

Women in the food industry

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Where does the sector stand when it comes to gender equality? We look closely at employee experiences as well as policies and programs the industry has implemented to promote diversity.

The food industry continues to be a booming sector in the United States that faces a contradiction between the leaders of the industry and those who make the purchasing decisions. Women account for the vast majority of food-purchasing decisions in the United States and also make up almost half the entry-level workforce in the food industry, yet women are underrepresented across the board above this level. In the C-suite, women represent less than a fourth of the space, and within this group are few women of color.

Despite this current state and the unknowns around the barriers to addressing gender inequity, the picture is not all bleak. There are sections within the food industry that are making great strides in increasing the representation of women. We need to continue to highlight the success stories and spread those practices across the food industry. For areas that still lag behind, we must continue to uncover these barriers, as they are likely to be common to many in the industry if not outside of it as well. The food industry has an opportunity to lead the next phase of creating gender and racial equity.

In taking the lead, the food industry will also stand to benefit economically. A more equitable workplace continues to show itself as a way to meet the triple bottom line of a socially responsible business: good for business, good for individuals, and good for the world at large.

In our latest research, *Women in the Workplace*, a collaboration between McKinsey & Company and LeanIn.org to create the definitive fact base

on women's advancement in leadership, we find that 90 percent of the 222 companies surveyed assert a commitment to gender diversity.¹ While it's encouraging to see that most companies have embraced the business case for gender diversity, it is still a compelling place to start the conversation. Women are an untapped source of economic opportunity—in 2015, the McKinsey Global Institute showed that fully bridging the gender gap in the US labor market would not only be equitable in the broadest sense but also add \$4.3 trillion of additional annual GDP in 2025—19 percent higher than the business-as-usual GDP.² Diversity and inclusion in general are strongly connected to corporate performance, and for the food industry, the business case for diversity serves as a strong motivating force. There are four key business reasons for the industry to act:

1. *Gender diversity drives better business performance.* Companies with more gender diversity perform better. Indeed, companies in the top quartile for gender diversity are 15 percent more likely than worse-performing companies to have financial returns above their national industry medians.³ Additionally, having a diverse base of talent has been proven to produce teams that function better and make better decisions.⁴
2. *Gender diversity allows employers to win the war for talent.* A strong focus on recruiting and retaining women and ethnic minorities increases the size of the talent pool, especially since more than half of all US college graduates are women,

a trend that has been in place for decades.⁵ The McKinsey Global Institute projects a shortage of 16 million to 18 million college-educated workers in advanced economies alone by 2020.⁶ And in a 2012 survey, 40 percent of companies said skill shortages were the top reason for vacancies in entry-level jobs.⁷ Expanding the talent pool to more actively recruit underrepresented groups, including women, will decrease some of the skill shortages that companies face.

3. *Gender diversity increases innovation and provides better customer insights.* A diverse workforce provides employers with diverse insights into the general population and their overall customer base. Women are key consumer decision makers: they account for 85 percent of all consumer purchases and 93 percent of all food purchases in US households.⁸ Hiring more women provides companies with direct insights into their consumer base and drives innovations based on the experience of a diverse population.
4. *Improving gender diversity is the fair thing to do.* Social responsibility is becoming increasingly important. Many countries have legal requirements for diversity (such as the UK Equality Act of 2010). At times, demands from employees and the public for companies to become more representative of the general population are even more pressing. And not just women but all employees benefit from a workplace that is inclusive and fair.⁹

It is true, however, that much work still needs to be done. Our research on women in the workplace illustrates the current state of gender diversity in the food industry, from both a pipeline and an employee-experience perspective. The challenges the food industry faces are complex but not insurmountable, and we believe that the industry is primed to accelerate change.

