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THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN THE UNITED STATES

APRIL 2016

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MCKINSEY & COMPANY: GENDER AND DIVERSITY

Over the past decade, McKinsey has made a sustained commitment to researching and writing about gender and diversity. Since 2007, McKinsey's Women Matter research has explored the role women play in workplaces around the world. In the fall of 2015, McKinsey released a research report with LeanIn.Org, *Women in the Workplace*, as well as global research from MGI covering 95 countries on the economic benefits of advancing women's equality, *The power of parity: How advancing women's equality can add $12 trillion to global growth*. It is on MGI's global research on the power of parity that this US report is based.

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THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN THE UNITED STATES

APRIL 2016

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PREFACE

Over the past decade, McKinsey has made a sustained commitment to researching and writing about gender and diversity. Since 2007, McKinsey's Women Matter research has explored the role women play in workplaces around the world. The challenge of inclusive growth is a theme that MGI has explored in many reports, and gender inequality is an important part of that picture. We have committed publicly, through the United Nations' HeforShe initiative and the 30% Club, to ambitious gender goals for our own firm over the next five years. McKinsey's global managing director, Dominic Barton, is one of 47 US chairpersons and CEO members who have publicly committed to greater gender equality at all levels. McKinsey works with UN Women and LeanIn in several ways and has a range of internal programs to drive this agenda. In autumn 2015, McKinsey released a new research report with LeanIn.Org on *Women in the Workplace*.

Gender inequality is a pressing human issue but also has huge ramifications for jobs, productivity, GDP growth, and inequality. In September 2015, MGI published a global report, *The power of parity: How advancing gender equality can add $12 trillion to global growth*. In November 2015, MGI published a paper on gender inequality in India, the country with the largest economic potential if it tackles this issue. This paper builds on that body of work. We chose to focus on the United States because, among developed economies, it can secure the largest economic advantage from addressing gender inequality. Yet even this advanced country has challenging gender inequality issues both in the world of work and in society. In analyzing this issue globally and in different regions of the world, we hope to help policy makers, business leaders, and other stakeholders chart the way toward effective interventions that promote equitable growth and broad-based prosperity.

This research was led by Jonathan Woetzel and James Manyika, MGI directors based in Shanghai and San Francisco, respectively; Vivian Riefberg, a McKinsey director based in Washington, DC; Kweilin Ellingrud, a McKinsey partner based in Minneapolis; and Anu Madgavkar, a MGI partner based in Mumbai. Mekala Krishnan, a consultant based in Stamford, advised on the work, and Mili Seoni, a consultant based in Chicago, led the project team, which comprised Rishi Arora, Juliette Lim, and Janice Yoshimura. We are also grateful to associate Linda Yan, information specialist Karen P. Jones, and research analysts Gene Cargo and Christian Gonzales for their help.

Guiding this work were a number of McKinsey directors we would like to thank: Brendan Buescher, Susan Colby, Michael Conway, Sandrine Devillard, Andre Dua, Jake Henry, Elizabeth Hioe, Eric Kutcher, Gary Pinkus, Navjot Singh, Virginia Simmons, Richard Sykes, and Rodney Zemmel. We are also grateful for the valuable input of director emeritus Joanna Barsh and McKinsey partners Nora Gardner, Srishti Gupta, Tony Lee, Susan Lund, and Sara Prince, as well as Tracy Nowski, social sector manager; Lynn Taliento, expert principal; Sree Ramaswamy; MGI senior fellow, and Doug Scott, public sector services manager.

Many thanks to MGI's academic advisers Richard N. Cooper, Maurits C. Boas Professor of International Economics at Harvard University, and Laura Tyson, Professor of Business Administration and Economics, and Director of the Institute for Business and Social Impact, Haas Business and Public Policy Group, University of California at Berkeley. We are also grateful to Betsy Holden, a senior adviser to McKinsey.

This work benefited from the expertise of a number of academics, including Robert S. Chirinko, professor of finance, University of Illinois at Chicago; Alice Eagly, James Padilla Chair of Arts and Sciences and professor of psychology, Institute for Policy Research, Northwestern University; Adam Grant, Class of 1965 Wharton Professor of Management and Professor of Psychology, Wharton, University of Pennsylvania; Valerie Hudson, professor and George H. W. Bush Chair, The Bush School of Government and Public Service, Texas A&M University;

Joya Misra, professor of sociology and public policy, University of Massachusetts; Caroline Simard, research director, Clayman Institute for Gender Research, Stanford University; Jean Sinzdak, associate director, Center for American Women and Politics, Eagleton Institute of Politics, Rutgers University; Sarah Thébaud, assistant professor of sociology, University of California, Santa Barbara; Debbie Walsh, director, Center for American Women and Politics, Eagleton Institute of Politics, Rutgers University; and Joan C. Williams, Distinguished Professor of Law, UC Hastings, and Foundation Chair and Director of the Center for WorkLife Law.

We would like to thank several experts on the topic of diversity and women's economic empowerment who shared their perspectives with us: Helene D. Gayle, CEO of the McKinsey Social Initiative and former president and CEO, Care USA; Stephanie Goodell, founder, Samaya Consulting; Catherine Corley, senior vice president, global operations, Jan Combopiano, senior vice president and research and chief knowledge officer, and Jeanine Prime, senior vice president, research, all at Catalyst; Julie Gorte, senior vice president for sustainable investing, and Kathleen McQuiggan, senior vice president for global women's strategies, Pax World Management; Marisa Nightingale, senior media adviser, The National Campaign; Sarah Hendriks, director of gender equality, Gates Foundation; Shamarukh Mohiuddin, director of the economic empowerment program, US Chamber of Commerce; Jesse Matton, associate manager, corporate relations, US Chamber of Commerce Foundation; and J. T. O'Donnell, CEO of CAREEREALISM and CareerHMO.

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April 2016

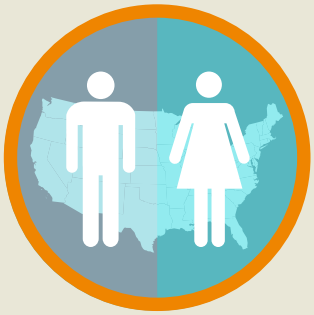
IN BRIEF

THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN THE UNITED STATES

Achieving the economic potential of women in work could add $2.1 trillion in GDP in 2025 or 0.8 percent to annual GDP growth in the United States over the next decade. Every state and city can make further progress toward gender parity and add at least 5 percent to their GDP, and half of US states can add more than 10 percent.

- In a best-in-class scenario in which each state matches the state with the fastest rate of improvement toward gender parity in work over the past decade, $2.1 trillion of incremental GDP could be added in 2025—10 percent higher than the business-as-usual figure. Achieving this potential would require about $475 billion more capital investment in 2025 to help create the 6.4 million jobs needed to secure that boost to GDP and improve productivity. Thirty-eight percent of the potential can come from higher female labor-force participation, 32 percent from narrowing the gap between men and women who work part time and full time, and 30 percent from changing the mix of sectors in which women work to increase employment in more productive ones.
- All states can increase their GDP by at least 5 percent in the best-in-class scenario over the business-as-usual scenario by 2025. Twenty-five states, including those with large GDPs such as Florida and New York, could gain more than 10 percent. The 50 largest cities we analyzed can increase GDP by 6 to 13 percent over this period.
- Worldwide, enhancing women's economic potential has gone hand in hand with achieving greater social gender equality. Based on the relationship between capturing economic opportunity and tackling societal barriers to women's economic participation, MGI has taken a broad view of gender inequality in the United States using ten indicators of gender equality in work and society. US gender inequality is low or medium on four: labor-force participation rate, professional and technical jobs, higher education, and maternal mortality. Inequality is high or extremely high on six: leadership and managerial positions, unpaid care work, single mothers, teenage pregnancy, political representation, and violence against women. These six should be prioritized as "impact zones" for action. To give an idea of the considerable challenges that the United States faces, there are just 66 women for every 100 men in business leadership and managerial positions, women do almost double the unpaid care work that men do, and there is one incident of sexual violence for every two women in the United States.
- Ten indicators are used to develop a State Parity Score (SPS) that indicates the distance from gender parity in all 50 US states. In four of the six impact zones, ten states account for more than half of the women affected.
- The City Parity Score (CPS) measures the distance from parity of the top 50 Metropolitan Statistical Areas, or cities. While there is variability in performance among cities, all cities have an opportunity to improve on gender equality.
- Action by individual organizations and collaboration among them are both required to accelerate change. Businesses can promote gender diversity in their own organizations in areas such as recruitment and performance evaluation. Governments can consider ways to make paid parental leave and improved child care a reality for more men and women, and can introduce state-level programs to address issues like teenage pregnancy. More cross-sector collaboration between governments, businesses, and non-profit organizations is needed. More work is required to collect robust and consistent data on gender inequality to inform discussion about which interventions are likely to be most effective.

The economic case for gender parity in the United States



$4.3 trillion

of **additional annual GDP in 2025** could be added in the United States by fully bridging the gender gap in the workplace. This is **19% higher** than business-as-usual GDP in 2025

$2.1 trillion

could be added in 2025 by matching the rate of progress of the best-in-class state toward gender parity in work, **an increase of 10%** compared with business-as-usual GDP in 2025

Achieving the $2.1 trillion would mean

6 million
more high-productivity jobs for women in 2025

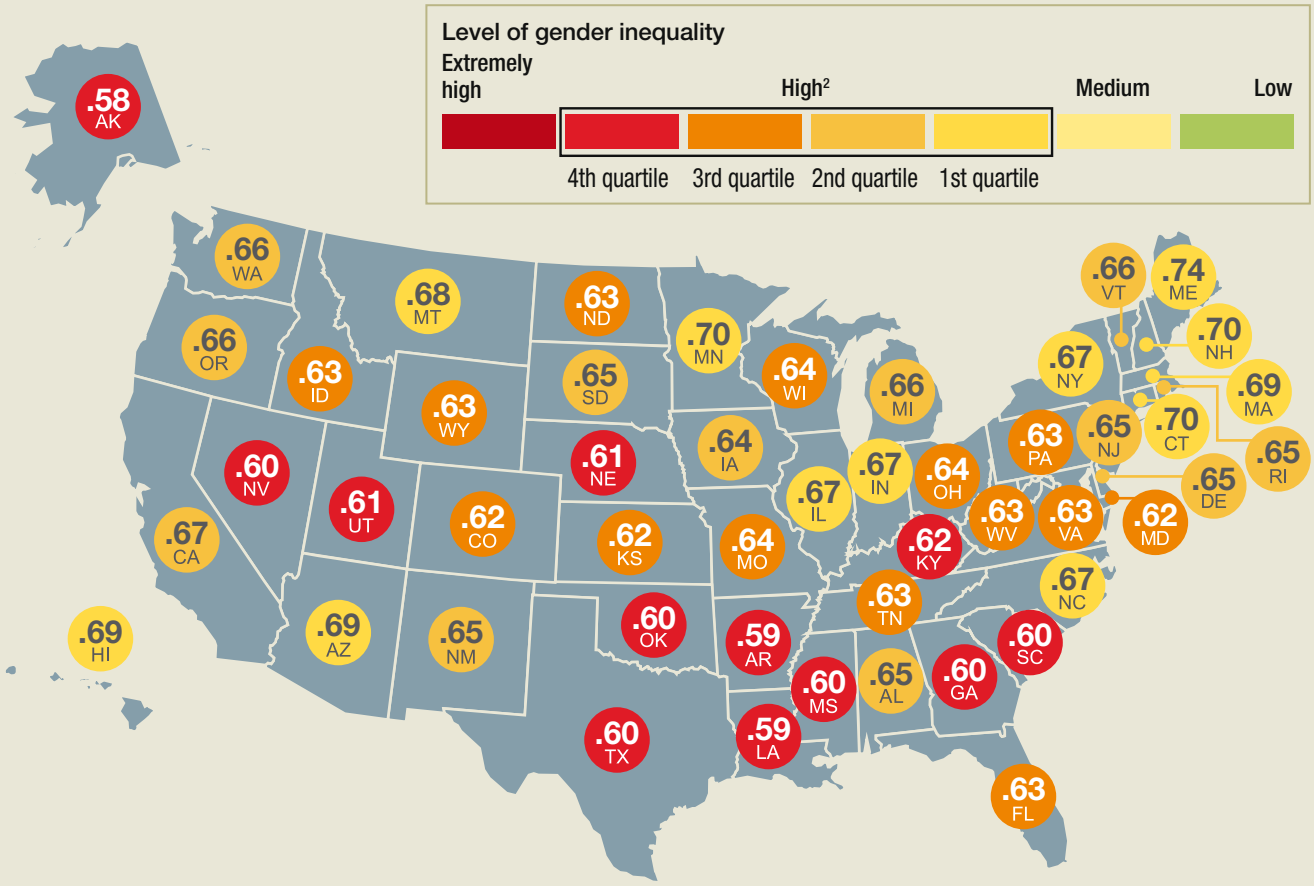
55%
of GDP impact from the top ten states[1]

>5%
incremental GDP opportunity for each state

We linked economic potential to ten US-specific indicators in four categories

- Equality in work
- Essential services and enablers of economic opportunity
- Legal and political voice
- Physical security and autonomy

All states have high gender inequality. The State Parity Score (SPS) shows how close states are to gender parity



[1] California, Texas, New York, Florida, North Carolina, Massachusetts, Pennsylvania, Virginia, Georgia, and New Jersey (in order of absolute GDP impact dollars).

[2] Quartiles within high level of gender inequality are based on US state-level scores. Numbers are rounded to two decimal places. Quartiles are based on actual, and not rounded, values.

SOURCE: *The power of parity: Advancing women's equality in the United States*, McKinsey Global Institute, 2016

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THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN THE UNITED STATES

Gender inequality remains a pressing global issue with significant social and economic costs. Taking bold action to increase the economic participation of women is critical for long-term prosperity and can add significantly to economic growth. Among developed economies, the potential gains are largest in the United States. Capturing those gains would be particularly valuable in the current economic environment. Some experts believe that a declining share of working-age people in the economy (from 84 percent in 1990 to 81 percent in 2015), due to aging populations, and slowing technological progress could lead to a deceleration in the trajectory of US GDP growth.[1]

In this report, MGI examines the potential economic benefits of tackling gender inequality in the United States, with a particular focus on states and cities. We discuss the findings of two new scoring systems—the State Parity Score for all states, and the City Parity Score for the top 50 Metropolitan Statistical Areas. We identify six "impact zones" where action to tackle gender inequality should be focused, and we discuss a range of potential interventions that policy makers, businesses, and other stakeholders should consider.

THE UNITED STATES CAN INCREASE ANNUAL GDP BY $2.1 TRILLION IN 2025 BY MATCHING THE BEST HISTORICAL RATES OF IMPROVEMENT ON GENDER EQUALITY IN WORK

Labor-force participation is much more gender equal in the United States than in many other regions and countries. Women in the United States make up 46 percent of the labor force. This is about the same as in Germany and the United Kingdom, and significantly higher than in Japan, India, and countries in the Middle East and North Africa. Yet women in the United States contribute about 40 percent of the country's GDP, roughly in line with the global average of 37 percent and lower than their share of the population.[2] There is considerable potential to boost the contribution women make to the economy.

The below-potential contribution of women to US GDP—measured by their share of paid work in the market economy—contrasts with their higher share of unpaid care work such as cooking, cleaning, and taking care of children and older family members. They perform approximately double the amount of such work as men. This work is not recognized as GDP, but it could be valued, using conservative assumptions based on available data on minimum wages, at an estimated $1.5 trillion a year (see the section on unpaid care work for a more detailed discussion on this point).

To estimate the incremental contribution to GDP by narrowing gender gaps, we examined three scenarios (see Box 1, "Approach to estimating the size of the GDP potential of US women"). The first is a business-as-usual scenario based on consensus forecasts for GDP growth combined with historical trends for labor supply, sector mix, and hours worked

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1 See, for instance, Robert J. Gordon, *The rise and fall of American growth: The US standard of living since the Civil War*, Princeton University Press, 2016. Larry Summers pointed to similar trends in his interview with McKinsey in February 2015 and in a March 2015 forum with Harvard students. Also see Lone Engbo Christiansen et al., *Unlocking female employment potential in Europe: Drivers and benefits*, European Department and Strategy, Policy, and Review Department, International Monetary Fund, 2016.

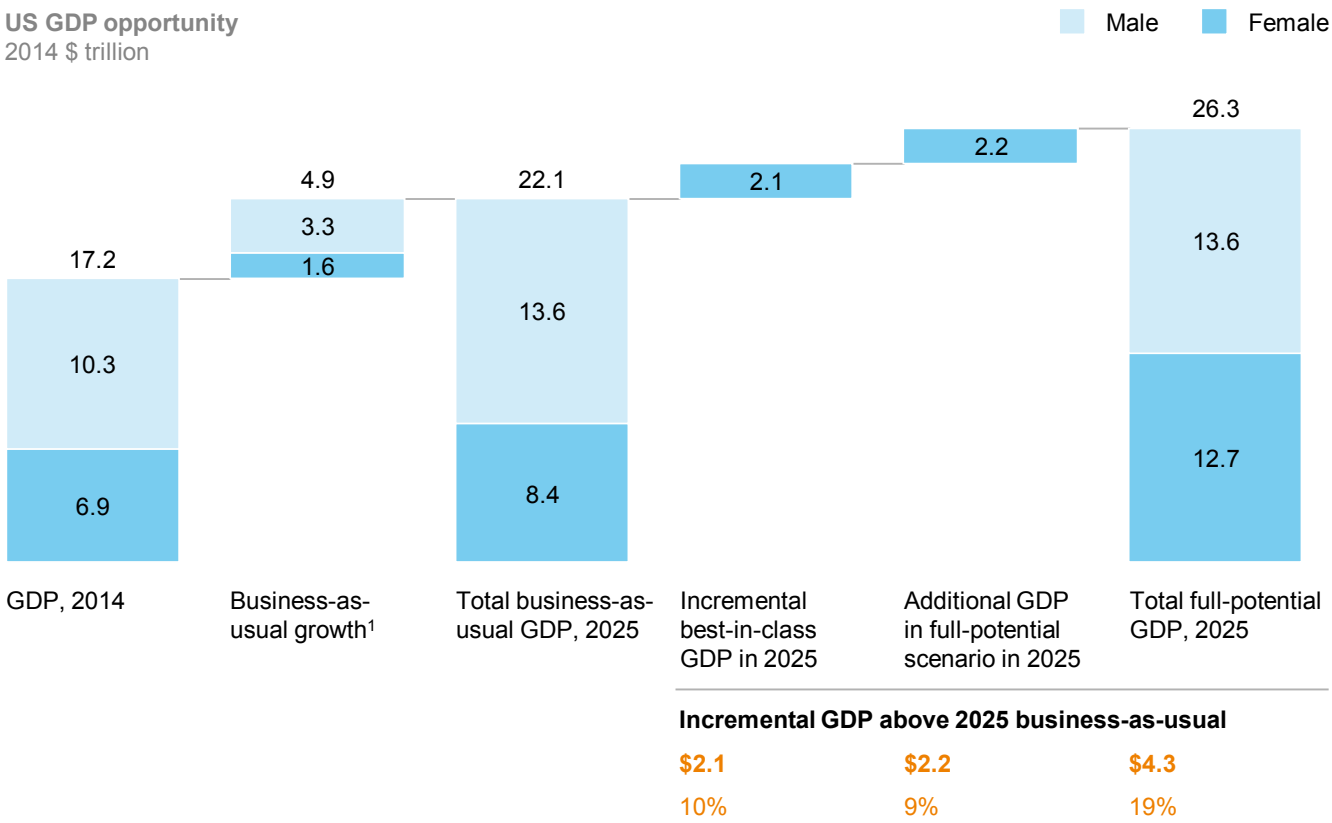
2 Global MGI research on gender inequality analyzed 15 indicators in 95 countries in what was arguably the most comprehensive mapping of this issue to date. The lowest contribution to GDP in the ten regions analyzed is 17 percent in India, while the highest is 41 percent in China, Central Asia, and Eastern Europe. See *The power of parity: How advancing women's equality can add $12 trillion to global growth*, McKinsey Global Institute, September 2015, and *The power of parity: Advancing women's equality in India*, McKinsey Global Institute, November 2015.

by gender. The second is a full-potential scenario in which women in the United States participate in paid work in the market economy identically to men, erasing current gaps in labor-force participation rates, hours worked (part time vs. full time), and representation within each sector, which affects their productivity. In this scenario, as much as $4.3 trillion is added to annual GDP in 2025, resulting in a figure 19 percent higher than in a business-as-usual scenario.

