CFO

September 04, 2013

More Latin American Companies Want Women in C-suite

Gender diversity on the executive team is becoming a top priority for more firms in the region.

Latin America has long lagged other regions when it comes to gender diversity in the C-suite. In 2011, women held only 8 percent of executive committee positions at companies surveyed in Latin America, compared to 14 percent at companies in the United States and 15 percent in Norway, according to McKinsey.

But gender balance on the executive team has become a bigger concern among Latin American corporations over the last few years. In a newer, 2013 survey by McKinsey, 37 percent of executive respondents in Latin America said gender diversity was a top priority at their companies, compared to 21 percent in 2010.

Does that mean the region might leapfrog the United States in gender diversity? Probably not, says Manuela Artigas, a principal at McKinsey in San Paolo. Latin America will likely see a 2 percent to 3 percent increase in women in the C-suite by 2017, so even if the U.S. gender balance stayed the same, the region wouldn't catch up, Artigas says. "Given the natural trend of things, we're going to [move] the needle, but we're definitely nowhere near reaching the U.S.," she says.

The McKinsey survey also found that men and women in Latin America disagree on the reasons that women aren't making it to the C-suite. Female executives were most likely to blame lower promotion rates for women. Male executives were most likely to attribute the problem to the lower number of women in the company overall.

When it came to low promotion rates, men and women also saw things differently. Women blamed a lack of sponsorship — higher-level executives advocating for junior employees to be promoted. Men attributed it to the concentration of women in departments that have lower promotion rates and less upward mobility.

Two years ago, McKinsey found that the CFO role is the most gender-diverse spot in the C-suite in Latin America. Of all the C-level women surveyed in Latin America, 22 percent were CFOs, compared to 5 percent who were CEOs.

Artigas says that may be because the CFO role allows women to more easily prove their value. “Based on a few conversations I’ve had with CEOs and CFOs in the region, they always tend to say that for a finance role, usually the criteria for success is a little bit more tangible and more direct in terms of the quality of the reporting, the accuracy of the information, risk management and all those things,” Artigas says. “The fact that it’s easier to compare apples to apples makes it a better environment for women to show that they’re performing and that they deliver.”

Like other studies, McKinsey’s 2011 research found that companies with gender-balanced executive teams outperformed those with homogeneous C-suites. Companies with at least one female C-level executive had 44 percent higher returns on equity and 47 percent higher EBIT margin. Artigas points out that the findings show correlation, not causality. “I’m not saying, ‘hey, put a woman in the C-suite and your numbers are going to increase by 40%,’” she says. “But companies that embrace gender diversity seem to outperform their peers.”