Current state of gender diversity in the food industry

When determining the health of gender diversity in a company pipeline, we evaluate four core elements. First is the representation rate, to test whether women are well represented at each level in the corporate pipeline across line (operations, P&L) and staff (support) roles. Second is the attrition rate, to determine whether women leave their companies at higher rates than men. Third is the promotion rate, specifically whether women progress through the pipeline at a pace similar to men's. Fourth is the external hiring rate, whether employees hired from external sources are as likely to be women as men. In 2017 we looked at 31 companies spanning the food industry value chain in the United States—a roughly equal mix of manufacturers, distributors, and operators.

Currently, women are underrepresented at all levels in the food industry corporate pipeline, from entry level to the C-suite. While women make up 49 percent of employees at the entry level, representation drops steeply at higher levels along the pipeline. At the top, women represent only 23 percent of the food industry's C-suite executives. This trend mirrors the broader picture across all industries, as outlined in the 2017 Women in the Workplace research (Exhibit 1). Additionally, at every level of the pipeline in the food industry, women are less likely than men to serve in P&L (or line) roles¹⁰ (Exhibit 2) and therefore less likely to be promoted to more senior positions, where line roles tend to be prevalent.

The issue is even more acute for women of color. Women of color, who are also underrepresented in the food-service industry, make up only 14 percent of employees at the entry level and hold only 3 percent of C-suite spots.¹¹ (Across all industries, women of color account for 17 percent of entry-level employees and 3 percent of the C-suite.) Furthermore, women

Exhibit 1 Women are underrepresented in the food industry's corporate pipeline

Employees by gender at each level, 2017, %

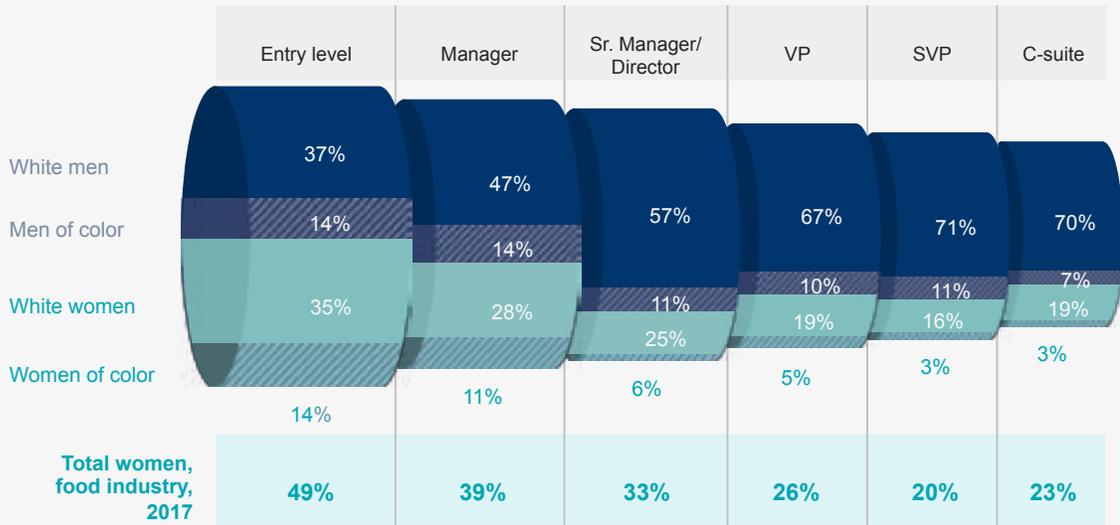


Exhibit 2 Women are less likely than men to be in line roles within the food industry

Proportion of women and men in line roles at each level within subsectors, %



of color, especially Black and Latina women, experience the steepest drop-off in representation of any group throughout the pipeline.

Contrary to the common narrative, the primary driver of this steep decline is not attrition. Women in the food industry leave their companies at similar or lower rates as men of the same ethnicity. They also express similar loyalty—67 percent of women and 70 percent of men intend to remain with their current company for five years or more. Even when they intend to leave, women’s plans look similar to men’s: 65 percent of both men and women leaving their current companies intend to continue working. Fewer than 2 percent of both women and men across all industries intend to leave the workforce altogether.