It is, however, unlikely that women in the United States will attain full gender equality at work within a decade, because the barriers hindering women from participating in the labor market on par with men are unlikely to be fully addressed within that time frame and because, ultimately, such participation is a matter of personal choice. We therefore added a third best-in-class scenario in which every US state matches the rate of progress toward gender parity of the fastest-improving state on the same three aspects as the full-potential scenario (Exhibit 1).[3] In this scenario, as much as $2.1 trillion is added to annual GDP in 2025, a figure 10 percent higher than in the business-as-usual scenario.

Exhibit 1

Closing the US gender gap could deliver $2.1 trillion to $4.3 trillion of additional GDP in 2025



1 Represents difference between annual GDP in 2014 and in 2025 for the business-as-usual scenario.
NOTE: Numbers may not sum due to rounding.

SOURCE: Current population survey, BLS; Moody's Analytics; ATUS; McKinsey Global Institute analysis

[3] For the female labor-force participation rate, we used benchmarks linked to the rate of improvement over the past ten years rather than absolute level of performance achieved by states in 2014 in order to more accurately reflect potential achievable within the coming decade. To avoid imposing unrealistically high growth rates arising from the effect of a low base, we selected the best-in-class state from a set of large states (defined as states among the top 15 in terms of absolute GDP and population) that also had the fastest rates of improvement in closing the gender gap on each indicator. For the prime-aged labor-force participation rate, for example, this state was New York. In the case of a few smaller states that have historically narrowed the gap between men and women on labor-force participation at a faster rate than best-in-class states, we assumed these states maintain that historical rate of improvement.

Achieving the additional GDP potential in the best-in-class scenario would require investment to support the additional workers who would join the labor force as women's participation rises—investment both to create jobs and to boost the productivity of work, paid and unpaid. In the best-in-class scenario, we estimate that $475 billion of incremental capital-stock investment will be required in 2025, which is about 9 percent higher than the capital stock required in the business-as-usual scenario.[4] In addition, large corporations and governments will need to take a hard look at the barriers inhibiting productive job creation and the formation of human capital—for women and men and across the economy. One of these barriers is the lack of child-care support for parents, through both policies on parental leave and the availability of child-care facilities. The creation of additional jobs will rely on the United States being an innovation hub and helping companies to climb up the value curve (see the next section for a longer discussion). Job creation will also require support from the government, in collaboration with business and other entities, to address skill gaps through the provision of broader, affordable access to refresher courses and training for workers so that they have a better chance of filling higher-productivity jobs.

All three levers we consider—narrowing gaps in labor-force participation rates, hours worked, and representation within each sector—make a significant contribution to the GDP impact we estimate for the United States. Increasing labor-force participation for women is the largest lever, contributing 38 percent of the total potential. In this scenario, the United States would reverse the decline in the labor-force participation rate of women of prime working age (between 25 and 54) instead of reducing it to 72 percent in 2025 as projected by the US Bureau of Labor Statistics (BLS). The best-in-class scenario projects an increase in participation among women from 74 percent in 2014 to 76 percent in 2025. We do not expect higher female participation to drive down male participation; this is in line with historical trends. According to BLS data, the participation of prime-aged women in the United States increased from 36 percent in 1950 to 76 percent in 2000, while the participation of men stayed over 90 percent.

An additional 32 percent of the potential GDP impact is estimated to come from narrowing the gender gap in part-time vs. full-time work. On average, a woman in the United States works 89 percent of the paid work hours of a man, or a little over one hour less per day, based on a ten-hour working day. This is due in part to women doing 42 percent of the full-time jobs in the United States but 64 percent of the part-time jobs. Finally, 30 percent of the GDP impact could potentially come from raising female employment in higher-productivity sectors. Today, women workers are more represented than men in sectors such as health, social work, and education; these sectors are rapidly growing but have relatively low productivity (as measured by GDP per worker) and hence lower wages. Conversely, women are underrepresented in high-productivity sectors such as manufacturing and business services.[5]

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[4] Calculated based on historical trend analysis of the relationship between investment and GDP in the United States, using IHS data. Our estimates of the impact on GDP do not take into account the additional effects of this higher level of investment.

[5] A 2009 study has found that a rise in the female share of an occupation is linked with a reduction in median wages, even after controlling for factors such as education and skills. For more details, see Asaf Levanon et al., "Occupational feminization and pay: Assessing causal dynamics using 1950–2000 U.S. Census data," *Social Forces*, December 2009.

Box 1. Approach to estimating the size of the GDP potential of US women

Several studies have estimated the potential economic value that could be created by enhancing the role of women in the workforce. Most have examined the question by analyzing the impact of bridging the full labor-force participation gap between men and women, and have found that it could boost GDP by anywhere from 5 percent to 20 percent for most countries. In the case of the United States, the OECD estimates that 10 percent could be added to US GDP by 2030 if gender gaps in labor-force participation are fully erased, compared with a constant labor-force participation rate scenario.[1] Other studies have used econometric models to estimate the economic impact of various other gender inequalities, such as educational gaps. For example, a recent study by the International Monetary Fund finds a correlation between labor-force participation rate and the legal rights of women, which is significant even when accounting for levels of education and fertility.

MGI's calculation is a supply-side estimate of the size of the additional US GDP available from closing the gender gap in employment. We have assessed all US states, building a supply-side model to help us understand the economic impact of gender parity. We have taken into account labor-force participation rates by gender and age cohorts within each state, the prevalence of part-time vs. full-time work among men and women, and employment patterns for men and women across sectors of the economy (see the appendix for more detail). We acknowledge that the supply-side approach needs to be accompanied by demand-side policies that could influence the ability to create jobs to absorb additional female workers. In addition, education and vocational training systems will need to keep pace with rapid technological changes that are altering the nature of work and creating new types of jobs.

For the purpose of these estimates, we assume the same labor productivity for men and women within each subsector—that is, we do not account for productivity differences due to the roles men and women play within companies, the size of firms that employ men and women, variation in agricultural productivity due to the size of male vs. female farm holdings, and so on. In addition, we use average productivity in our calculations. An alternative approach would be to use marginal productivity to estimate the impact of higher labor-force participation among women, using male wages as a proxy, which would imply no marginal investment but a lower GDP impact number of roughly $1.5 trillion.

This approach is primarily a sizing of the impact from bridging the gap in labor markets. It does not take into account other economic implications of bridging the gender gap, such as the impact from increased diversity in entrepreneurship or the intergenerational benefits or costs related to women working longer hours, shifts in consumption by women due to higher wages, or any negative impact on male labor-force participation due to increased female participation. If men were to cut back the time they spend in paid work to share unpaid care work more equally, this could reduce GDP, but we do not factor in that effect. This approach is consistent with data that suggest that men currently have more leisure time than women, and that historically the male labor-force participation rate did not decline significantly when that of women increased.[2]

Finally, we do not factor in the value of unpaid work either in our 2014 estimates of women's contribution to GDP or in our scenarios. While the value of unpaid work affects total economic activity, it is not captured in GDP. Similarly, the value of leisure affects total welfare but is also not captured in GDP. Given data limitations, it is difficult to quantify the mechanisms through which increased women's participation becomes possible (that is, whether it is due to reduced leisure, reduced hours in unpaid work, redistribution of unpaid care work, or the marketization of that work). However, it is clear that, if women are freed from spending some time in unpaid care work, they would have the opportunity to use and improve their skills and pursue higher-paid professions, boosting GDP. We therefore estimate the economic impact only in GDP terms, while acknowledging that this lens does not measure total welfare and total economic activity. However, we do believe that the impact of unpaid work on economic activity and welfare warrants further study.

[1] Olivier Thévenon et al., *Effects of reducing gender gaps in education and labour force participation on economic growth in the OECD*, OECD Social, Employment and Migration Working Papers, December 10, 2012.

[2] See Suzanne M. Bianchi et al., "Housework: Who did, does or will do it, and how much does it matter?" *Social Forces*, volume 91, number 1, September 2012. The American Time Use Survey 2014 published by the Bureau of Labor Statistics defines leisure as including the following activities: "socializing, relaxing, and leisure," "sports, exercise, and recreation," "religious and spiritual activities," and "volunteer activities."

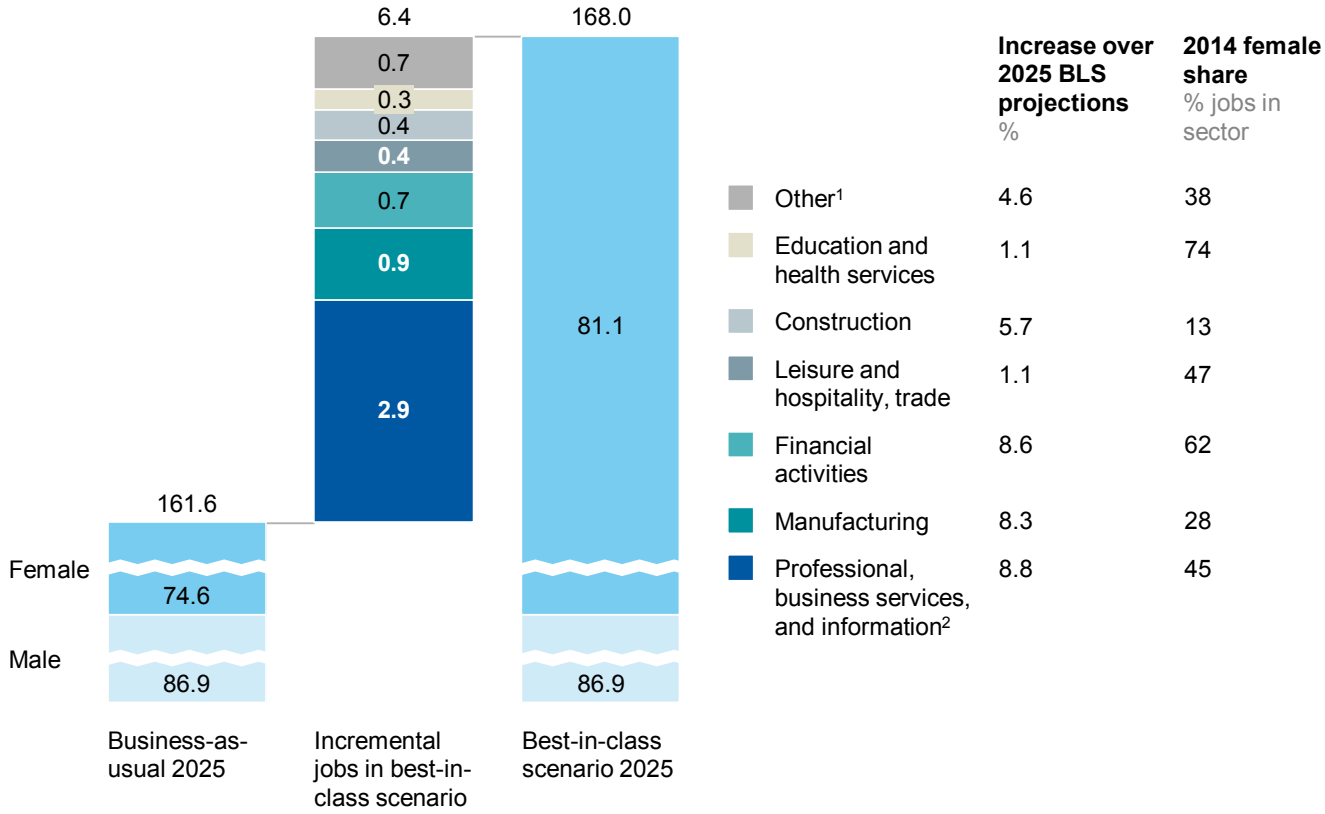
CREATING THE RIGHT CONDITIONS WOULD ENABLE 6.4 MILLION MORE WOMEN TO JOIN THE LABOR FORCE, PARTICULARLY IN HIGH-PRODUCTIVITY SERVICES SECTORS

In MGI's best-in-class scenario, arresting the projected decline in participation and, indeed, boosting that rate by two percentage points would create 6.4 million incremental jobs over the ten million that the BLS currently projects will be created by 2025. Jobs could be created at a rate of 1.0 percent a year in the period to 2025, compared with 0.6 percent in the business-as-usual scenario. To narrow gender gaps in labor productivity due to the different sectors in which men and women tend to work, the incremental jobs for women would be needed in relatively higher-productivity sectors. One scenario would be that roughly 60 percent of these additional jobs come from professional and business services, information, and manufacturing (Exhibit 2).[6] This implies, for instance, roughly one million additional jobs created in manufacturing relative to the business-as-usual case in 2025, compared with the 0.9 million net new manufacturing jobs that were created in the US economy between 2010 and 2015.[7]

Exhibit 2

$2.1 trillion translates into 6.4 million additional jobs in the best-in-class scenario

Million jobs



1 Includes agriculture, mining, other services, transport, and utility sectors.
2 Includes technology and high-tech sectors.
NOTE: It is difficult to predict the exact number of jobs in each sector. These numbers represent directional estimates only. There are no incremental jobs in the government sector. Numbers may not sum due to rounding.

SOURCE: BLS; McKinsey Global Institute analysis

[6] This represents one scenario of sector-by-sector job creation that allows the realization of the GDP opportunity we have identified here. To construct this scenario, we have built on projections from the BLS (to ensure that sector growth continues to be on the order of magnitude of BLS projections) and prior MGI work that identified scenarios for job growth in the United States. For further details, see *An economy that works: Job creation and America's future*, McKinsey Global Institute, June 2011.

[7] BLS current employment statistics survey (national), manufacturing industry all employees, January 2010–December 2015.

WHAT IT WILL TAKE TO ACHIEVE THE REQUIRED JOB CREATION AND PRODUCTIVITY BOOST

Achieving the additional GDP potential in the best-in-class scenario would require investment to support the additional workers who would join the labor force as women's participation rises. That investment would be needed to create jobs and boost productivity, to increase the supply of skills, and to facilitate better matching of skills to available jobs. In the best-in-class scenario, we estimate that $475 billion of incremental capital-stock investment will be required in 2025 at an aggregate macroeconomic level, which is about 9 percent higher than the capital stock required in the business-as-usual scenario. Much of the required investment, including in infrastructure, innovation, and talent development, will need to come from the private sector, with state and local governments also contributing.[8] Achieving the economic potential of women will require interventions to address supply-side barriers, to better match demand for and supply of jobs, and to tackle demand-side barriers to job creation for both men and women. Many reforms to increase investment and spur job growth are gender-neutral including, for example, accelerating infrastructure investment and cutting red tape that constrains businesses. Some reforms could be targeted to stimulate job growth in industries that have historically hired fewer women than men (for example, manufacturing, professional and business services, leisure and hospitality, and trade) and to address barriers that inhibit women from stepping up their participation (for instance, not having the right skills and not finding flexible work opportunities).

- **Addressing supply-side barriers.** A key supply-side constraint on labor is a shortfall in skills. The skills of the workforce and those not currently working need to be raised so that positions are filled—and more of them are filled by women. On current trends, the United States will not have enough workers with the right education and training to meet the skill profiles of the jobs projected to be available.[9] A 2012 McKinsey report found that about 60 percent of US employers were skeptical about recent graduates' potential to succeed in their company.[10] Support from the government and other entities is required to address skill gaps by boosting high school graduation rates, enrollment and graduation from community colleges and universities, and on-the-job training and refresher courses for those already in the workforce, offering people a better chance of filling higher-productivity positions where jobs are expected to be created.[11] Business can help develop curricula for use in community colleges and vocational schools. Creating a national database of jobs could help students make informed decisions about majors and training programs. Expanding non-degree training programs, boosting college completion rates, and encouraging students to pursue science, technology, engineering, and math (STEM) degrees are other ways to boost the skills of tomorrow's workforce. There are other supply-side constraints that prevent women from entering the workforce. We discuss interventions to address them later in this report.

- **Better matching demand for and supply of jobs.** McKinsey's 2012 report noted that there is a shortage of people with the required skills to fill the jobs that are available and high youth unemployment, and that there is an issue with matching people to jobs.[12] Our analysis finds that in a business-as-usual case in 2025, about 16 million prime-age women will be out of the labor force (excluding those who are retired or unable to work). Of these, approximately six million have either a bachelor's or an associate's degree, and almost three million have completed at least some college education. These are women with the potential to help narrow the skill gap we have noted. A recent survey in

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8 *An economy that works: Job creation and America's future*, McKinsey Global Institute, June 2011

9 Ibid.

10 *Education to employment: Designing a system that works*, McKinsey Center for Government, December 2012.

11 *Game changers: Five opportunities for US growth and renewal*, McKinsey Global Institute, July 2013.

