trigger change and encourage rapid buy-in by employees.

The action plan, which may be based on a test-and-learn approach to change, relies on three dimensions of an organization’s HR policy:

- *The integration of different kinds of socioculturally diverse people into the recruitment process.* The proportions of each should correspond to the strategic approach determined earlier. For example, one of the companies in our sample historically recruited most of its French managers from French business and engineering schools. It now aims to recruit graduates of French universities beyond the elite *grandes écoles*, whose graduates used to enjoy an advantage in hiring.
- *Personalized career management support.* The goal here is to ensure that the pool of diverse talent does not evaporate in the higher echelons. Two of the companies in our survey have strong traditions of internal promotion and strive to implement meritocratic criteria. One of these companies recently started working to promote nonmanagers into management positions through a “high flyers” program. A third company, using its newly implemented dashboards, has determined that international

diversity is already strong among its staff. The challenge now is to remove barriers to the promotion of diverse employees to higher levels of responsibility.

- *Neutral, performance-based evaluations.* These indicators help ensure an objective, unbiased evaluation process.

To bear fruit and be adopted by the entire organization, the action plan must be managed with the same rigor, the same level of ambition, and the same methods as a full-on transformation program. It should therefore be supported by a complete change management process and a communication program that includes, for example, a change story, a company-wide dissemination plan, change agents, and the like.

4. Develop an inclusive work culture

Companies must embed the diversity effort and action plan in a broader approach to inclusiveness implanted in the organization’s very culture. All employees should feel not only authorized but also encouraged to express every component of their personalities in their professional settings and daily activities.

Three pillars⁶ support such a culture:

- *Openness.* All employees should feel that the work environment allows them to express their ideas, thoughts, and concerns—without any pressure to censor themselves.

⁶Sandra Sancier-Sultan and Julia Sperling-Magro, “Taking the lead for inclusion,” McKinsey, November 29, 2019.

- **Belonging.** All employees should be able to develop bonds or affinity networks that help them feel at home in the organization.
- **Equality.** All employees should feel confident that their opportunities for career development depend solely on fair criteria and processes.

The adoption of such an inclusive culture, which is essential to the action plan's success, calls for specific training programs at every level of the company. A zero-tolerance policy is crucial to eliminate discriminatory talk or behavior and to help management and staff identify and deal with microaggressions. Companies may also establish internal behavioral standards promoting openness. Regular internal surveys can ask executives and the rank and file how they and their teams comply with these standards and quantify their sense of belonging.

The French Corporate Diversity Barometer outlines the contours of diversity beyond gender. Its findings suggest that while large French companies do rank sociocultural diversity among their strategic priorities, they are still looking for tools and action levers to make progress, particularly in diversifying their executive ranks.

McKinsey and Club 21^e Siècle hope that French companies of all sizes and sectors will participate in our efforts to extend this barometer—both the number of companies involved and the dimensions we study. That broadening of scope will enable the French economy to move forward collectively and more widely on the topic of diversity, promote constructive exchanges between companies on this subject, and help them to share relevant best practices.

Sandra Sancier-Sultan is a senior partner in McKinsey's Paris office, of which **Stanislav Zavjalov** is an alumnus.

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