Women do, however, face higher barriers to obtaining their first promotion (Exhibit 3).

Twenty percent fewer women than men in the food industry reach the first promotion to manager, a finding consistent beyond the food industry.¹² Even more troubling, promotion rates for both men and women of color lag significantly behind those of their white counterparts at all levels.

A similar trend appears when looking at the gender of external hires. While entry-level and C-suite hires in food are have similar chances of being men or women, external hires at the vice president (VP) and senior vice president (SVP) levels are far more likely to be men than women (Exhibit 4). Women make up only 25 percent of external VP hires and 29 percent of external SVP hires. And at every level, women of color constitute the smallest share of external hires. In 2016, 15 of the participating food-industry companies hired a C-level executive from an external source. Zero women of color were selected to fill any of these 15 roles.

Exhibit 3

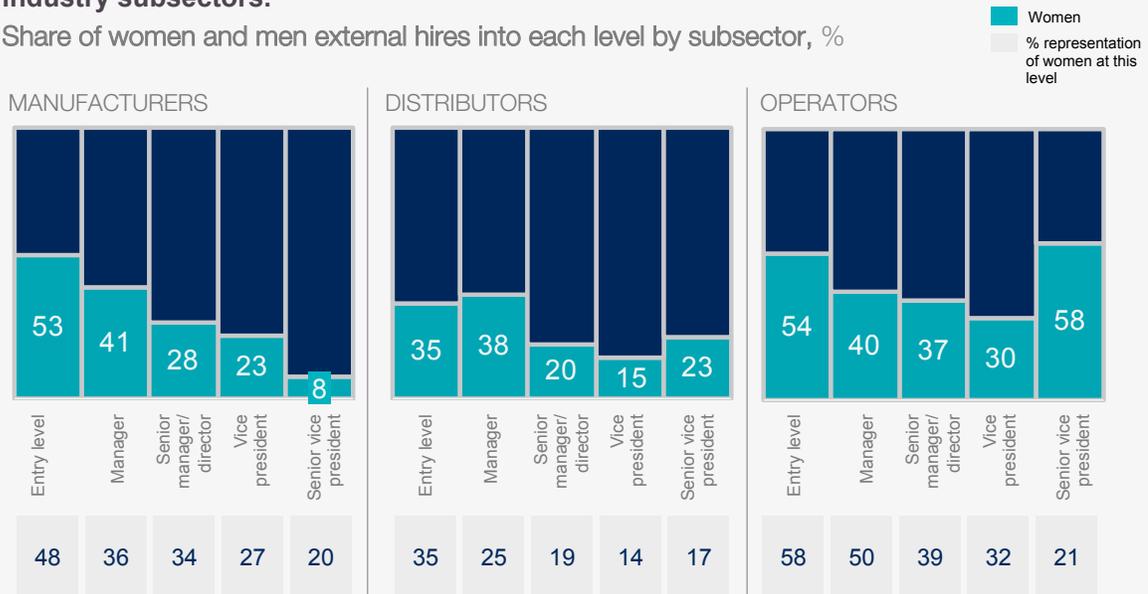
Women are less likely than men to be promoted to the manager level within the food industry

Promotions as share of total employees of the same gender in previous level, %



Exhibit 4 External hires are less likely to be women than men across food industry subsectors.

Share of women and men external hires into each level by subsector, %



A tale of three cities

Three very distinct stories emerge in the representation of women across each of the three subsectors of the food industry: manufacturers, distributors, and operators. Operators show significant progress toward gender parity; distributors have the longest way to go; manufacturers fall in between. The manufacturers’ pipeline most closely resembles the overall Women in the Workplace sample (Exhibit 5).

Manufacturers

Manufacturers mirror the overall patterns of the food industry. Women and women of color are well represented at the entry level within the food manufacturer subsector, and more women begin in line (P&L) roles¹³ than in staff roles. Across both line and staff roles, though, the representation of women quickly drops off at higher levels. Underlying this

challenge are promotion and external hiring rates. Manufacturers have the food industry’s worst rate of first promotion for women: only 2.7 percent are promoted from the entry level to manager, compared with 10.5 percent of men. External hires are also significantly more likely to be men, in particular at the VP and SVP levels.