12 *Education to employment: Designing a system that works*, McKinsey Center for Government, December 2012.

the United States found that three-quarters of self-identified homemakers, or stay-at-home mothers, would be likely to return to work if they had flexible options.[13] Online talent marketplaces can help to connect prospective employers with those who want a job, and also help provide flexible models of employment, creating a new model of "fractional employment" that can appeal to people who do not want traditional full-time positions (including stay-at-home mothers, seniors, and students). Despite some criticism of this model, it does provide options to rejoin the labor force for people who have left it. MGI has found that about four million more people in the United States who are not currently employed or looking for a job could be helped into work by online talent marketplaces and through fractional arrangements on contingent work platforms.[14]

- **Tackling demand-side barriers to job creation.** Much can be done to raise demand for both male and female workers in the United States. Technology investment can spur demand for high-productivity knowledge-intensive jobs. MGI has analyzed big data's potential to raise output and create jobs in sectors ranging from retail trade to manufacturing. For instance, big data tools can support innovation in retail through combining real-time data on inventory with demand forecasting to reduce stock-outs and excess ordering. In manufacturing, big data can be used from product design to factory planning and can enable improved monitoring of wear and therefore fewer disruptions to production. Achieving all such benefits from the use of big data will require addressing skills shortages in this area. A 2011 MGI report estimated that the United States will require 190,000 additional data scientists and 1.5 million more managers and analysts with some proficiency in statistics by 2018.[15] Related to technology investment, enabling the creation and development of new companies is vital to creating jobs in the United States. More investment in R&D and more start-up financing are needed. The government can help to accelerate the development of new businesses in its role as a buyer of services and equipment. Academia, business, and the public sector can collaborate more closely to ensure that new ideas developed by US companies and research labs can be commercialized.

  Manufacturing jobs are under pressure worldwide due to rising automation, but manufacturing industries located near markets and supply chains can provide long-term employment and skill pathways for millions of workers. A 2013 MGI report found that the United States is one of the few advanced economies running a trade deficit in knowledge-intensive industries, which include automobiles, aerospace, semiconductors and electronics, medical and precision equipment, and chemicals and pharmaceuticals.[16] A major reason for this deficit has been growing imports of assembled vehicles and parts for the automobile sector. However, foreign companies have increasingly opted to assemble vehicles in the United States both for the domestic market and for export. Indeed, nearly 70 percent of the one million new manufacturing jobs created between 2010 and 2015 came from four industries: motor vehicles, machinery and equipment, primary metals, and fabricated metals. The United States can look to capitalize on this and encourage job creation, for example by improving the talent pool through developing skills, creating an attractive tax and regulatory environment for businesses looking to invest, and further developing existing industry clusters.[17] The United States also needs to modernize its infrastructure to enable GDP growth and job

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[13] Kaiser Family Foundation/New York Times/CBS News poll of 1,002 non-employed US adults, December 2014.

[14] For a detailed discussion, see *A labor market that works: Connecting talent with opportunity in the digital age*, McKinsey Global Institute, June 2015.

[15] *Big data: The next frontier for innovation, competition, and productivity*, McKinsey Global Institute, May 2011.

[16] For a detailed discussion, see *Game changers: Five opportunities for US growth and renewal*, McKinsey Global Institute, July 2013.

[17] *An economy that works: Job creation and America's future*, McKinsey Global Institute, June 2011; *Manufacturing the future: the next era of global growth and innovation*, McKinsey Global Institute and McKinsey Operations Practice, November 2012.

creation across the board, but particularly in the logistics-dependent manufacturing sector. MGI has estimated that the United States needs to invest $150 billion to $180 billion annually—about 1 percent of GDP—over the next 15 years to compensate for past underinvestment.[18]

Finally, the United States can position itself to capitalize on global growth. Aggressively pursuing new export markets in fast-growing developing economies can open up new opportunities, particularly for small and medium-sized businesses. Continued bilateral, regional, and global trade negotiations can help to open doors alongside efforts by both private players and government to increase the visibility of US businesses abroad. Small and medium businesses are increasingly using online platforms such as Amazon and eBay to tap into a global customer base.[19] Visitors from the growing middle class in developing economies who are showing enthusiasm for foreign travel represent another potential source of demand that converts into jobs. According to the China Outbound Tourism Research Institute, for instance, an additional 100 million Chinese are expected to travel abroad by 2020.[20]

THE DISPROPORTIONATELY HIGH LOAD OF UNPAID CARE WORK ON WOMEN CAN BE REDUCED AND SHARED MORE EQUALLY TO ENABLE THEIR SHIFT INTO THE PAID ECONOMY

Achieving the best-in-class scenario assumes that women allocate more of their time to paid work and less to unpaid work. While some elements of unpaid work are valuable to society, this work does not drive GDP because it doesn't have a monetary value: the current measure of GDP values only market-based production (and, in economies where it is relevant, subsistence agriculture). Substituting non-market work with market-based work—for instance, by having a caregiver be employed and earn a wage—would therefore increase GDP.

We acknowledge that many women undertake unpaid work voluntarily. However, many other women may prefer to be employed in paid, market-based work. Economists have emphasized the importance of recognizing, reducing, and redistributing unpaid work.[21] Unpaid work can be eliminated (through productivity-boosting investments such as better transportation and more automation of chores), converted into paid jobs for both men and women, or shared more equitably between men and women. The best-in-class scenario assumes that the hours that women work increase from 89 percent to 95 percent of those worked by men, adding, on average, 35 minutes per day, based on an average ten-hour workday. This increase in hours worked by women could be achieved by men allocating more of their leisure time to helping out around the house. Men, on average, spend one hour more each day on leisure activities than women do.[22]

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18 *Game changers: Five opportunities for US growth and renewal*, McKinsey Global Institute, July 2013

19 *Digital globalization: The new era of global flows*, McKinsey Global Institute, March 2016.

20 *Social pressures: Chinese tourists keep exploring*, Credit Lyonnais Securities Asia, 2015.

21 The formulation recognizing, reducing, and redistributing was originally used in Diane Elson, *The three R's of unpaid work: Recognition, reduction, and redistribution*, presented at the Expert Group Meeting on Unpaid Work, Economic Development and Human Well-Being in New York, United Nations Development Programme, November 2008.

22 Calculated as the average time spent on "socializing, relaxing, and leisure," "sports, exercise, and recreation," "religious and spiritual activities," and "volunteer activities," using data from the Bureau of Labor Statistics' American Time Use Survey, 2014.

An alternative would be to have men reduce the time they spend in paid work to take on unpaid work. While this would intuitively seem to reduce US GDP, the data indicate that significant increases in female labor-force participation do not require male labor-force participation to drop, and this therefore has had very little negative impact on GDP data over the past 50 years. Between 1965 and 2010, the labor-force participation of prime-aged women in the United States increased from 44 percent to 74 percent, and the time they spent on housework was cut almost in half. However, the hours they spent on child care rose by 30 percent, reflecting personal and familial choices that led to more equitable sharing of both housework and child care. Indeed, men's average weekly hours on housework rose from 4.9 in 1965 to 10.0 in 2010, while their average hours on child care increased from 2.6 per week to 7.2 per week.[23] During the same period, male labor-force participation declined slightly but stayed consistently above 90 percent.

Apart from more equitable sharing of unpaid work among men and women, there are other ways to streamline unpaid work, with the help of appropriate investment, and thereby free women to work in the market economy—full time—if they so desire. Improvements in child-care facilities (on-site or off-site) would enable mothers to work longer hours and would, at the same time, create child-care jobs for both men and women. As unpaid care work shifts from the family arena into the formal economy, it can result in a growing segments of paid jobs in child care, elder care, care for the disabled, and home care, in response to trends such as aging and the fact that care work cannot easily be automated. To the extent such services are well-organized and professionalized, they can provide access to relatively well-paid, secure jobs with benefits, akin to nursing and preschool teaching professions. Some unpaid work might disappear with productivity-enhancing infrastructure and automation that enable routine household chores to be done more quickly, adding to GDP if women (and men) use the time saved to engage in paid work. Even more broadly, if women have the opportunity to improve their skills and pursue higher-paid professions, this will boost GDP.

Narrowing the gender gap in unpaid care work would have second-order effects, too. A rise in female labor-force participation can have intergenerational benefits. In one 24-country study, daughters of working mothers were more likely to be employed, have higher earnings, and hold supervisory roles—all adding to GDP—than daughters of mothers who did not work outside the home.[24]

THE IMPACT ON GDP—AND THE LEVERS THAT DELIVER THE IMPACT—VARIES AMONG STATES

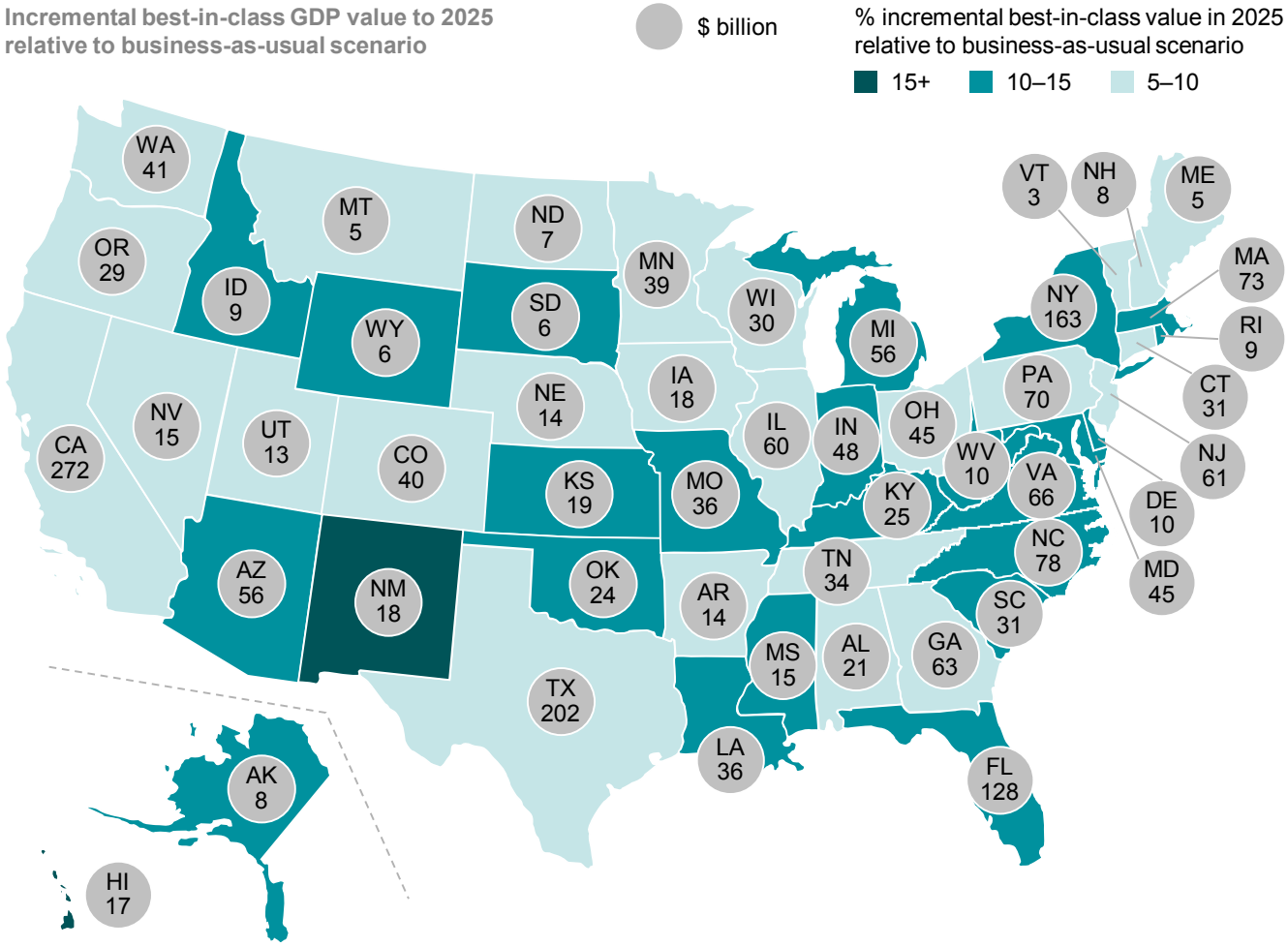
The economic opportunity from tackling gender inequality varies from state to state. In the best-in-class scenario, 55 percent of the additional GDP potentially available would come from the ten largest US states by GDP and population: California, Texas, New York, Florida, North Carolina, Massachusetts, Pennsylvania, Virginia, Georgia, and New Jersey (in order of absolute GDP impact dollars). About 52 percent, or 3.3 million, of the 6.4 million incremental jobs would need to be created in these top ten states to absorb the women entering the workforce. Every state has a best-in-class opportunity to increase its GDP by at least 5 percent. Hawaii and New Mexico could add more than 15 percent to their GDP in this scenario (Exhibit 3).

[23] Suzanne M. Bianchi et al., "Housework: Who did, does or will do it, and how much does it matter?" *Social Forces*, volume 91, number 1, September 2012.

[24] Kathleen L. McGinn, Mayra Ruiz Castro, and Elizabeth Long Lingo, *Mums the word! Cross-national effects of maternal employment on gender inequalities at work and at home*, Harvard Business School working paper number 15-094, June 2015.

Exhibit 3

All states can add 5 percent or more to GDP by increasing women's labor-force participation; 25 states could gain 10 percent or more



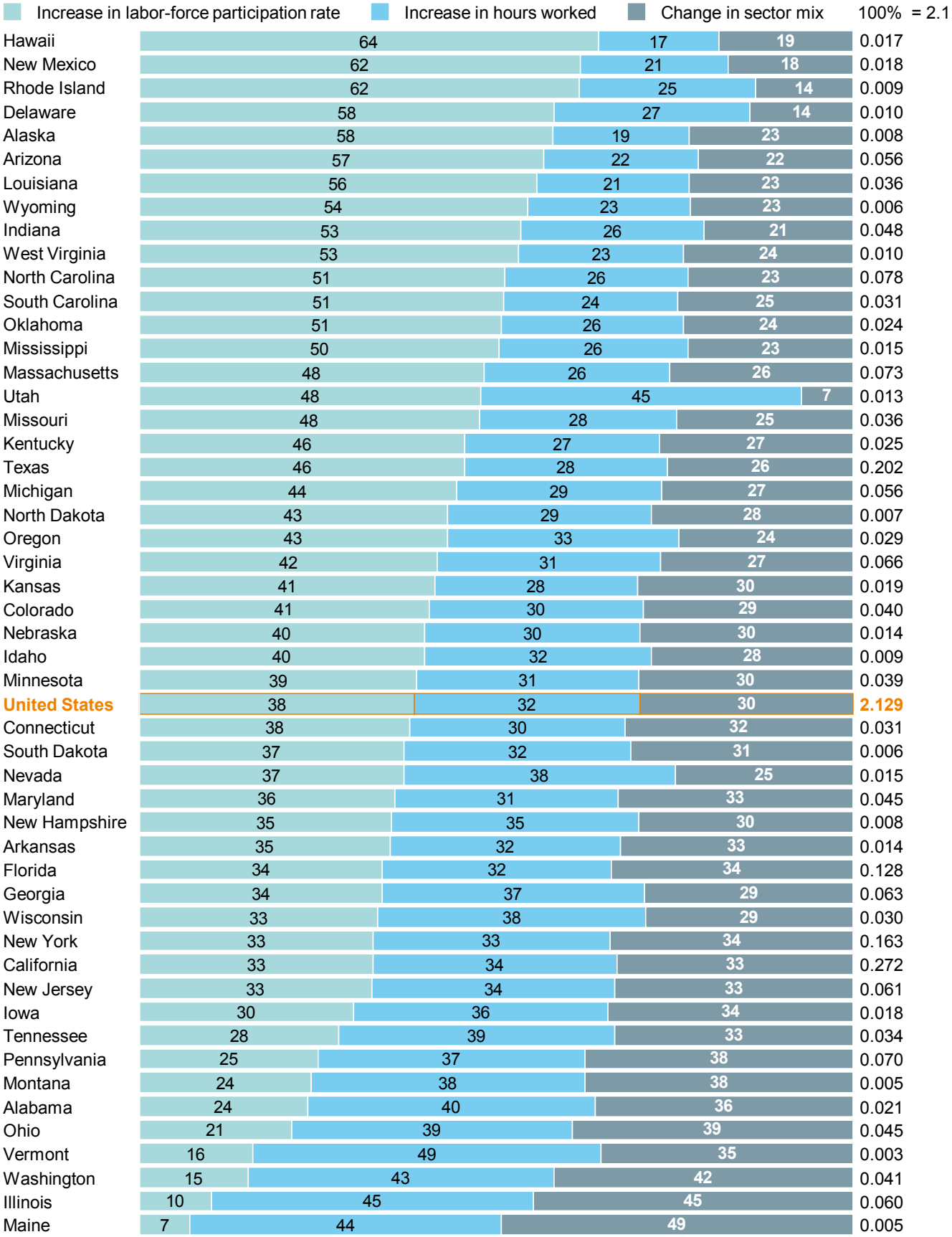
SOURCE: McKinsey Global Institute analysis

The contribution to additional GDP from increasing women's labor-force participation varies among states. For instance, Maine and Illinois could potentially add 7 percent and 10 percent to GDP, respectively, from boosting women's participation, a relatively small contribution that reflects the fact that the participation gap between men and women in these states is already low. Each has a female-to-male participation ratio of over 0.9 (Exhibit 4).

Exhibit 4

Boosting labor-force participation is the largest driver of increased GDP

Incremental 2025 GDP in best-in-class scenario vs. business-as-usual scenario
%, $ trillion



SOURCE: BLS; Moody's Analytics; McKinsey Global Growth Model; McKinsey Global Institute analysis

THE UNITED STATES HAS HIGH OR EXTREMELY HIGH GENDER INEQUALITY ON SIX OUT OF TEN INDICATORS IN THE STATE PARITY SCORE (SPS)—SIX US "IMPACT ZONES"

The additional GDP that can be driven by increasing women's involvement in the market economy—and narrowing the gender gap at work—may not be achievable without addressing gender inequality.Gender equality in society and in work are closely linked. MGI's global research on gender equality in 95 countries found that virtually none had both high equality on social indicators and low equality in terms of employment and labor markets. This suggested that gender equality in society is a powerful determinant of gender equality in work.[25] There are, of course, also compelling humanitarian reasons for tackling women's inequality.

There are also links in the United States between certain forms of economic and societal gender inequality. For instance, the unequal sharing of unpaid work reduces women's labor-force participation, their earning power, and their ability to rise to leading positions in companies (Exhibit 5). Our analysis suggests that gender parity in tertiary education in the United States is positively correlated with parity in labor-force participation rates and professional and technical occupations.[26] The prevalence of teenage pregnancy is negatively correlated with gender parity in professional and technical jobs.[27] As discussed later in this report, violence against women[28] limits women's economic potential.

Because there are clearly links between different forms of gender inequality, MGI's global analysis of gender inequality considered 15 indicators in four categories and used them to compile a Global Parity Score (GPS) for 95 countries. In this US analysis, we adopted a similar comprehensive approach but made some adjustments to tailor our score to the United States. We used ten indicators to compile a State Parity Score for the 50 states in the same four categories we used in the global work:

- **Gender equality in work**, or the ability of women to be equal players in the labor markets: to find employment, be compensated fairly for it, gain the skills and opportunity to perform higher-productivity jobs, and share work outside the market economy equitably. In the US research, we use five indicators: labor-force participation rate, professional and technical jobs, leadership and managerial positions, unpaid care work, and the prevalence of single mothers (which implies unequal sharing of family care responsibilities alongside paid work).

