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Embracing Diversity: The Business Case for Gender-Inclusive Leadership Teams

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Organizations must leverage gender-inclusion initiatives to unlock the full potential of diverse executive teams.

The power of women in leadership has been widely documented over the past decade. When companies appoint more women to senior positions, research shows [profitability grows](#), openness to change rises, and customer experiences improve. It's no surprise that global organizations are strengthening diversity initiatives, seeking equal gender representation in leadership roles—and increasingly, companies are recognizing the business-critical need for *inclusion* in the C-suite, too.

Building gender-inclusive leadership teams, which embrace the contributions of men and women equally, has not only become a moral imperative but also a strategically advantageous move for business. To unlock the full potential of diversity, organizations can no longer call upon a small number of leaders to create an inclusive environment; every executive must be invested in driving inclusion and belonging.

The Current State of Gender Diversity in Leadership

Women in leadership have made commendable progress over the past decade. Between 2015 and 2023, [McKinsey](#) reports the number of women in the C-suite jumped from 17% to 28%, and representation at the VP and SVP levels also saw significant improvements. Today, diversity-leading companies in the U.S. boast executive teams with [50%](#) women and 39% historically underrepresented ethnicities.

However, these advancements conceal deeply rooted inequities. Diversity has increased—but women in leadership are burning out. According to [SHRM](#), those who achieve director and senior director positions become *less likely* to recommend their company as a great workplace for women than earlier in their careers. Genderism plays a considerable role in women's dissatisfaction. [Nearly 50%](#) of women still experience microaggressions that call their competence into question, creating hostility in their working environment. Additionally, an [MIT Sloan study](#) found women are 14% less likely to receive promotions than men despite receiving higher average performance ratings. The persistent [gender wage gap](#) further exacerbates inequities on leadership teams.

What's more, the progression of women of color remains stunted. Digging into the data, it becomes clear that this demographic remains [severely underrepresented](#) in leadership roles—even compared to men of the same ethnicity and race—especially in C-level positions.

White women have been the primary beneficiaries of recent advancements.

The inequitable barriers faced by women climbing the corporate ladder point to a critical need for gender-inclusive leadership teams. Beyond hiring diverse managers and executives, companies must actively engage, promote, and *value* contributions from women in leadership. Organizations can only unlock the full potential of their gender-diverse workforce when an inclusive environment and fair compensation is in place.

The Business Case for Gender-Inclusive Leadership Teams

Diversity without inclusion can create disparities in real and perceived progress. Even on leadership teams that boast equal gender representation, women may still experience [disproportionate levels](#) of stress, mistrust, and resistance to salary increases—all of which can undermine their performance and well-being. Without inclusion, top-performing leaders lose incentive to stay.

On the other hand, inclusion builds a sense of belonging that drives individual and organizational success—and it can inspire employees to become highly dedicated team members who stick with your business long-term. According to [Deloitte](#), belonging can spark a 50% reduction in turnover risk and a 75% decrease in the use of sick days. Additionally, it can enhance job performance by 56%. When women in leadership feel their voice is respected and valued, they're empowered and motivated to contribute their diverse perspectives and express their creativity.

True diversity of thought, which is only possible in a culture of inclusion, drives innovation and strengthens decision-making processes. PepsiCo offers an excellent example of the organizational impact of empowered women in the C-suite. When [Indra Nooyi](#) became the first female CEO of PepsiCo, she was challenged with declining market shares across the company's portfolio. In response, she introduced design thinking, enhancing not only the impact of packaging but the entire user experience—even developing tidier products with plastic trays catered to *how* women statistically prefer to snack. This design-oriented approach led to a steady increase in revenue and stock prices during her tenure.

Gender diversity is already linked to ever-increasing profitability. Companies with the strongest representation of women on executive teams are now [39%](#) more likely to financially outperform those with the weakest representation—up from 15% in 2015. As global organizations increasingly focus on diversity, inclusion and belonging will become core differentiators for leadership teams.

Overcoming Critical Barriers to Gender-Inclusive Leadership

The road to gender-inclusive leadership certainly has its challenges. Tackling pay inequities and unconscious biases requires significant cultural and organizational shifts that drive transparency and accountability. Business leaders—in particular, Chief Diversity Officers and [CHROs](#)—must set measurable objectives and begin tracking progress toward gender parity.

The recruitment process must be addressed by reforms. Unconscious biases often present themselves within the hiring process, even as early as the resume screening stage. A [Greenhouse survey](#) found 22% of job candidates have used a different name on resumes to sound like the opposite gender, and 24% have been asked discriminatory questions about their gender. Leaders must uncover the key stages of hiring that drive disparities within their executive teams. And they must implement inclusive recruitment strategies—such as blind hiring, standardized interviews and candidate scoring, and diverse interview panels—to reduce those weak points and give women a fair shot at leadership positions.

Companies must mitigate biases within performance evaluations and promotion processes, as well. Well-defined evaluation criteria, especially those that enable the use of objective data, are key to ensuring women can advance their career and receive the compensation they deserve. At [Mondelēz](#), the third-party review of the organization's pay equity and gender equity—as well as inclusion initiatives like its female mentorship program—has helped facilitate the representation of women in promotions, project assignments, and lateral moves.

Creating a work environment that attracts and retains women in leadership is another challenge. Mothers are [disproportionately affected](#) by childcare responsibilities, which often present a significant barrier to demanding executive positions. Onsite childcare can help. However, companies can also leverage flexible work arrangements, which enable employees to work around school schedules and appointments, to encourage qualified [women to return to the workforce](#) and pursue leadership roles. Hybrid work can in fact have a [significantly positive impact](#) on diversity, equity, and inclusion (DEI) efforts throughout the organization. And it can create a better work-life balance for *all* employees.

Driving Business Transformation Through Diversity

Building gender-inclusive leadership teams is not just a matter of fairness; they are integral to driving organizational success and achieving sustainable growth. Strong gender-inclusion initiatives empower businesses to realize the benefits of diversity in leadership, such as

improved decision-making and increased financial performance.

As companies strive to remain competitive, fostering a culture of inclusion—particularly on executive teams—will be critical to unlocking innovation. Diverse perspectives at the highest level can enable breakthrough products, services, and processes, as well as greater [organizational resilience](#). Businesses that proactively implementing inclusive hiring and promotional strategies now can transform their long-term trajectory for the better.

As embracing gender-inclusive leadership becomes a strategic necessity, how will your company create an optimal environment for women to thrive?