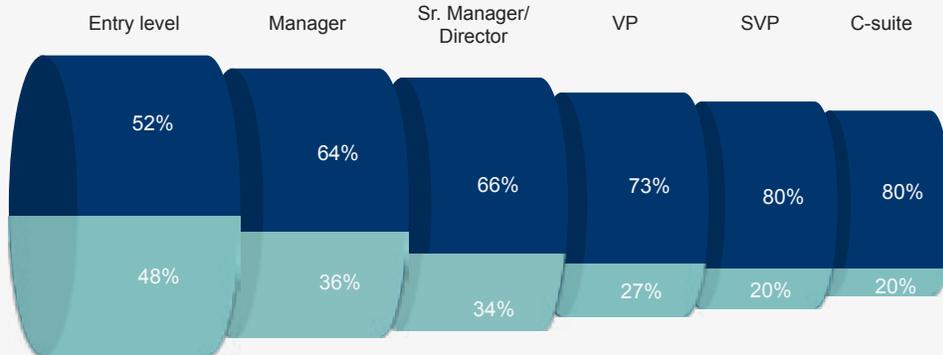
Distributors

Distributors have the lowest representation of women among the three subsectors of the food industry. These companies have a lower share of women at the entry level, and a C-suite that is only 9.3 percent women, half their rate of representation in the other two subsectors. Women of color—in particular, Black and Latina women—are significantly underrepresented throughout the pipeline, and completely absent from the C-Suite in the distributors surveyed. Compounding the effects

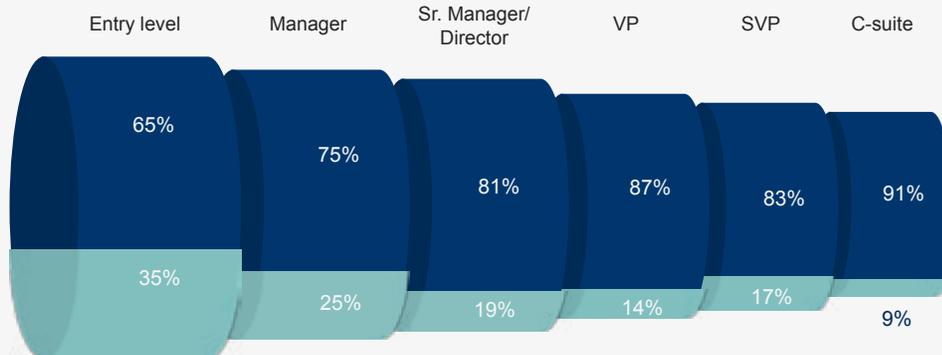
Exhibit 5 Women are underrepresented in every subsectors of the food industry
 Employees by gender at each level, 2017, %

Men
 Women

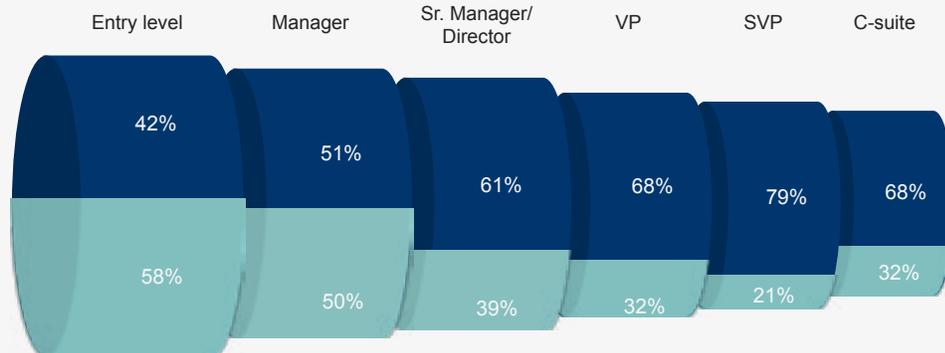
Manufacturers



Distributors



Operators



of low representation is the fact that women are three to four times less likely to hold line roles at the VP level and above.