- **Essential services and enablers of economic opportunity**, such as health care, education, and financial and digital services that are also vital enablers of social progress. In the US research, we use three indicators to reflect education and health care: maternal mortality, higher education, and teenage pregnancy.

- **Legal and political voice**, or the equal right for women to self-determination, including the right to work, access institutions, inherit assets, be protected from violence, and have the opportunity to participate actively in political life. In the US research, we use political representation as the indicator.

- **Physical security and autonomy**, or the right of women to safety from bodily harm. In the US research, we use violence against women as the indicator. This indicator includes all forms of sexual violence against women.

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[25] The *power of parity: How advancing women's equality can add $12 trillion to global growth*, McKinsey Global Institute, September 2015.

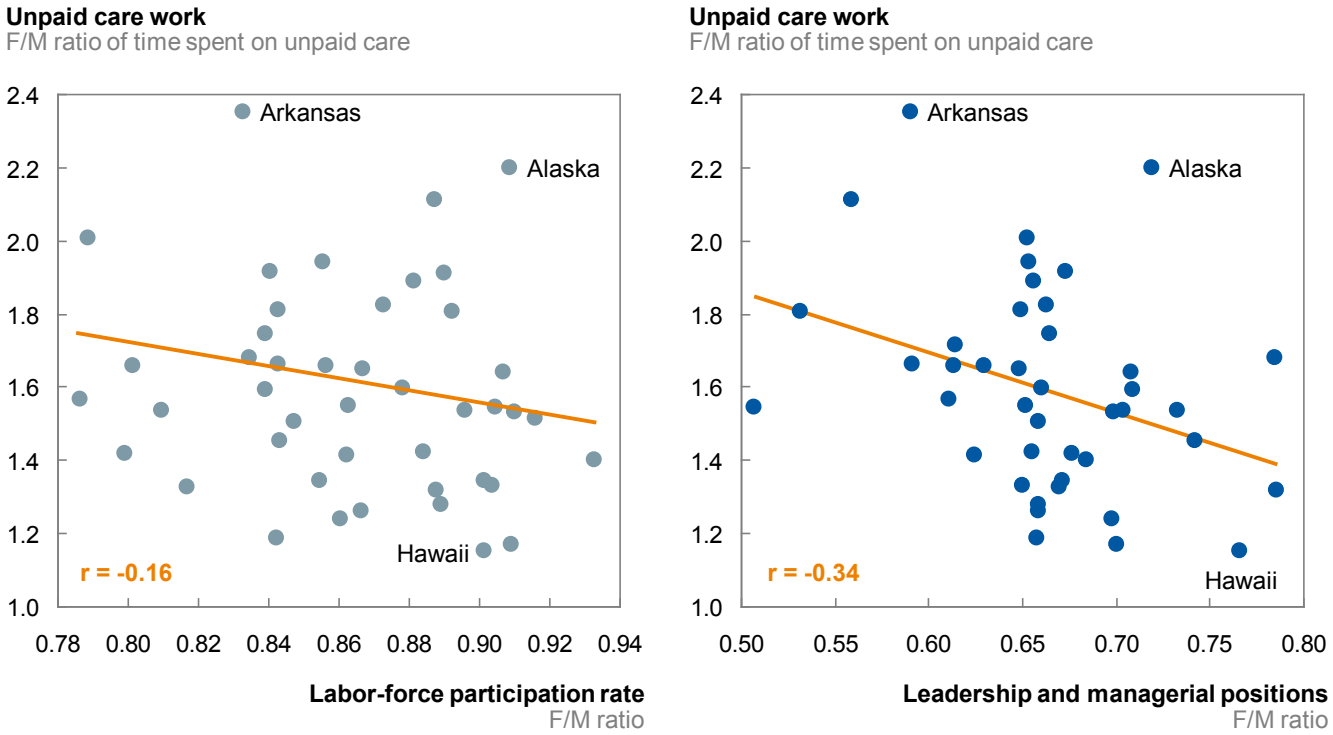
[26] Correlation coefficients of 0.49 and 0.24, respectively, based on data across all US states.

[27] Teenage pregnancy rate and gender parity in professional and technical occupations have a correlation coefficient of negative 0.41 across US states based on MGI analysis.

[28] This indicator is calculated as total number of incidents of sexual violence, divided by total female population. For more details, please see the appendix.

Exhibit 5

As US men and women share unpaid work more equally, women participate more in the workforce and advance to managerial positions



NOTE: Data points that lie +/-2 deviations away from the mean have been removed from scatter plots.

SOURCE: US Census; ATUS; McKinsey Global Institute analysis

The reason for this slightly modified approach is the fact that not all 15 indicators in the global research are pertinent to the United States. On three of the global indicators—digital inclusion, sex ratio at birth, and child marriage—the United States has more or less achieved gender parity. On another global indicator, education, the United States also has achieved gender parity as the indicator was defined in the global context. In the US work, we included higher education but excluded literacy and secondary education.

We excluded three other global indicators—perceived wage gap, financial inclusion, and legal protection—where the United States has yet to achieve gender parity but where comprehensive gender-disaggregated data were unavailable across states. While these indicators have been excluded due to lack of data, we acknowledge that they are still pertinent in assessing the state of gender parity in the United States. Perceived wage gap is a significant inequality issue. The World Economic Forum survey we have used to estimate this type of inequality finds that respondents in the United States believe, on average, that women receive about 60 percent of the wages that men do for equivalent work.[29] While a more detailed analysis illustrates that this wage gap number may be inflated, a gap remains (as discussed in more detail in the section on interventions later in this report). Legal protection is also a high-inequality issue: states often have differing legal protections, and gaps in the provision of parental leave and paid maternity leave persist. Financial inclusion is a medium-inequality issue. Women in the United States have about 85 percent of the access to financial services that men do, particularly capital finance (also part of our discussion of interventions).[30] We acknowledge the importance of these indicators and

[29] *The global gender gap report 2015*, World Economic Forum, November 2015.

[30] Our composite measure of financial inclusion covers access to bank accounts, remittances, and credit.

discuss them qualitatively and in relation to other indicators, but we do not include them in the SPS.

We also added two new indicators to the SPS—comparable with those in the global score but modified to more accurately reflect the US context. So, for instance, instead of unmet need for family planning (on which the global research found that the United States had medium inequality), we have used teenage pregnancy (defined as the number of births per 1,000 women aged between 15 and 19 years) to give a more detailed, state-level view. We added a single mothers indicator as part of gender equality in work to measure the significant pressure on a female single parent that may limit her economic potential, as evidenced by the fact that every one in four families headed by a single mother is living in poverty.[31] For details of all ten indicators in the SPS, please see the appendix.

Finally, we acknowledge that while many of the issues reflected in the SPS, including violence and single parenthood, are also pertinent to men, we have chosen to maintain a level of consistency in the SPS by focusing on inequalities and challenges as experienced by women. In the case of single parenthood, this is justified by the fact that around three-quarters of all single-parent households in the United States are headed by women. In the case of domestic violence, 91 percent of victims of rape and sexual violence are female.[32] For these indicators that measure prevalence, reaching gender parity is not the issue but rather reducing that prevalence (and, in the case of single motherhood, reducing "involuntary" occurrence). We therefore use levels of prevalence rather than female-to-male ratios.

On each of these ten indicators, we classified the performance of individual states as exhibiting low, medium, high, or extremely high inequality or distance from an ideal state.[33] We then used the ten indicators for each state to calculate the SPS, similar to the GPS and calculated in the same way. The SPS weights each indicator equally and calculates an aggregate measure of how close women are to gender parity in each state. An SPS of 1.00 indicates parity, and an SPS of 0.00 indicates a lack of parity.

The United States has high or extremely high inequality on six of the ten indicators despite being a highly developed country economically and socially (Exhibit 6). Scores on two of these six indicators—leadership and managerial positions, and unpaid care work—range from low or medium to extremely high. However, gender inequality is high across the nation on the other four indicators (single mothers, teenage pregnancy, political representation, and violence against women).

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[31] Calculated from US Census, 2014. It should be noted that these estimates do not wholly account for government transfers.

[32] Statistics about sexual violence, National Sexual Violence Resource Center, 2015.

[33] For most indicators, low inequality is defined as being within 5 percent of parity, medium inequality between 5 and 25 percent, high inequality between 25 and 50 percent, and extremely high inequality 50 percent or above. For example, a female-to-male ratio of 0.4 in labor-force participation corresponds to extremely high levels of inequality since the distance from parity (1.0), or the gender gap, in labor-force participation is 0.6 or 60 percent. For indicators related to physical security and autonomy, where we felt the severity of the indicators warranted different thresholds, we defined extremely high inequality as greater than or equal to 33 percent distance from no prevalence (in the case of violence against women). In the case of indicators that we customized for the SPS—namely maternal mortality, teenage pregnancy, and single mothers—we used slightly different thresholds using absolute measures of global best-in-class and worst-in-class scores. Because these indicators apply only to females, they do not specifically point to gender inequality; instead, scores can be interpreted as the distance from an ideal state. For a detailed discussion of the ten indicators, data sources, and our methodology for setting thresholds, see the appendix.

Exhibit 6

The United States has high or extremely high inequality on six out of ten indicators

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

	Indicators[1]	Number of states (50 total)	Indicator level across states, weighted by 2014 female population	Range of indicator levels[2] Minimum—Median—Maximum	Variability Standard deviation
Gender equality in work	Labor-force participation rate F/M ratio	1, 49	0.84	0.71 — 0.86 — 0.93	0.05
	Professional and technical jobs F/M ratio	7, 43	0.80	0.68 — 0.81 — 0.89	0.04
	Leadership and managerial positions F/M ratio	3, 42, 5	0.66	0.45 — 0.66 — 0.89	0.08
	Unpaid care work M/F ratio	6, 33, 9, 2	0.62	0.25 — 0.64 — 1.00	0.14
	Single mothers % of families with children	49, 1	24.26	12.18 — 23.58 — 34.82	4.47
Essential services and enablers of economic opportunity	Maternal mortality Deaths per 100,000 births	29, 21	12.03	1.20 — 10.30 — 21.00	4.97
	Higher education F/M ratio	6, 44	1.03[5]	0.88 — 1.06 — 1.24	0.09
	Teenage pregnancy Births per 1,000 women aged 15–19	47, 3	29.28	13.80 — 28.05 — 47.50	9.29
Legal and political voice	Political representation[3] F/M ratio	46, 4	0.30	0.05 — 0.25 — 0.60	0.14
Physical security and autonomy	Violence against women[4] Incidents per woman	46	0.48	0.34 — 0.47 — 0.64	0.07

1 On the single mothers, maternal mortality, teenage pregnancy, and violence against women indicators, inequality is measured as distance from an ideal state rather than through an explicit comparison with men.
2 Not to scale.
3 Customized US indicator that is a composite of participation in the House of Representatives, state legislatures, and statewide elective offices.
4 Customized US indicator that measures all sexual violence against a woman by any perpetrator. Total omits Hawaii, Mississippi, New Jersey, and South Dakota, which do not have state-level data on rape.
5 Indicator score capped at 1 as part of final State Parity Score (SPS) calculation.
NOTE: Numbers may not sum due to rounding.

SOURCE: BLS; ATUS; NISVS; CAWP; McKinsey Global Institute analysis

Policy makers, businesses, and other stakeholders should consider prioritizing these six indicators—making them "impact zones" for action. In four of the six impact zones (unpaid care work, corporate leadership, single mothers, and teenage pregnancy), we find that interventions in the top ten most affected states will help improve gender equality for more than 50 percent of women affected on these aspects of gender inequality in the United States.

THERE ARE WIDE VARIATIONS AMONG REGIONS AND STATES ON SOME INDICATORS OF GENDER INEQUALITY

Our SPS analysis reveals some important regional variations (Exhibit 7). For example, when comparing regional aggregates, we find that states in the West have half the level of gender inequality in political representation as those in the South, while those in the Midwest have 70 percent of the level of maternal mortality of states in the South. Similarly, states in the Northeast have almost half the rates of teenage pregnancy as states in the South. Overall, the South stands out for high gender inequality on a number of indicators. Of the 12 Southern states, ten appear in the bottom quartile of scores for teenage pregnancy, ten in the bottom quartile for single mothers, and eight in the bottom quartile for political representation (Exhibit 8). Such a regional concentration of high readings on these indicators suggests that underlying demographic, social, and economic factors are at work. While it is hard to separate causation from correlation, the Southern states tend to have lower levels of educational attainment and per capita income compared with best-in-class states. For instance, the share of Southern citizens with less than a high school diploma is 20 percent higher than in the Northeast, the region that performs best on this metric. The average per capita income in the South is almost $10,000 lower than that in the Northeast, again the best-in-class region on this measure.

At the state level, too, there are significant variations in gender parity on several indicators, notably teenage pregnancy, maternal mortality, unpaid care work, and political representation (Exhibits 9 to 12). These variations may be associated with differences in income and education levels, as well as demographic patterns and the structure of local economies. For example, rates of teenage pregnancy tend to be higher in regions where incomes are lower. As reported by the US Census Bureau, about 17 percent of the population in the South lives in poverty compared with 13.5 percent in the Northeast.[34]

[34] Following the Office of Management and Budget's Statistical Policy Directive 14, the US Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered to be in poverty.

Exhibit 7

Indicators are similar across regions except for maternal mortality, teenage pregnancy, and political representation

Level of gender inequality or distance from ideal state

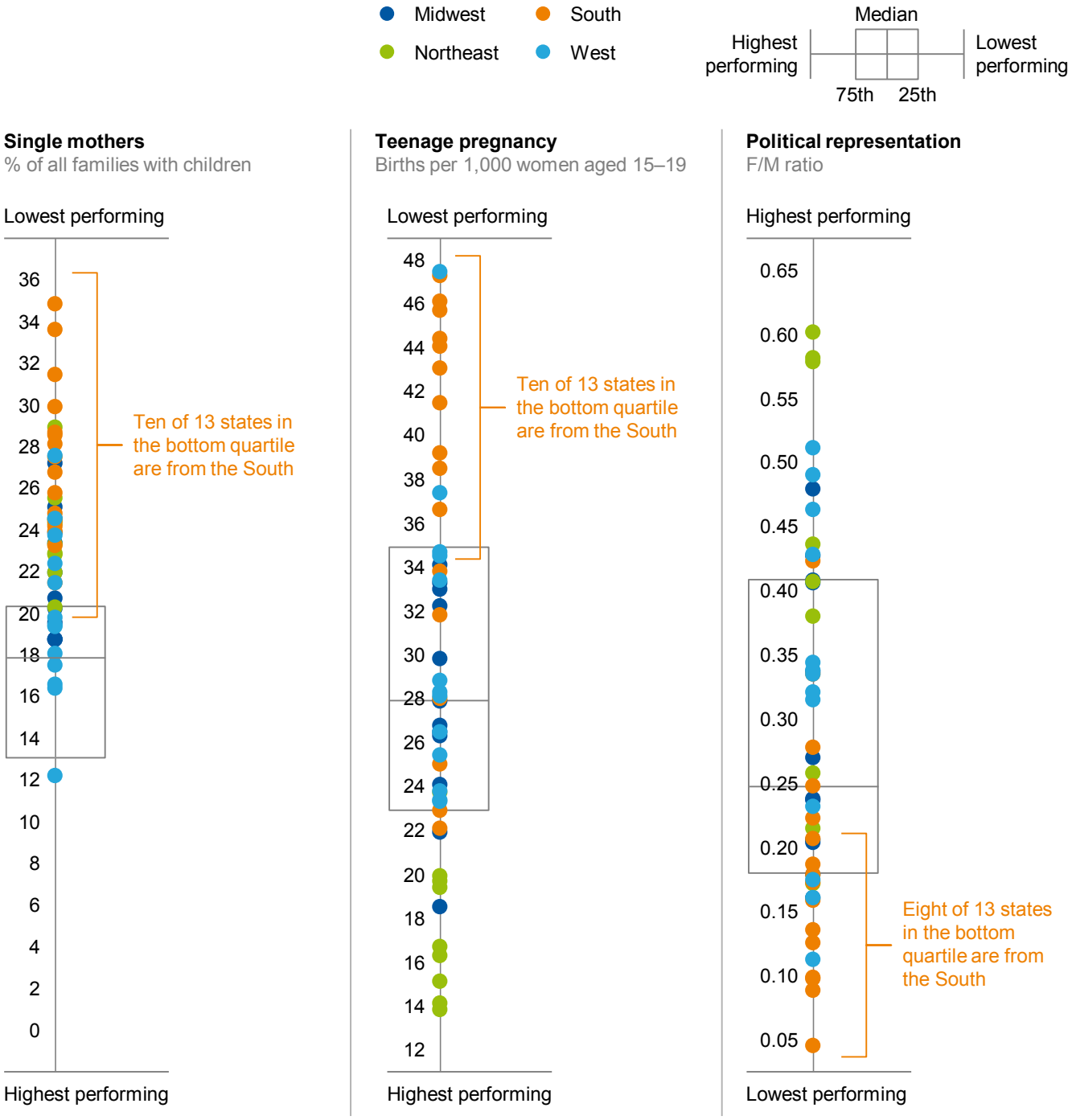
Low | Medium | High | Extremely high

	Regional averages Weighted-average indicator level				State-level metrics for each indicator		
	Midwest	Northeast	South	West	Minimum	Median	Maximum
Labor-force participation rate F/M ratio	0.87	0.83	0.84	0.81	0.71	0.86	0.93
Professional and technical jobs F/M ratio of participation	0.82	0.81	0.79	0.75	0.68	0.81	0.85
Leadership and managerial positions F/M ratio	0.64	0.68	0.66	0.66	0.45	0.66	0.89
Unpaid care work M/F ratio of time spent	0.63	0.64	0.64	0.57	0.25	0.64	1.00
Single mothers % of families with children	23.44	24.18	26.75	21.08	12.18	23.58	34.82
Maternal mortality Deaths per 100,000 live births	9.72	13.00	13.41	11.21	1.20	10.30	21.00
Higher education F/M ratio	1.07	1.07	1.01	1.00	0.88	1.06	1.24
Teenage pregnancy Births per 1,000 women aged 15–19	27.74	19.00	36.05	27.94	13.80	28.05	47.50
Political representation F/M ratio	0.33	0.37	0.21	0.39	0.05	0.25	0.60
Violence against women Incidents per woman	0.49	0.51	0.47	0.47	0.34	0.47	0.64

SOURCE: McKinsey Global Institute analysis

Exhibit 8

Southern states make up the majority of the bottom quartile of three indicators



SOURCE: US Census; CAWP; McKinsey Global Institute analysis

Exhibit 9

State Parity Score: Midwest

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

State	SPS	% of US female population	Gender equality in work: Gender equality in work: Labor-force participation rate F/M ratio	Professional and technical jobs F/M ratio of participation	Leadership and managerial positions F/M ratio	Unpaid care work M/F ratio of time spent on unpaid care work	Single mothers % of families with kids	Gender equality in society: Essential services and enablers of economic opportunity: Maternal mortality Deaths per 100,000 live births	Higher education F/M ratio	Teenage pregnancy Births per 1,000 women aged 15–19	Legal and political voice: Political representation F/M ratio	Physical security and autonomy: Violence against women Incidents per woman
United States	0.64	100.0	0.84	0.80	0.66	0.62	24.26	12.03	1.03	29.28	0.30	0.48
Midwest	0.65	21.7	0.87	0.82	0.64	0.63	23.44	9.72	1.07	27.7	0.33	0.49
Illinois	0.67	4.2	0.87	0.79	0.65	0.61	23.39	7.80	1.03	27.90	0.48	0.53
Ohio	0.64	3.8	0.84	0.82	0.66	0.57	27.19	7.20	0.98	29.80	0.27	0.45
Michigan	0.66	3.2	0.90	0.82	0.65	0.75	24.57	21.00	1.13	26.30	0.34	0.55
Indiana	0.67	2.1	0.88	0.81	0.66	0.63	25.10	2.90	1.09	33.00	0.41	0.48
Missouri	0.64	2.0	0.86	0.83	0.65	0.64	23.88	12.70	1.12	32.20	0.20	0.44
Wisconsin	0.64	1.8	0.88	0.84	0.66	0.53	21.93	10.90	1.14	21.90	0.24	0.45
Minnesota	0.70	1.7	0.89	0.84	0.66	0.78	18.74	5.00	1.16	18.50	0.43	0.54
Iowa	0.64	1.0	0.89	0.84	0.53	0.55	18.74	8.20	1.03	24.10	0.24	0.38
Kansas	0.62	0.9	0.89	0.80	0.56	0.47	20.23	7.10	1.01	34.10	0.21	0.41
Nebraska	0.61	0.6	0.90	0.81	0.51	0.65	20.69	9.00	1.07	26.80	0.16	0.49
South Dakota	0.65	0.3	0.89	0.83	0.47	0.52	19.52	9.00	1.06	33.30	0.41	No data
North Dakota	0.63	0.2	0.92	0.79	0.45	0.66	18.75	10.30	1.16	26.50	0.18	0.38

NOTE: "No data" indicates a lack of comparable data.

SOURCE: McKinsey Global Institute analysis

Exhibit 10

State Parity Score: Northeast

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

			Gender equality in work					Gender equality in society				
			Gender equality in work					Essential services and enablers of economic opportunity			Legal and political voice	Physical security and autonomy
State	SPS	% of US female population	Labor-force participation rate F/M ratio	Professional and technical jobs F/M ratio of participation	Leadership and managerial positions F/M ratio	Unpaid care work M/F ratio of time spent on unpaid care work	Single mothers % of families with kids	Maternal mortality Deaths per 100,000 live births	Higher education F/M ratio	Teenage pregnancy Births per 1,000 women aged 15–19	Political representation F/M ratio	Violence against women Incidents per woman
United States	0.64	100.0	0.84	0.80	0.66	0.62	24.26	12.03	1.03	29.28	0.30	0.48
Northeast	0.66	18.2	0.83	0.81	0.68	0.64	24.18	13.00	1.07	19.00	0.37	0.51
New York	0.67	6.4	0.84	0.80	0.71	0.63	25.50	18.90	1.13	19.70	0.41	0.52
Pennsylvania	0.63	4.2	0.85	0.83	0.66	0.66	24.28	10.10	1.04	23.70	0.17	0.50
New Jersey	0.65	2.9	0.76	0.79	0.61	0.58	21.94	16.50	1.06	16.70	0.38	No data
Massachusetts	0.69	2.2	0.83	0.85	0.78	0.60	23.28	4.80	0.97	14.10	0.44	0.45
Connecticut	0.70	1.2	0.86	0.82	0.62	0.71	24.50	7.50	0.99	15.10	0.60	0.54
Maine	0.74	0.4	0.91	0.85	0.70	0.85	22.79	1.20	1.24	19.40	0.58	0.48
New Hampshire	0.70	0.4	0.91	0.82	0.70	0.65	20.29	9.20	1.01	13.80	0.58	0.60
Rhode Island	0.65	0.3	0.84	0.81	0.69	1.00	28.91	5.20	1.00	19.90	0.21	0.40
Vermont	0.66	0.2	0.93	0.84	0.68	0.71	22.85	2.60	1.23	16.30	0.26	0.47

NOTE: "No data" indicates a lack of comparable data.

SOURCE: McKinsey Global Institute analysis

Exhibit 11

State Parity Score: South

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

			Gender equality in work					Gender equality in society				
			Gender equality in work					Essential services and enablers of economic opportunity			Legal and political voice	Physical security and autonomy
State	SPS	% of US female population	Labor-force participation rate F/M ratio	Professional and technical jobs F/M ratio of participation	Leadership and managerial positions F/M ratio	Unpaid care work M/F ratio of time spent on unpaid care work	Single mothers % of families with kids	Maternal mortality Deaths per 100,000 live births	Higher education F/M ratio	Teenage pregnancy Births per 1,000 women aged 15–19	Political representation F/M ratio	Violence against women Incidents per woman
United States	0.64	100.0	0.84	0.80	0.66	0.62	24.26	12.03	1.03	29.28	0.30	0.48
South	0.62	37.1	0.84	0.81	0.66	0.64	26.75	13.41	1.01	36.05	0.21	0.47
Texas	0.60	8.1	0.79	0.74	0.61	0.64	24.77	10.50	0.98	44.40	0.16	0.49
Florida	0.63	6.1	0.86	0.78	0.65	0.51	28.12	14.80	0.92	28.00	0.34	0.46
Georgia	0.60	3.2	0.80	0.81	0.68	0.71	28.69	20.90	0.97	33.80	0.09	0.48
North Carolina	0.67	3.1	0.88	0.83	0.66	0.70	25.75	10.90	0.97	31.80	0.42	0.55
Virginia	0.63	2.6	0.91	0.82	0.71	0.61	21.48	8.30	1.09	22.90	0.10	0.41
Tennessee	0.63	2.1	0.84	0.81	0.65	0.55	26.73	11.00	1.02	38.50	0.25	0.45
Maryland	0.62	1.9	0.89	0.85	0.79	0.76	24.42	18.70	1.01	22.10	0.13	0.57
Alabama	0.65	1.6	0.84	0.80	0.66	0.84	29.90	11.60	1.09	39.20	0.28	0.43
South Carolina	0.60	1.5	0.90	0.81	0.67	0.74	31.48	12.00	1.18	36.60	0.10	0.46
Louisiana	0.59	1.5	0.86	0.81	0.70	0.81	34.82	17.90	1.17	43.10	0.05	0.34
Kentucky	0.62	1.4	0.86	0.80	0.63	0.60	23.90	8.10	0.90	41.50	0.21	0.52
Oklahoma	0.60	1.2	0.80	0.78	0.61	0.60	24.14	20.10	0.93	47.30	0.17	0.55
Mississippi	0.60	1.0	0.87	0.83	0.66	0.55	33.62	19.00	1.18	46.10	0.19	No data
Arkansas	0.59	0.9	0.83	0.78	0.59	0.43	27.48	16.00	1.15	45.70	0.22	0.47
West Virginia	0.63	0.6	0.84	0.78	0.74	0.69	23.23	10.40	1.13	44.10	0.14	0.43
Delaware	0.65	0.3	0.85	0.85	0.89	0.74	28.53	10.30	1.02	25.00	0.18	0.37

NOTE: "No data" indicates a lack of comparable data.

SOURCE: McKinsey Global Institute analysis

Exhibit 12

State Parity Score: West

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

State	SPS	% of US female population	Gender equality in work: Gender equality in work: Labor-force participation rate (F/M ratio)	Professional and technical jobs (F/M ratio of participation)	Leadership and managerial positions (F/M ratio)	Unpaid care work (M/F ratio of time spent on unpaid care work)	Single mothers (% of families with kids)	Gender equality in society: Essential services and enablers of economic opportunity: Maternal mortality (Deaths per 100,000 live births)	Higher education (F/M ratio)	Teenage pregnancy (Births per 1,000 women aged 15–19)	Legal and political voice: Political representation (F/M ratio)	Physical security and autonomy: Violence against women (Incidents per woman)
United States	0.64	100.0	0.84	0.80	0.66	0.62	24.26	12.03	1.03	29.28	0.30	0.48
West	0.66	23.0	0.81	0.76	0.66	0.57	21.08	11.21	1.00	27.94	0.39	0.47
California	0.67	12.0	0.79	0.75	0.65	0.50	21.46	12.50	0.97	26.50	0.43	0.41
Washington	0.66	2.2	0.87	0.78	0.66	0.79	19.76	9.00	1.10	23.40	0.34	0.59
Arizona	0.69	2.1	0.82	0.74	0.67	0.75	23.77	7.50	0.90	37.40	0.49	0.47
Colorado	0.62	1.6	0.84	0.76	0.67	0.52	19.39	10.90	1.08	25.40	0.23	0.54
Oregon	0.66	1.2	0.81	0.80	0.73	0.65	22.40	6.50	1.13	23.80	0.46	0.64
Utah	0.61	0.9	0.71	0.71	0.49	0.63	12.18	9.90	0.91	23.30	0.16	0.46
Nevada	0.60	0.9	0.79	0.68	0.77	0.32	24.55	10.00	0.99	33.40	0.34	0.53
New Mexico	0.65	0.7	0.90	0.77	0.70	0.65	27.58	16.50	1.02	47.50	0.34	0.50
Idaho	0.63	0.5	0.84	0.78	0.59	0.60	16.42	15.00	0.88	28.30	0.17	0.47
Hawaii	0.69	0.4	0.90	0.76	0.77	0.87	19.38	13.90	1.21	28.10	0.32	No data
Montana	0.68	0.3	0.90	0.80	0.57	0.96	17.52	10.10	1.15	28.80	0.32	0.45
Alaska	0.58	0.2	0.91	0.73	0.72	0.45	18.08	3.20	1.11	34.50	0.11	0.63
Wyoming	0.63	0.2	0.79	0.76	0.60	0.25	16.59	17.00	1.09	34.70	0.51	0.49

NOTE: "No data" indicates a lack of comparable data.

SOURCE: McKinsey Global Institute analysis

SPS figures on maternal mortality show large variations at the state level. The states with the highest metrics have 20 times the rates of maternal mortality as those with the lowest. One variable associated with maternal mortality is obesity. States with higher rates of obesity tend to have higher rates of maternal mortality. It is also the case that obese pregnant women are roughly twice as likely to experience a stillbirth as women of normal weight.[35] A factor behind differences in maternal mortality rates among states is the average childbearing age, which is driven in part by variations in lifestyle and greater women's participation and productivity. Older women have higher chances of entering pregnancy with chronic health conditions such as diabetes, hypertension, and heart disease, all of which put them at a higher risk of complications during childbirth. According to the Centers for Disease Control and Prevention (CDC), only 15 percent of births in the United States are to women aged 35 or older, but these women account for almost 30 percent of pregnancy-related deaths.[36] CDC research has shown that the average childbearing age of women in the Northeast and West has risen by four to five years since 1970.[37] The confluence of these factors—a rising obesity rate and a rise in the average age at which women have babies—resulted in the United States being one of eight countries in the world with rising maternal mortality rates between 2003 and 2013, albeit from a low base.[38]

Another indicator on which there are significant variations among states is unpaid care work. States that have more traditionally male-oriented industries such as mining and construction in their sector mix tend to have larger gender gaps on unpaid care work, suggesting that the limited availability of jobs that might be attractive and receptive to women may be entrenching the dominance of women in unpaid positions. Other factors influencing the gap in unpaid care work include access to affordable child care and whether a state or company offers flexible work policies such as paid parental leave.

Finally, political representation is an indicator with wide state-level variations. Experts have attributed disparity in women's representation in politics among states to a number of different causes. Some argue that states with "citizen legislatures" that draw on people from a variety of occupations without the need for professional training tend to have a higher share of women in political positions because these legislatures lower barriers to women's participation.[39] Other experts point to the importance of support for women candidates from political parties: 46 percent of female state senators report running for their first elected position because someone suggested they run, compared with 26 percent of male state senators.[40]

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35 Susan Y. Chu et al., "Maternal obesity and risk of stillbirth: A metaanalysis," *American Journal of Obstetrics and Gynecology*, volume 197, issue 3, September 2007.

36 Centers for Disease Control and Prevention, *Maternal infant health*, briefing note, 2013.

37 Centers for Disease Control and Prevention, NISVS data brief 21, 2010.

38 Nicholas J. Kassebaum et al., "Global, regional, and national levels and causes of maternal mortality during 1990–2013: A systematic analysis for the Global Burden of Disease Study 2013," *The Lancet*, volume 384, issue 9947, 2014.

39 Beth Reingold, Kerry L. Haynie, and Kathleen A. Bratton, *Gender, race, ethnicity, and the political geography of descriptive representation in U.S. state legislatures*, draft presented at the Women in Politics workshop, University of Tennessee, Knoxville, April 11, 2014.

40 Kira Sanbonmatsu, Susan J. Carroll, and Debbie Walsh, *Poised to run: Women's pathways to the state legislatures*, Center for American Women and Politics, 2009.

MGI'S NEW CITY PARITY SCORE (CPS) REVEALS HIGH OR EXTREMELY HIGH INEQUALITY ON FOUR OF EIGHT INDICATORS

To craft an even more detailed view of gender equality across the United States, MGI supplemented the SPS with another new indicator—the City Parity Score, or CPS—for the 50 most populated Metropolitan Statistical Areas (MSAs) in the United States.[41] Identifying patterns of gender inequality in cities is an important part of developing a full picture because of the very high share of women who live in urban settings, and because cities are so important for economic growth. Fifty-six percent of the female population of the United States lives in the 50 largest MSAs, and those MSAs generate 65 percent of US GDP. As vibrant economic engines that are expected to drive innovation and growth, cities cannot afford to ignore the imperative to build more inclusive and equal societies for all, including women.

The CPS used six indicators from the SPS plus two customized indicators: incidence of rape and city mayors. These new indicators measure issues similar to those quantified by two indicators used in the SPS: violence against women and political representation. Violence against women was customized in the CPS to reflect data availability, since MSA-level data were available only for incidents of rape; political representation was customized to paint a more nuanced MSA-level view by looking specifically at female city mayors over the past ten years.

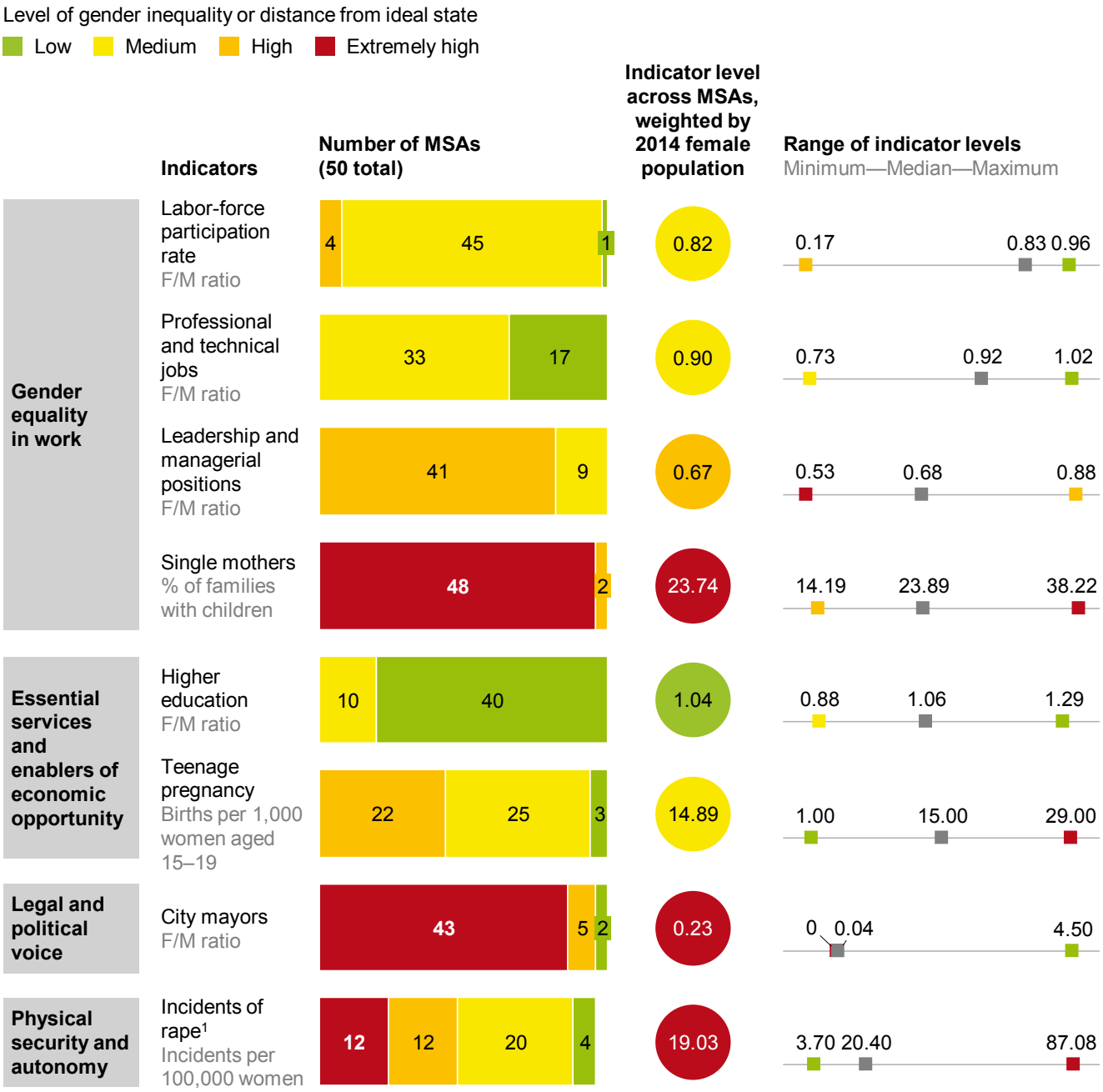
Gender inequality in metropolitan areas is high or extremely high on four of the eight indicators—leadership and managerial positions, single mothers, incidents of rape, and city mayors (Exhibit 13). Of the top 50 MSAs, 22 have not had a female mayor in the past ten years. In all 50, one in five mayors have been women over the past decade.

The 50 MSAs have relatively consistent CPS numbers, suggesting that these large urban areas are fairly similar to one another and that therefore interventions adopted successfully in one are likely to be effective in others. As an illustration, on gender equality in work indicators—professional and technical jobs, and leadership and managerial positions—the scores in the top ten most populous MSAs and the next 40 lie within one percentage point of one another. The two exceptions to this relative uniformity are that rates of rape and the female-to-male ratio of city mayors in the top ten most populous MSAs are almost half of the rates in the next 40 (Exhibits 14 to 16).