Factors behind the distributor challenge are threefold. As in the manufacturer subsector, women are less likely than men to be promoted, beginning with the first promotion, and distributors have high levels of imbalance in external hiring throughout the pipeline. Additionally, women leave distributors at significantly higher rates than do men at the manager level and SVP level.

Operators

Operators are much closer to gender parity across the employee pipeline than are the other subsectors of the food industry. This progress has largely been driven by high diversity at the entry level, where women represent 58 percent of employees, and higher rates of promotion, where women are actually more likely than men to be promoted to the managerial level in the first promotion. Operators also lead the industry in hiring diverse external candidates: they tap men and women from outside sources at similar rates throughout much of the pipeline, except at the director and VP levels. These factors are counterbalanced by the fact that operators have higher levels of attrition across the board than do other subsectors in the food industry. At the director, VP and SVP levels, women leave at higher rates than their male counterparts do; however, women of color leave at the highest rates of all. And as with the overall food industry, external hires for operators are less likely to be women of color throughout the pipeline.

Policies and programs in the food industry: Opportunity for improvement

Companies across the food industry are implementing important programs and policies to improve the experience of women but do so

less than companies outside of the industry do. For example, there has been a push to allow more flexible work: 71 percent of companies in the food industry offer part-time or reduced schedules, and 50 percent offer an option for telecommuting. However, in comparison, 77 percent of all companies offer options for part-time or reduced work, and 74 percent offer telecommuting. Although the food industry does face structural barriers to flexible work options (for instance, night and weekend work in restaurants is generally required of operators), this is a potential area of focus at corporate levels. Similarly, most companies in the food industry do not have extensive options for new parents: only 43 percent offer maternity leave (and only 29 percent paternity leave) that exceed legal requirements.

Companies in the food industry also lag behind others in offering programs and policies that focus on hiring women and other underrepresented talent. Only half have specific hiring strategies for women, and even fewer (21 percent) have mandated diversity slates for open positions. Additionally, while 57 percent of companies in the food industry track gender-diversity metrics for applicants, only 36 percent do so for actual offers.

Finally, there is a potential to expand industry trainings. Almost all food-industry companies offer non-discrimination and anti-harassment training (93 percent), but only 48 percent offer unconscious bias training. And of the food industry companies that do, only 14 percent make it available to all employees (versus 27 percent of all companies across industries).

Employee experiences in the food industry

There is a persistent 'ambition gap'

The ambition gap contributes to the problem of gender imbalance. As the Women in the Workplace research has shown in past years, the gap between women and men remains intact. In the food industry,

only 40 percent of women say they want to be top executives, compared with 57 percent of men who say so. Interestingly, women of color have higher career aspirations: 53 percent respond that they would like to be top executives. There is also a gap between what women aspire to and what they believe is possible for them. Only 30 percent of women in the food industry say that they are very likely or definitely going to become top executives.

Manager support is critical

Positive gender-diversity outcomes require support from the top of the company. Women are inspired by actively supportive leadership. At companies where managers and senior leaders support the advancement of women, women are more ambitious and have a stronger desire to stay. In the food industry, 39 percent of women say their managers ensure that a diversity of voices can be heard. That shows strides in the right direction but leaves substantial room for improvement. Both men and women in the food industry experience levels of support from leadership consistent with other industries, but the gender gap persists. For instance, men are more likely to report that their managers have provided advice to help them advance (43 percent versus 37 percent of women) and that they interact with the senior leadership more than once a month (51 percent versus 42 percent of women).

Commitment to diversity matters—and needs to be communicated well

Although 71 percent of food companies say gender diversity is a top priority, only 44 percent of men and 55 percent of women believe that their companies are committed to becoming more diverse. This disconnect is driven partly by a lack of effective communication. Eighty-six percent of food companies reported that they have articulated the business case for gender diversity, yet only 55 percent of men and 44 percent of women agree.

Only 38 percent of men and 40 percent of women in the industry believe that their company pursues gender diversity because it will improve business results; just as many believe it is driven by company image. Compounding the lack of commitment is the fact that only 47 percent of men say they personally see gender diversity as a priority.

Companies have a high imperative to prove to their employees that diversity matters and that they are committed to increasing it. Diversity matters because women who see their companies as committed to it want to stay at them longer and believe that these companies are more meritocratic.

Encouraging signs for workplace culture

Employees are inspired to stay at companies for long periods of their careers when the workplace culture and leaders match their own values. In particular, food-industry employees surveyed in the 2017 Women in the Workplace study indicated that they were inspired by leaders who promoted workplace diversity. Participating food-industry companies meet or exceed the aggregate benchmark on workplace-culture metrics among both women and men, although there is still substantial room to improve: 52 percent of women agree that a broad range of leadership styles can be successful at their companies, compared with 43 percent of women across all industries who think so. Even more positive, 59 percent of women at food-industry companies responded that they regarded leaders at their companies as inspiring role models, compared with a benchmark of 60 percent across all industries. And loyalty is higher, suggesting that companies that invest in future women leaders will see those efforts rewarded: food employees are significantly more likely than employees in other industries to say that they plan to stay at their companies for five or more years.



While some subsectors of the food industry are performing relatively well in hiring and promoting women, there is still much room for improvement. Even with the industry's unique challenges, the levers that drive impact toward gender equality across other industries are likely to also have an impact in the food industry. Looking to the future, the food industry has an opportunity to become a leader in gender diversity—one that other industries can look to for best practices and that women could see as an inclusive, innovative place to build a career. ■

- 1 Alexis Krivkovich, Kelsey Robinson, Irina Starikova, Rachel Valentino, and Lareina Yee, *Women in the Workplace 2017*, October 2017, McKinsey.com.
- 2 For the full McKinsey Global Institute report, see “The power of parity: How advancing women’s equality can add \$12 trillion to global growth,” September 2015, on McKinsey.com.
- 3 For more, see “Why diversity matters,” McKinsey Global Institute, January 2015, on McKinsey.com.
- 4 For more, see McKinsey’s Women Matter reports, 2007, 2008, 2010, 2012, 2013, on McKinsey.com; Scott E. Page, *The Difference: How the Power of Diversity Creates Better Groups, Firms, Schools, and Societies*, Princeton, NJ: Princeton University Press, 2008.
- 5 In 2015, women received 57 percent of all bachelor’s degrees conferred in the United States, according to the National Center for Education Statistics.
- 6 For the full McKinsey Global Institute report, see “The world at work: Jobs, pay, and skills for 3.5 billion people,” June 2012, on McKinsey.com.
- 7 Dominic Barton, Diana Farrell, and Mona Mourshed, “Education to employment: Designing a system that works,” January 2013, McKinsey.com.
- 8 US Yankelovich MONITOR tracking study data.
- 9 Alexis Krivkovich, Kelsey Robinson, Irina Starikova, Rachel Valentino, and Lareina Yee, *Women in the Workplace 2017*, October 2017, McKinsey.com.
- 10 Line roles are defined as those with P&L responsibility or a focus on core business functions. Employees in such roles are more likely to be promoted to more senior leadership positions.
- 11 Women of color constitute about 20 percent of the US population, according to the 2010 census.
- 12 Alexis Krivkovich, Kelsey Robinson, Irina Starikova, Rachel Valentino, and Lareina Yee, *Women in the Workplace 2017*, October 2017, McKinsey.com.
- 13 Staff roles are supporting or enabling jobs (such as human resources, office administration, IT, finance, legal, strategy and business development, risk, investor relations, and government affairs).

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