[41] The CPS is calculated in the same way as the SPS. For more detail on our methodology, see the appendix.

Exhibit 13

Metropolitan Statistical Areas (MSAs) have high or extremely high inequality on four of eight indicators



1 SPS is adapted to reflect rape-only data for comparative purposes rather than using MGI's composite violence against women indicator. The MSA total omits Columbus, Ohio, and Chicago, Illinois, because the methodology of data collection for both MSAs does not comply with national Uniform Crime Reporting guidelines.

SOURCE: BLS; ATUS; NISVS; FBI; McKinsey Global Institute analysis

Exhibit 14

City Parity Score (CPS) for the ten largest Metropolitan Statistical Areas (MSAs) by population

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

MSA	CPS	% of US female population	Gender equality in work				Gender equality in society			
			Gender equality in work				Essential services and enablers of economic opportunity		Legal and political voice	Physical security and autonomy
			Labor-force participation rate F/M ratio	Professional and technical jobs F/M ratio	Leadership and managerial positions F/M ratio	Single mothers % of families with children	Teenage pregnancy Births per 1,000 women aged 15–19	Higher education F/M ratio	City mayors F/M ratio of mayors, 2005–15	Incidents of rape Incidents per 100,000 women
Ten largest MSAs	0.656	27.7	0.81	0.89	0.67	23.81	14.19	1.04	0.12	13.46
New York-Newark-Jersey City	0.610	6.6	0.79	0.91	0.67	23.36	11.00	1.07	0.00	12.16
Los Angeles-Long Beach-Anaheim	0.608	4.3	0.79	0.84	0.64	22.91	14.00	1.01	0.03	16.85
Chicago-Naperville-Elgin	0.598	3.1	0.86	0.90	0.67	22.95	11.00	1.05	0.00	No data
Dallas-Fort Worth-Arlington	0.688	2.3	0.75	0.86	0.64	23.88	25.00	0.94	0.41	28.62
Houston-The Woodlands-Sugar Land	0.660	2.1	0.79	0.81	0.53	23.18	24.00	1.10	0.29	20.48
Philadelphia-Camden-Wilmington	0.724	2.0	0.85	0.97	0.72	26.14	16.00	1.06	0.50	31.59
Washington-Arlington-Alexandria	0.644	2.0	0.88	0.91	0.76	20.15	9.00	1.04	0.05	7.81
Miami-Fort Lauderdale-West Palm Beach	0.752	1.9	0.85	0.87	0.62	29.63	12.00	1.01	0.50	3.70
Atlanta-Sandy Springs-Roswell	0.801	1.8	0.79	0.96	0.69	27.14	20.00	0.96	0.65	5.05
Boston-Cambridge-Newton	0.676	1.6	0.81	0.93	0.78	21.02	6.00	1.09	0.16	11.25

NOTE: "No data" indicates a lack of comparable data.

SOURCE: McKinsey Global Institute analysis

Exhibit 15

City Parity Score (CPS) for the 11th- to 50th-largest Metropolitan Statistical Areas (MSAs) by population

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

			Gender equality in work				Gender equality in society			
			Gender equality in work				Essential services and enablers of economic opportunity		Legal and political voice	Physical security and autonomy
MSA	CPS	% of US female population	Labor-force participation rate F/M ratio	Professional and technical jobs F/M ratio	Leadership and managerial positions F/M ratio	Single mothers % of families with children	Teenage pregnancy Births per 1,000 women aged 15–19	Higher education F/M ratio	City mayors F/M ratio of mayors, 2005–15	Incidents of rape Incidents per 100,000 women
Next 40 largest MSAs	0.629	20.5	0.83	0.90	0.68	23.62	15.54	1.05	0.27	24.46
San Francisco-Oakland-Hayward	0.692	1.5	0.80	0.86	0.71	16.61	4.00	0.97	0.27	18.25
Phoenix-Mesa-Scottsdale	0.612	1.4	0.83	0.84	0.66	22.37	9.00	0.92	0.14	34.11
Riverside-San Bernardino-Ontario	0.606	1.4	0.74	0.87	0.58	22.17	18.00	1.12	0.03	7.52
Detroit-Warren-Dearborn	0.601	1.4	0.92	0.91	0.65	25.81	21.00	1.11	0.00	21.08
Seattle-Tacoma-Bellevue	0.678	1.2	0.81	0.81	0.68	18.37	18.00	1.13	0.22	12.96
Minneapolis-St. Paul-Bloomington	0.612	1.1	0.92	0.96	0.73	18.52	11.00	1.04	0.06	32.32
San Diego-Carlsbad	0.597	1.0	0.80	0.81	0.67	19.94	19.00	0.97	0.00	20.33
Tampa-St. Petersburg-Clearwater	0.675	1.0	0.92	0.93	0.63	29.19	18.00	0.92	0.22	13.03
St. Louis	0.608	0.9	0.87	0.96	0.64	23.90	28.00	0.99	0.00	13.72
Baltimore-Columbia-Towson	0.832	0.9	0.96	0.96	0.71	25.08	11.00	0.99	4.50	22.18
Denver-Aurora-Lakewood	0.563	0.9	0.83	0.87	0.71	19.21	13.00	1.10	0.00	41.17
Pittsburgh	0.621	0.8	0.89	0.94	0.67	22.98	13.00	1.08	0.00	3.88
Portland-Vancouver-Hillsboro	0.605	0.8	0.81	0.87	0.69	19.39	17.00	1.07	0.00	19.74
San Antonio-New Braunfels	0.600	0.8	0.87	0.89	0.68	27.73	29.00	1.19	0.22	46.46
Orlando-Kissimmee-Sanford	0.674	0.8	0.86	0.90	0.68	24.81	16.00	1.13	0.19	13.34
Sacramento--Roseville--Arden-Arcade	0.856	0.7	0.84	0.90	0.75	20.74	12.00	0.88	1.44	12.22
Cincinnati	0.606	0.7	0.74	0.97	0.73	23.27	21.00	0.93	0.00	17.14
Kansas City	0.687	0.7	0.84	0.93	0.67	22.38	15.00	1.01	0.22	8.07
Las Vegas-Henderson-Paradise	0.545	0.7	0.78	0.91	0.81	25.86	13.00	1.10	0.22	64.08
Cleveland-Elyria	0.603	0.7	0.87	0.96	0.68	31.66	24.00	0.92	0.10	33.95

NOTE: "No data" indicates a lack of comparable data.

SOURCE: McKinsey Global Institute analysis

Exhibit 16

City Parity Score (CPS) for the 11th- to 50th-largest Metropolitan Statistical Areas (MSAs) by population (continued)

Level of gender inequality or distance from ideal state

Low | Medium | High | Extremely high

MSA	CPS	% of US female population	Gender equality in work				Gender equality in society			
			Gender equality in work				Essential services and enablers of economic opportunity		Legal and political voice	Physical security and autonomy
			Labor-force participation rate F/M ratio	Professional and technical jobs F/M ratio	Leadership and managerial positions F/M ratio	Single mothers % of families with children	Teenage pregnancy Births per 1,000 women aged 15–19	Higher education F/M ratio	City mayors F/M ratio of mayors, 2005–15	Incidents of rape Incidents per 100,000 women
Next 40 largest MSAs	0.629	20.5	0.83	0.90	0.68	23.62	15.54	1.05	0.27	24.46
Columbus	0.591	0.6	0.85	0.91	0.63	26.17	18.00	1.02	0.00	No data
Indianapolis-Carmel-Anderson	0.554	0.6	0.83	0.97	0.69	25.64	17.00	1.15	0.00	43.74
San Jose-Sunnyvale-Santa Clara	0.569	0.6	0.76	0.74	0.64	14.19	7.00	0.91	0.00	31.33
Austin-Round Rock	0.595	0.6	0.76	0.81	0.76	21.09	11.00	1.13	0.00	24.87
Nashville-Davidson--Murfreesboro-Franklin	0.563	0.6	0.75	0.93	0.68	25.46	21.00	0.94	0.03	41.04
Virginia Beach-Norfolk-Newport News	0.654	0.6	0.85	1.01	0.80	28.66	17.00	1.26	0.10	12.33
Providence-Warwick	0.726	0.5	0.83	1.00	0.75	28.41	15.00	1.01	0.33	10.12
Milwaukee-Waukesha-West Allis	0.633	0.5	0.87	0.95	0.69	29.40	12.00	1.20	0.18	33.12
Jacksonville	0.550	0.5	0.85	0.92	0.78	30.94	15.00	1.06	0.00	46.75
Memphis	0.493	0.4	0.93	1.02	0.61	36.21	23.00	1.21	0.00	59.93
Oklahoma City	0.501	0.4	0.74	0.91	0.62	23.54	14.00	1.05	0.00	57.27
Louisville/Jefferson County	0.582	0.4	0.86	0.96	0.61	26.62	27.00	1.29	0.00	28.12
Richmond	0.628	0.4	0.90	1.00	0.78	28.01	11.00	1.28	0.00	5.87
New Orleans-Metairie	0.589	0.4	0.77	1.01	0.69	38.22	22.00	0.94	0.00	21.07
Raleigh	0.759	0.4	0.71	0.93	0.67	19.37	6.00	1.10	0.57	17.73
Hartford-West Hartford-East Hartford	0.770	0.4	0.89	0.97	0.68	26.81	15.00	1.06	0.50	8.84
Salt Lake City	0.577	0.4	0.76	0.73	0.56	15.64	12.00	0.95	0.00	21.29
Buffalo-Cheektowaga-Niagara Falls	0.616	0.4	0.90	1.01	0.69	29.31	13.00	1.18	0.10	31.25
Bridgeport-Stamford-Norwalk	0.465	0.3	0.79	0.86	0.54	19.41	2.00	1.02	0.00	87.08
Charleston	0.620	0.1	0.85	0.94	0.88	30.99	1.00	1.19	0.00	16.55

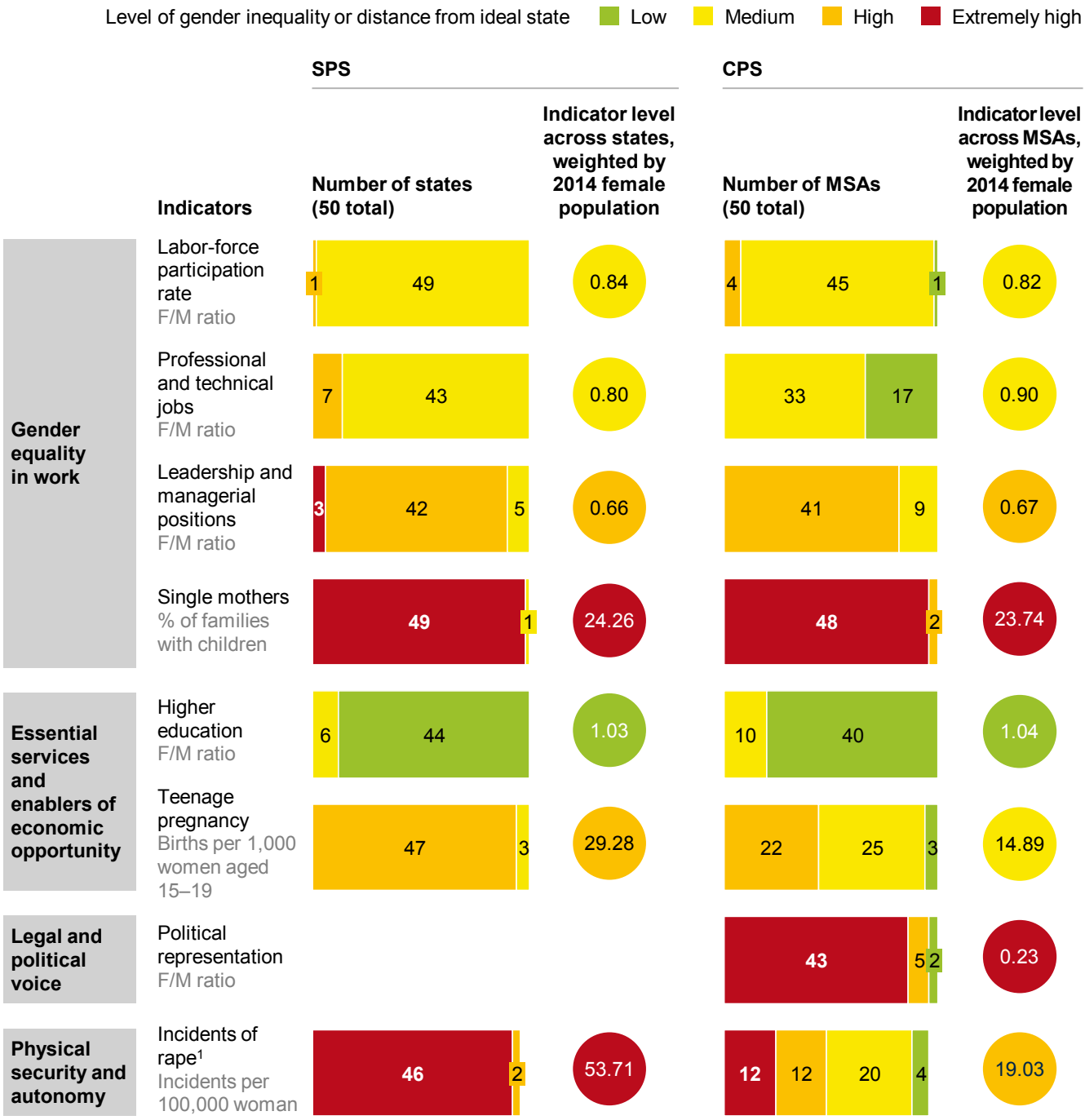
NOTE: "No data" indicates a lack of comparable data.

SOURCE: McKinsey Global Institute analysis

The CPS findings are generally in line with those unearthed by our SPS analysis. The average score for five of seven indicators in the CPS falls into the same inequality classification as their counterparts in the SPS (Exhibit 17).

Exhibit 17

On average, MSAs have lower rates of incidents of rape and teenage pregnancy than states



1 SPS adapted to reflect rape-only data rather than using MGI's composite violence against women indicator (for comparative purposes). MSA total omits Columbus, Ohio, and Chicago, Illinois (data collection methodology for both MSAs do not comply with national Uniform Crime Reporting guidelines).

SOURCE: BLS; ATUS; NISVS; CAWP; McKinsey Global Institute analysis

Comparing the two sets of scores helps us to discover differences in gender inequality between urban and rural areas. For example, there appears to be slightly more variation in gender inequality scores among metropolitan areas than among states. This is particularly true for indicators like teenage pregnancy and incidents of rape, highlighting the need for improvements on those metrics: states should at least be able to improve gender parity up to a level that matches those of their urban counterparts, all else being equal.

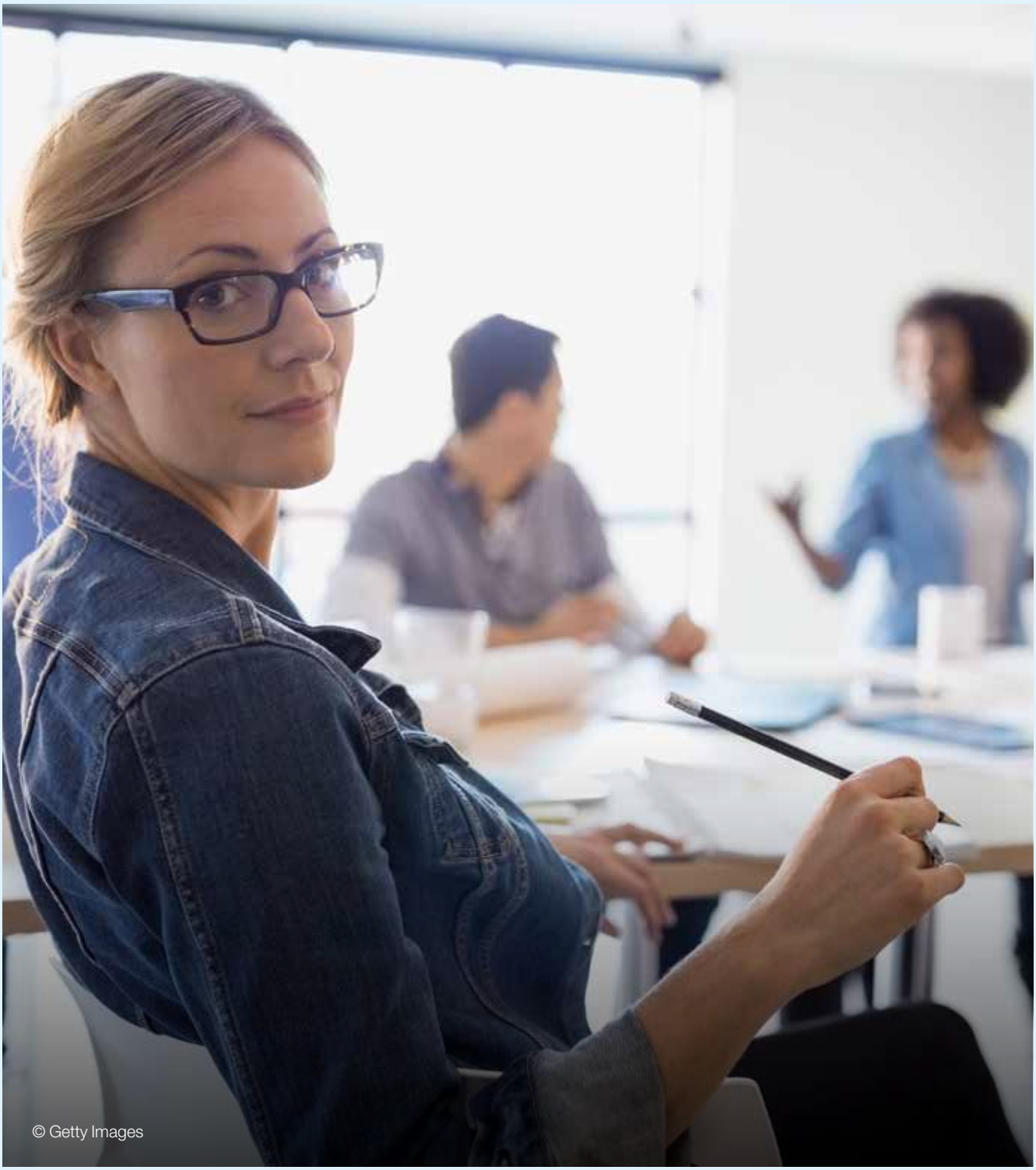
There are three indicators on which MSAs perform significantly better than states: professional and technical jobs, teenage pregnancy, and incidents of rape. Some of these differences in scores can be attributed to the structural differences between urban and rural areas. MSAs, or urban areas, are more densely populated, which means more convenient access to government-provided services such as clinics; this may explain lower teenage pregnancy rates in urban areas. Differences in scores for professional and technical jobs may be due to higher educational attainment in urban areas. US Census data show that educational attainment in rural areas still lags behind the average level in urban areas.[42] MGI analysis suggests that educational attainment is positively correlated with gender parity in professional and technical jobs. In addition, there is the possibility that rural areas have fewer resources than urban areas to tackle particular issues of gender inequality including, for example, domestic violence. One 2011 study found that women in isolated rural areas reported higher prevalence of intimate-partner violence against women than those in urban areas. The same study found that the average distance to the nearest center helping women who experience intimate-partner violence was generally triple the distance in rural areas than in urban areas, and that rural centers tended to have fewer on-site shelter services.[43]

[42] USDA Economic Research Service; US Census data on educational attainment, 2012.

[43] Corinne Peek-Asa et al., "Rural disparity in domestic violence prevalence and access to resources," *Journal of Women's Health*, volume 20, number 11, 2011.

A RANGE OF INTERVENTIONS IN THE PRIVATE AND PUBLIC SECTORS CAN HELP ADDRESS THE SIX US IMPACT ZONES

In this section, we discuss each of the six impact zones, examining reasons for the particular type of inequality, identifying correlations among indicators where they exist, and highlighting a few illustrative interventions that appear to have been successfully implemented in the United States to narrow the gender gap in each impact zone.



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LEADERSHIP AND MANAGERIAL POSITIONS

Only 8 percent of women hold leading roles in business despite accounting for 47 percent of the labor force in the United States. By comparison, 1.5 times as many men (12 percent) are employed in such roles. Even in instances where women do rise to leading positions in companies, studies show that they are not necessarily earning as much as men in similar roles even when accounting for factors like industry mix. It is important to note, however, that this wage differential is often less in reality than it seems (see Box 2, "The gender pay gap: A confusing picture").[44]

This disparity matters. McKinsey's Women Matter research has found that companies in the top quartile for gender diversity are 15 percent more likely to have financial returns above the average in their national industry. In the United States, a 10 percent increase in gender diversity has been found to be correlated with a 0.8 percent increase in earnings before interest and tax.[45] Firms with more than three women in top management positions scored higher than their peers on McKinsey's Organizational Health Index. The analysis showed that women are likely to use certain types of leadership behavior such as role modeling and participative decision making that are particularly effective for the health of organizations more frequently than men. The body of evidence suggesting that the presence of women executives at the top is associated with improved overall corporate performance is expanding. A recent study by Quantopian, a Boston-based trading platform, tracked the performance of women-led Fortune 1000 companies and found that these firms produced equity returns 226 percent higher than the returns produced by the S&P 500.[46] A study by the Peterson Institute examining almost 22,000 publicly traded companies in 91 countries showed that there was a 15 percent increase in the profitability of a typical company with a 30 percent female share of corporate leadership positions (that is, the CEO, the board, and other C-suite positions) compared with a company with no women in these positions.[47]

McKinsey's research on women in the workplace suggests that action on many fronts is needed to

narrow the gap on corporate leadership. Commitment to gender equality within organizations needs to come from the top—the CEO. The best-performing companies on gender diversity, in which women held more than 20 percent of executive committee and senior management positions, were perceived by employees as 1.5 times more likely to have gender diversity squarely on the CEO's agenda, and about twice as likely to have top management commitment, too.[48] Companies that are successful at fostering diversity have a CEO who sets clear and specific goals in this regard, appoints powerful executives who help to maintain vigilance on attitudes and practices, ensures pervasive sponsorship of women in the company, and drives accountability using a strong fact base and regular performance dialogues to monitor progress.

Discriminatory practices and attitudes have to be addressed at all levels. Our research shows that the best-performing companies on gender diversity tend to have a culture that is aligned with gender diversity objectives. Performance metrics tracking the progress of many aspects of gender equality initiatives, including fair hiring practices, a commitment to equal wages for equal work, clear rules and criteria for promotions, the elimination of gender biases in performance reviews, and an end to discriminatory practices and sexual harassment in the workplace, are all important. Employers can promote gender-neutral initiatives that improve the work environment for men and women (also see Box 3, "Financial inclusion and women's access to capital"). These include policies that do not penalize flexibility and part-time work arrangements and that promote options for telecommuting, provide adequate paternity and maternity family leave, provide on-site child care for employees, and revamp the 24/7 culture that especially harms women, who undertake a disproportionate share of unpaid care work.

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44 Francine D. Blau and Lawrence M. Kahn, "The gender pay gap: Have women gone as far as they can?" *The Academy of Management Perspectives*, volume 21, number 1, 2007.

45 *Gender diversity: A corporate performance driver*, Women Matter 2007, McKinsey and Company, 2007.

46 Karen Rubin, *Research: An update to investing in women-led companies*, Quantopian Research, March 4, 2015; *The CS Gender 3000: Women in senior management*, Credit Suisse, September 2014.

47 Marcus Noland, Tyler Moran, and Barbara Kotschwar, *Is gender diversity profitable? Evidence from a global survey*, Peterson Institute for International Economics, working paper 16-3, February 2016.

48 *Making the breakthrough*, Women Matter 2012, McKinsey & Company, March 2012.

Box 2. The gender pay gap: A confusing picture

According to US Census Bureau data, in 2015 women in the United States earned 79 cents to every dollar earned by men.[1] While this striking wage differential has generated a great deal of media attention, the 21-cent discrepancy exaggerates the true pay gap defined as equivalent pay for equivalent work. This is because it does not take into account productivity-related factors such as hours worked, experience in the labor force, education level, sector and occupational mix, and union status. For example, BLS data show that men are more likely to work longer paid hours than women, clocking an average of 45 hours per week compared with 35 by women.

A study published in 2007 shows that once productivity-related factors are taken into account, the gap declines to only 8 cents.[2] Another study in 2005 by the National Bureau of Economic Research found that much of the pay gap disappears when one compares men and women with similar family responsibilities.[3] In 2010, a market-research firm reported that the earnings of unmarried, childless women aged under 30 living in cities are often higher than the earnings of males in that same demographic.[4] The study cites as reasons a growing knowledge-based economy, the decline of the manufacturing base, and an increasing minority population in all major metropolitan areas. As can be seen, there are multiple factors that influence the pay gap, and while a pay gap likely still exists today, it might not be as large as it otherwise seems. A more thorough analysis of the data is required in order to explicate the true wage differential.

Regardless, there have been strenuous political and legislative efforts to erase the pay gap between men and women. For instance, in late 2015, California passed the Fair Pay Act, mandating that employers pay men and women the same for similar work. Similar legislation has been passed in Oregon and New York to ban salary secrecy and promote equal pay.

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1 These data are tracked in the form of annual median earnings as reported by respondents to the Census Bureau's American Community Survey.

2 Francine D. Blau and Lawrence M. Kahn. "The gender pay gap: Have women gone as far as they can?" *The Academy of Management Perspectives*, February 2007.

3 June E. O'Neill and Dave M. O'Neill, *What do wage differentials tell us about labor market discrimination?* NBER working paper number 11240, April 2005.

4 2010 analysis of the US Census Bureau's American Community Survey, Reach Advisors.

Box 3. Financial inclusion and women's access to capital

One important aspect of empowering women in the workplace is ensuring that they have adequate access to capital to set up their own businesses. Women in the United States are only one-third as likely to be entrepreneurs as men.[1] Entrepreneurship is important to driving the economy, promoting job creation, and introducing innovation into the market. Increasing the number of women entrepreneurs in the United States would not only stimulate economic activity but also improve social welfare through gender diversity. Some of this disparity in rates of entrepreneurship can be attributed to overall perceptions that women have lower capabilities and to women's relatively higher fear of failure.[2] However, another notable factor is difficulties that women face in accessing capital to fund new businesses. Female business owners regularly list access to capital as a major inhibitor of their success.[3] A report looking at women's access to financial capital demonstrates that male founders were three times as likely as female founders to raise equity financing through angel investors or venture capital funds.[4]

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1 Donna J. Kelley et al., *Global Entrepreneurship Monitor 2012 Women's Report*, 2013.

2 Ibid.

3 US Senate Committee on Small Business and Entrepreneurship, 2005.

4 Susan Coleman and Alicia Robb, "A comparison of new firm financing by gender: Evidence from the Kauffman Firm Survey," *Small Business Economics*, volume 33, issue 4, 2009.

Companies also need to recognize and promote a variety of leadership styles. McKinsey's 2013 Women Matter research found that close to 40 percent of female respondents and 30 percent of male respondents said that women's leadership and communication styles are incompatible with those in the senior leadership of their companies. This underscores the importance of establishing criteria for recruiting and reviews that are unbiased and objective. Such workplace initiatives can not only ensure that women stay and thrive in the workforce, but also that companies build a robust pipeline of future women leaders.

Companies can also offer skill-building programs linked to subsequent job placement, thereby creating job opportunities for women and simultaneously securing their own access to new skilled labor pools. More companies could make a commitment to expanding the number of women-led businesses in their supply chain, as the Walmart Foundation has done.

Many companies have implemented these types of measures and made progress toward gender parity in their own organizations. Today, one-third of Lockheed Martin's board is female, a 20 percent increase since 2009 that reflects the company's decision to be proactive through its "women accelerating tomorrow" initiative. The initiative was aimed at attracting, retaining, and promoting female talent through inclusion workshops, training on unconscious bias, mentorship programs, and women's networks within the company.[49] Zurich Insurance Group set up a Women's Initiative Network to highlight pertinent issues and provide networks for women within the company. Today, women at Zurich are earning one-third of all top salaries. At Sodexo, an advisory board for talent—the Sodexo Women's International Forum—aims to promote women's advancement at all levels of the firm, with a focus on promoting women in roles where they are traditionally underrepresented. Sodexo has been publicly committed to gender parity since 2007; today, women make up 54 percent of the workforce, 42 percent of middle managers, 23 percent of top executives, 38 percent of the board, and 43 percent of the global executive committee. Pax World, an investment management company, created an index fund dedicated to investing in women in leadership. Ninety-nine percent of companies in the fund have at least one woman on their boards, and 77 percent at least three women on their boards.[50] Barclays launched a Women in Leadership Index, designed to provide investors with exposure to US companies with gender-diverse executive leadership and governance. Companies in the index must have a female CEO, a board of directors with at least 25 percent female members, or both.

Third parties have also joined the effort to track progress on gender issues within companies and to encourage that progress. Non-profit Catalyst publishes a census on women in management and on corporate boards every year in a bid to shed light on hiring and promoting practices in the hope that transparency encourages firms to make progress on gender diversity. GoDaddy collaborates with the Center for the Advancement of Women's Leadership at the Clayman Institute for Gender Research at Stanford University to engage leaders on gender diversity. The company founded the Women in Technology networking group and has launched a comprehensive plan for recruitment and training of women. Bridging the gap between men and women in leadership and management positions will impact approximately three million women in the United States.

UNPAID CARE WORK

In US states with higher per capita GDP, there is generally lower disparity between the amount of unpaid care work undertaken by men and women. This may reflect a more equitable distribution of such work and the fact that families may have sufficient income to pay for professionals to undertake such work on their behalf.

A study conducted in 2009 shows that women with higher incomes not only spend less overall time in unpaid care work, but also engage in such work in different ways: these high-earning women tend to take on more activities like household management and bill paying, which are often considered predominantly "male" activities.[51]

The more equitably unpaid care work is shared, the more likely it is that women will be able to work in the market economy and have a chance of rising to leading roles in companies. Women may still face the "double burden" syndrome of juggling work and domestic responsibilities, worsened by society's expectations, and indeed their own, making a leadership role an unattractive option for some. In McKinsey's Women Matter global surveys of male and female managers, respondents were asked to prioritize the biggest challenges women leaders face. Across countries, the double burden of balancing work and domestic life was the barrier cited most often—by 45 percent of respondents in Asia-Pacific, 44 percent in China, 39 percent in India, 34 percent in Europe, and 31 percent in North America. Another oft-cited barrier was the "anytime-anywhere" work model that requires

[49] For its efforts, Lockheed Martin also shared (with Kimberly-Clark) the 2014 Catalyst Award, which honors innovative initiatives that expand leadership and opportunities for women and business.

[50] Pax World, the Pax Ellevate Global Women's Index Fund.

[51] Sanjiv Gupta, Liana C. Sayer, and Philip N. Cohen, "Earnings and the stratification of unpaid time among US women," *Social Indicators Research*, volume 93, issue 1, 2009.

employees to be available at all times and geographically mobile.[52]

In the United States, a factor that is exacerbating the gap between men in women in levels of unpaid care work is the lack of consistent availability of paid parental leave. If there is no paid parental leave, women are more likely to drop out of the workforce, as we showed in Exhibit 5, thereby increasing time spent in unpaid care work and lowering the levels of female representation in the workforce and in leadership positions. Even in companies that provide paid leave, this leave tends to be available only to mothers and not to fathers, leading to corporate bias against females in the workplace.

The United States remains one of only nine advanced OECD economies that does not offer paid parental leave. Four US states—California, New Jersey, New York, and Rhode Island—plus the District of Columbia currently provide publicly funded paid parental leave through payroll deductions (as does the city of New York).

Moreover, even where the law mandates paid parental leave, reported levels of unpaid care work still demonstrate great gender inequality. Improved provision of child-care facilities and support for women undertaking care of elderly relatives and other dependents can help to continue to close this gap. A 2013 study found that 47 percent of adults aged 40 to 59 both have a parent aged 65 years or older and are raising a child or supporting an adult child.[53] In 2012, AARP (formerly the American Association of Retired Persons) estimated that businesses lose roughly $33.6 billion a year in productivity from their full-time employees providing care to the elderly.[54]

A huge part of change in this realm can—and has to—be driven by the support of the private sector and by reshaping individual and social attitudes. Some employers (including, for example, Palo Alto Software) are offering flexible options to employees, irrespective of whether this flexibility is used to care for a child or an elderly person. At Duke University, employees have access to the Family Support Program for help with caring for an elderly person.[55] Fannie Mae offers not only flexible options but also benefits such as emergency

backup adult care, geriatric assessments, referrals and assistance for adult day-care programs, and legal, financial, and emotional counseling.[56]

According to the California Employment Development Department, in 2014, men filed for only one-third of all paid leave, despite paid leave's being mandated in the state. One possible explanation for this could an enduring perception among men that taking paternity leave is still subject to stigma. In efforts to combat this stigma, companies are becoming more vocal about advocating for equality in paid leave: an example of this is when Facebook co-founder Mark Zuckerberg publicly announced his intention to take two months of paternity leave—an almost unprecedented move by a US CEO of a large company—and generated a great deal of media interest.

Unilateral announcements by large companies can change the climate very quickly. Within 24 hours after Netflix announced that it was providing up to one year of paid parental leave, Microsoft responded by adding eight weeks of parental leave to its existing policy, offering a total of 20 weeks. One week later, Adobe also announced an increase in parental leave.

SINGLE MOTHERS

The United States has one of the highest shares of single parents in the world, according to OECD data. Three of every four single parents in the United States is a mother, and the SPS for the majority of US states reflects extremely high inequality on single mothers. Not all of this is involuntary: single mothers by choice are a small but growing subset of the population, reflecting greater female financial independence, a diminishing gender pay gap, and shifts in social norms. Other women might choose to be single mothers to avoid difficult

[52] See McKinsey's Women Matter research at www.mckinsey.com/features/women_matter.

[53] Kim Parker and Eileen Patten, *The Sandwich Generation: Rising financial burdens for middle-aged Americans*, Pew Research Center, January 30, 2013.

[54] See Lynn Feinberg and Rita Choula, *Understanding the impact of family caregiving on work*, AARP Public Policy Institute fact sheet, October 2012. The productivity estimates are based on a 2004 survey of US caregivers conducted by the National Alliance for Caregiving in collaboration with AARP.

[55] Charles Coy, *The aging parent dilemma: Why companies need to support employee caregivers*, Cornerstone ReWork, August 2014.

[56] *Case study: Fannie Mae*, AARP ReAct (Respect A Caregiver's Time); Fannie Mae website.

situations like subjecting themselves and their children to a violent partner.

Data from the US Census Bureau suggest that being a single mother tends to trap a woman in a cycle of low opportunity: six out of ten families living below the poverty line are headed by single mothers. While a recent study examining the Census Bureau's poverty data argued that poverty rates may be exaggerated due to the underreporting of subsidies these respondents received in cash, food, or housing, single mothers proportionately represent a significant majority of the families living in poverty—even if the absolute number of such families is not as high as otherwise reported.[57]

One possible explanation for the prevalence of poverty among single mothers is that they tend to drop out of high school to join the workforce early. Evidence of this is the strong negative correlation between the number of single mothers and the attainment of a high school diploma.[58] Moreover, while a large proportion of single mothers are involved in the labor force, they tend to work in lower-paying jobs, potentially unable to move to high-skilled ones because they lack the time and financial resources to train themselves.[59] Such economic pressure tends to mean that the single mother cannot afford quality child care and therefore is faced with the double burden of work and caring. The problems tend to stack up for the next generation, too, as the home environments of single-parent households do not offer the same opportunities in the long term as those of households run by two people. For example, children of single-parent households are twice as likely to drop out of high school, 2.5 times as likely to become teenage mother s in the case of female children, and 1.4 times likely to be idle (out of school and out of work) as children of dual-parent households.[60]

A number of programs have been successful at helping single mothers overcome their economic limitations through capability building, education, and provision of child-care services. One example is the Jeremiah Program, an organization aimed at low-income single mothers, which has helped participants double their employment rates and wages through the provision of skills-based training and education to children of participants. The program provides participants with options for child care, enabling single mothers to focus entirely on their own learning and development. Begun in Minneapolis, the program expanded to Austin, Boston, and Fargo-Moorhead—proof that the approach is effective. Another example is Helping Hands for Single Moms, aimed at providing health, home care, and financial support to single mothers who are in college. Its goal is to alleviate the double burden of supporting a family while enrolled in school, to prevent single mothers from dropping out in order to care for their families. Since its inception in 2002, Helping Hands for Single Moms has served over 450 single mothers, and the average starting salary of a Helping Hands graduate is $44,600.[61]

Another example is the Women's Foundation of Colorado Single Moms Succeed Initiative, which aims to improve job training and education opportunities for low-income single mothers to help them gain self-sufficiency. In 2014, the initiative undertook research into child-care costs and supported the Colorado Child Care Assistance Program Cliff Effect and the Colorado Child Care Assistance Program changes.

While most current programs that help single mothers are led by non-profit initiatives and the social sector, there are opportunities for players in the private sector to make a difference. One example of this is OSI Creative, a supply-chain-solutions provider, which has launched Mothers and Jobs in the Memphis area. This program is designed to provide employment for single mothers while educating them about federal assistance and day-care options. The aim is to provide more flexible working arrangements that can help women to raise families on their own. OSI also offers financial support to local non-profits that refer single mothers to staffing agencies. OSI currently employs almost two dozen single mothers in its Memphis plant and plans to expand the program to its other operations if the initiative proves successful at its headquarters.

57 Bruce D. Meyer and Nikolas Mittag, *Using linked survey and administrative data to better measure income: Implications for poverty, program effectiveness and holes in the safety net*, NBER working paper number 21676, October 2015.

58 US Census, American Community Survey 2014.

59 Dianne S. Burden, "Single parents and the work setting: The impact of multiple job and homelife responsibilities," *Family Relations*, 1986.

60 Sarah McLanahan and Gary Sandefur, *Growing up with a single parent: What hurts, what helps*, Harvard University Press, 2009.

61 Helping Hands for Single Moms website.

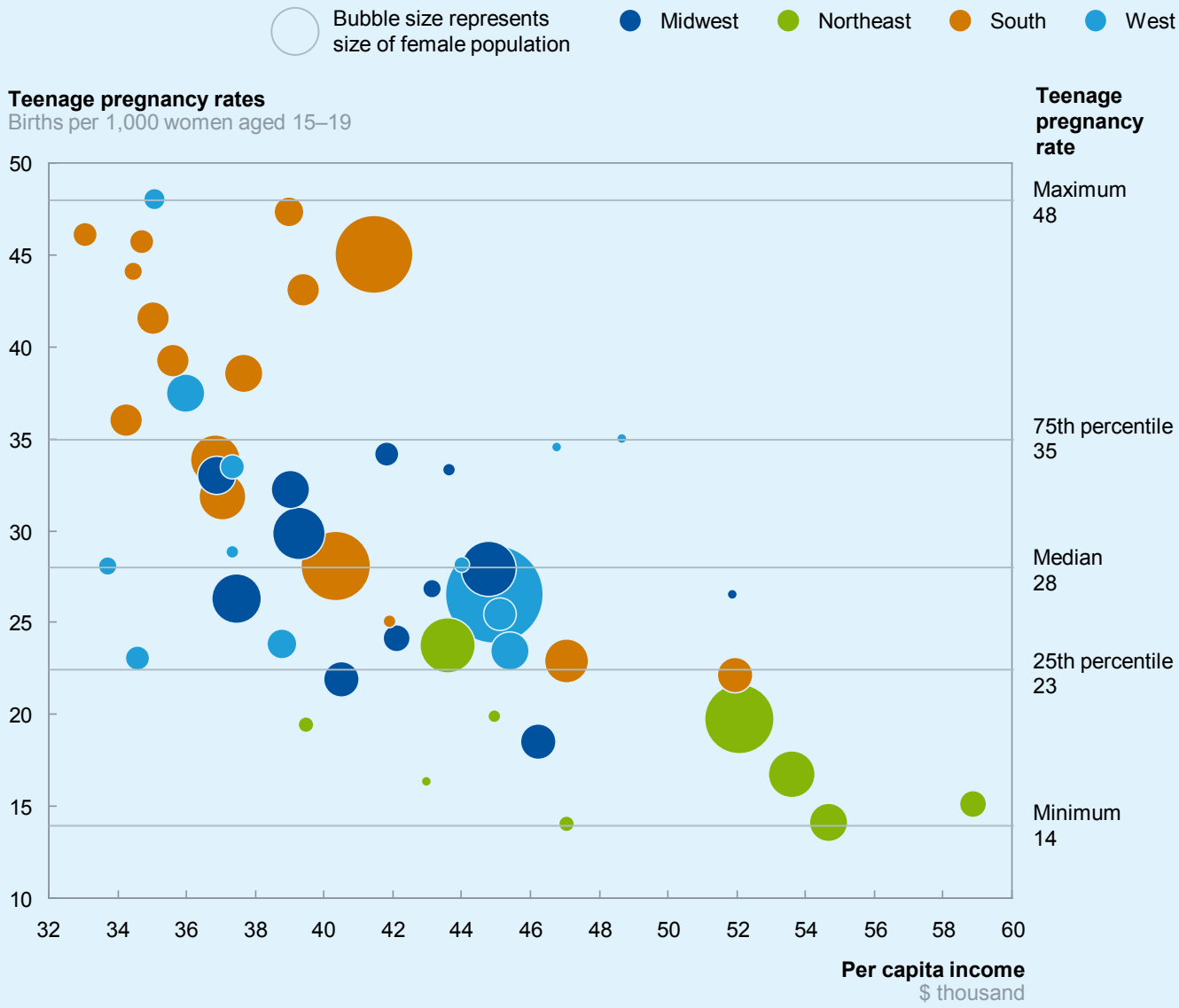
Federal and state government financial assistance to low-income households is accessible to single mothers. For instance, Head Start is a federal program that helps children up to the age of five living in low-income households by providing education, health, nutrition, and other social services. Some states have pre-kindergarten programs for two and a half to six hours a day to support working parents. Temporary Assistance for Needy Families is another federal program that provides financial assistance to low-income families that meet state-level poverty thresholds.[62]

TEENAGE PREGNANCY

Teenage pregnancy remains a significant issue in the United States, with approximately 600,000 youths aged 15 to 19 becoming pregnant every year.[63] While rates have dropped in recent years, the teen birth rate in the United States is still high relative to rates in other developed countries (Exhibit 18). A report by the National Bureau of Economic Research suggests that one reason for high pregnancy rates among US teens is an economic context of income inequality.[64]

Exhibit 18

Teenage pregnancy rates vary widely among US states, suggesting room for improvement



SOURCE: US Census; World Bank; McKinsey Global Institute analysis

[62] US Department of Health and Human Services: Office of Family Assistance.

[63] Kathryn Kost and Stanley Henshaw, *US teenage pregnancies, births and abortions 2010: National and state trends by age, race and ethnicity*, Guttmacher Institute, May 2014.

[64] Melissa Schettini Kearney and Phillip B. Levine, *Why is the teen birth rate in the United States so high and why does it matter?* NBER working paper number 17965, March 2012.

Teenage pregnancy comes with an array of social, health, and economic costs. Teenage mothers tend to have less education and are more likely to live in poverty than their peers who are not teen parents. Children of teenage mothers are more likely to be diagnosed with chronic medical conditions, have to rely on publicly funded health care, and are more likely to become teenage parents themselves.[65] Teenage pregnancy also imposes a financial burden on the United States. In 2010, births involving teenage mothers cost the nation nearly $10 billion in increased public assistance and health care and in lost income as a result of lower educational attainment and reduced earnings among children born to teenage mothers.[66]

Some of the most successful interventions on teenage pregnancy have included collaborations with the media to raise awareness about the issue. For instance, the National Campaign to Prevent Teen and Unplanned Pregnancy works with popular television shows that target teens including *Teen Mom* and *16 and Pregnant* and with networks such as MTV to embed messages on teenage pregnancy in programming. According to data from the National Survey of Family Growth, compiled by the Centers for Disease Control and Prevention's National Center for Health Statistics, the decline of teenage pregnancies in the United States since 2008 can partly be attributed to the impact of strong messages directed at teenagers encouraging the increased use of contraception.[67] A study conducted in relation to *16 and Pregnant* found that the show led to more searches and tweets regarding birth control and abortion, which may have contributed to a 5.7 percent reduction in teen births in the 18 months following its introduction—one-third of the overall decline in US teen births during that period.[68]

One of the best-known programs is the Colorado Family Planning Initiative. It led to a faster decline in teenage pregnancy than in any other US state. The program focuses on lowering the cost of long-acting reversible contraceptives such as intrauterine devices and sometimes making them available for free. Long-acting contraceptives have been proven to be more effective than short-acting contraception such as birth control in reducing pregnancy rates because they do not depend on individuals remembering to take them every day.[69]

POLITICAL REPRESENTATION

The United States is one of the worst-performing developed countries in the world on representation of women in politics.[70] The US political representation score is the lowest of the ten gender equality indicators, with a median across states of only 0.25, compared with a median of above 0.5 for all other indicators. In short, the United States is considerably further away from gender parity on political representation than on any other indicator.

This situation prevails despite a solid body of evidence showing that, beyond considerations of equity, there are considerable benefits to having women in politics. Surveys of legislators reveal that women are more likely to propose laws that affect women and children and that prioritize issues pertinent to families.[71] Female citizens tend to become more informed about politics when they are represented by a woman senator; they then become more active in politics.[72] For instance, one cross-country study found that greater representation of women in legislatures led to higher expenditure on education as a share of GDP.[73]

One factor observed along with the poor relative performance of the United States on political representation is a lack of political ambition among

[65] Emily Holcombe, Kristen Peterson, and Jennifer Manlove, "Ten reasons to still keep the focus on teen childbearing," *Child Trends*, March 2009; Saul D. Hoffman and Rebeca A. Maynard, eds., *Kids having kids: Economic costs and social consequences of teen pregnancy*, 2nd edition, Urban Institute Press, 2008.

[66] Gina M. Secura et al., "Provision of no-cost, long-acting contraception and teenage pregnancy," *New England Journal of Medicine*, volume 371, number 14, 2014.

[67] Brady E. Hamilton and Stephanie J. Ventura, *Birth rates for US teenagers reach historic lows for all age and ethnic groups*, NCHS Data Brief, number 89, National Center for Health Statistics, April 2012.

[68] Melissa S. Kearney and Phillip B. Levine, *Media influences on social outcomes: The impact of MTV's* 16 and Pregnant *on teen childbearing*, NBER working paper number 19795, January 2014.

[69] Gina M. Secura et al., "Provision of no-cost, long-acting contraception and teenage pregnancy," *New England Journal of Medicine*, volume 371, number 14, 2014.

[70] Representation 2020 website, using data from the Inter-Parliamentary Union, December 2013.

[71] *Why women? The impact of women in elective office*, Political Parity.

[72] Kim L. Fridkin and Patrick J. Kenney, "How the gender of US senators influences people's understanding and engagement in politics," *The Journal of Politics*, volume 76, number 04, 2014.

[73] Li-Ju Chen, *Female policymakers and educational expenditures: Cross-country evidence*, January 2009.

women. A 2011 survey revealed that only 46 percent of female respondents had considered running for office, compared with 62 percent of male respondents. This lack of political ambition appears to reflect a combination of factors, such as lack of confidence, a perception of bias against female candidates, and a lack of encouragement to run for politics compared with that received by men.[74]

There are a number of ways to boost equality of opportunity in the political world. These include providing funding for female candidates and increasing support from political parties. In addition, training is important. According to data collected by the Center for American Women and Politics, half of the women currently in political positions have been through some type of campaign training prior to their election. Institutions like the Women's Campaign School at Yale University are dedicated to helping women achieve success in public service and providing a curriculum that is both designed by and targeted at women in order to address the cultural challenges faced by women in politics. Ready to Run®, an initiative of the Center for American Women and Politics, is another training program that aims to demystify the process of running for office and provide the networks required for success in politics. Currently, Ready to Run® offers programs in 14 states and has been particularly successful electing women of color.

[74] Jennifer L. Lawless and Richard L. Fox, *Men rule: The continued under-representation of women in US politics*, Women & Politics Institute, 2012.

VIOLENCE AGAINST WOMEN

Both men and women in the United States are victims of violence, and we recognize the broader imperative to reduce violence overall. According to data from the National Crime Victimization Survey, approximately 51 percent of all victims of violence in the United States are men. The bulk of these incidents involve physical violence such as aggravated and simple assault. But around 91 percent of victims of rape and sexual assault victims are women.[75] In this report, we focus on violence against women. It takes many forms and is pervasive in the United States, with huge humanitarian and economic costs (see Box 4, "Violence against women: A lifetime view").[76]

The largest cost of violence against women is, of course, the suffering it causes. But it carries an economic cost, too. More than 39 million women—nearly one-third of the US female population—have experienced physical violence by an intimate partner, from slapping to beating. Based on the CDC's estimates of the cost of intimate-partner violence, MGI calculated that this type of violence against women costs about $4.9 billion in the United States annually. Seventy percent of this comes from direct medical costs, 15 percent from lost productivity, and 15 percent from lost earnings over women's lifetimes. If we were to take into account estimates of the cost of pain, suffering, and stunted quality of life, too, the total toll could be some $500 billion.[77]

The evidence shows that rates of violence against women decline as household income increases, suggesting that economic development is a major factor in this form of gender inequality. In recent years, more than 95 percent of violent incidents happened in households with incomes of less than $75,000. Rates of violence in the lowest-income households are almost 15 times higher than in those with the highest incomes. The risk of a woman being killed by her intimate partner is eight times higher in households with guns, and 20 times higher when there is a history of domestic violence.[78]

[75] Bureau of Justice Statistics; National Crime Victimization Survey victimization analysis tool, number of violent victimizations, 2014.

[76] In the United States, 18 percent of women, or 22 million women, have been raped, and 9.4 percent have been raped by an intimate partner, according to the Bureau of Justice Statistics, National Crime Victimization Survey, 1995–2013. Women in college aged 18 to 24 suffer more from rape and sexual assault than any other age group or cohort. An estimated 600,000 women are raped on campus every year, according to the Bureau of Justice Statistics, National Intimate Partner and Sexual Violence Survey, 2010.

[77] *Costs of intimate partner violence against women in the United States*, Department of Health and Human Services, Centers for Disease Control and Prevention, March 2003.

[78] *Intimate partner violence and firearms*, fact sheet, Johns Hopkins Bloomberg School of Public Health.

Given the prevalence of violence against women in the United States, many stakeholders—including state bodies, organizations, and companies—have tried to intervene. Legislation is one part of the effort. A study on intimate-partner violence released by the Bureau of Justice Statistics shows a 64 percent decline in intimate-partner violence between 1993 and 2010. Some attribute this decline to the Violence against Women Act of 1994, which held offenders more accountable for their crimes by imposing stricter penalties and mandated programs to provide services for victims of violence. Others argued that the decrease in violence against women was part of a broader decline in violent crime across the nation. What is clear is that the legislation has increased prosecution rates in domestic violence cases. In 2013, the act was reauthorized and amended to reflect changing times. For instance, the latest version addresses high rates of violence and sexual assault on college campuses and protects lesbian, gay, bisexual, and transgender citizens from discrimination in the use of key services such as shelter.

Another type of effort in the case of violence against women has been the provision of services that help women with the logistics of leaving their abusive partners. Sanctuary for Families is a New York–based NGO whose sponsors include American Express and leading law firm Cravath, Swaine & Moore LLP. The organization works closely with victims of violence to help them recover emotionally and to find their way back into the workforce through the provision of counseling services, legal advice, shelter, and skills training. Each year, Sanctuary for Families helps more than 15,000 victims of violence, 70 percent of whom find work within a year.

A similar organization is Rise, a national civil rights non-profit working with several state legislatures and the US Congress to implement a Sexual Assault Survivors' Bill of Rights. Rise is made up of advocates from health, legal, business, and academic backgrounds who have come together to introduce legislation relating to the rights of survivors of sexual assault, such as the right to a counselor and to fair and efficient rape-kit procedures. Since its inception, Rise has successfully introduced legislation in California, Massachusetts, Oregon, and New York.

Collective action that involves the private sector also has powerful benefits. Acknowledging the important role that financial independence plays in the violence against women issue, the Allstate Foundation has funded initiatives to combat violence against women in the United States. The foundation's Purple Purse raised $43 million to help women break away from abuse through financial empowerment and independence: Purple Purse not only supplies victims with the tools and resources required to better understand and manage their finances, but also provides grants to help state-level coalitions develop best practices in financial empowerment programs for domestic violence survivors. It has worked with state organizations including the Kentucky Domestic Violence Association and the Florida Coalition against Domestic Violence.

Another example of collective action is the Corporate Alliance to End Partner Violence, a national non-profit that brings together companies including Avon and Cigna in order to collaborate on problems and use their influence to instigate change to prevent intimate-partner violence. Since 2013, the alliance has organized initiatives designed to raise awareness about intimate-partner violence, including the annual Domestic Violence Awareness Month (October).

The state of New York enacted domestic violence legislation in 2012 to protect victims and their families and establish stronger criminal penalties for perpetrators. The state also established a domestic violence fatality review team.[79]

[79] *Senate passes domestic violence legislation*, New York State Senate, June 2012.

Box 4. Violence against women: A lifetime view

MGI's detailed analysis of violence against girls and women in the United States finds that about 70 percent of first incidents of violence happen when the victim is aged between 11 and 24. An estimated 27.2 million girls aged 11 to 17 and 51.7 million women aged between 18 and 24 suffer from violence, including sexual coercion or abuse, bullying, stalking, and trafficking.[1] This analysis suggests that action to tackle violence against women should focus on female adolescents and young adults (Exhibit 19).[2] We recognize that bullying is a problem that affects both males and females. In the case of 12- to 18-year-olds, 20 percent of boys and 24 percent of girls are victims of bullying.[3]

Sexual assault against young adults. The highest prevalence of rape and sexual assault is among young women aged 18 to 19, at 6.6 per 1,000 among students and 10.4 per 1,000 among non-students, suggesting that preventive action needs to take place during the teenage years. In recent years, the prevalence of rape or sexual assault of young women aged 18 to 24 has been similar for students and non-students. Overall, however, two-thirds of violent attacks have been perpetrated against non-students. Eighty percent of female young adults who experience violence are victims of people they know. Most young women who are victimized are likely to be attacked at the home of either victim or perpetrator—38 percent in the case of students, and 50 percent among non-students. About three-quarters of sexual assaults go unreported, with students 1.2 times less likely to report such crimes than non-students, possibly reflecting educational reporting policies and federal guidelines.[4]

Violent acts against teenage girls. The incidence of these crimes has been in decline but remains high, at 32 crimes per 1,000 teenage girls. Sexual violence against girls is relatively uncommon, perhaps reflecting improved protection for this age group. However, teens are experiencing relatively high rates of "simple" assault (an attempt to cause serious physical harm, fear, or apprehension to another individual)—at 23.1 crimes per 1,000 girls aged 12 to 14 in 2010—and there is some evidence that simple assault is acting as a gateway to more aggressive crime at an older age. The rate of simple assault had declined between the ages of 15 and 17 to 20.1 per 1,000 girls, but rates of serious violent crime had risen from 12.0 per 1,000 for 12- to 14-year-olds to 15.9 per 1,000. Black girls are twice as likely to experience violent crime as girls in other ethnic groups, including whites and Hispanics. In 2010, black girls aged 12 to 17 experienced higher rates of simple assault and serious violent crime than girls of white or Hispanic ethnicity. Girls aged between 12 and 17 who live in single-parent households are almost three times as likely to experience serious violence as girls in the same age group who live in two-parent households. Yet the majority of violent acts against girls in this age group occur at school, suggesting that action in educational establishments should be prioritized. More than two-thirds of violent attacks on female teenagers take place during the day and, indeed, during school hours.[5]

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1 National Intimate Partner and Sexual Violence Survey, 2010; National Crime Victimization Survey, 1993–2010.

2 MGI looked at rape, other sexual violence, and physical violence. In each case, we estimated the number of girls or women who had experienced incidents of these kinds and then broke down those totals by life stages. We did not include physical violence committed by strangers or acquaintances, or other sexual violence against infants and children. We assumed that there is no overlap between victims.

3 School crime supplement to the National Crime Victimization Survey, 2013.

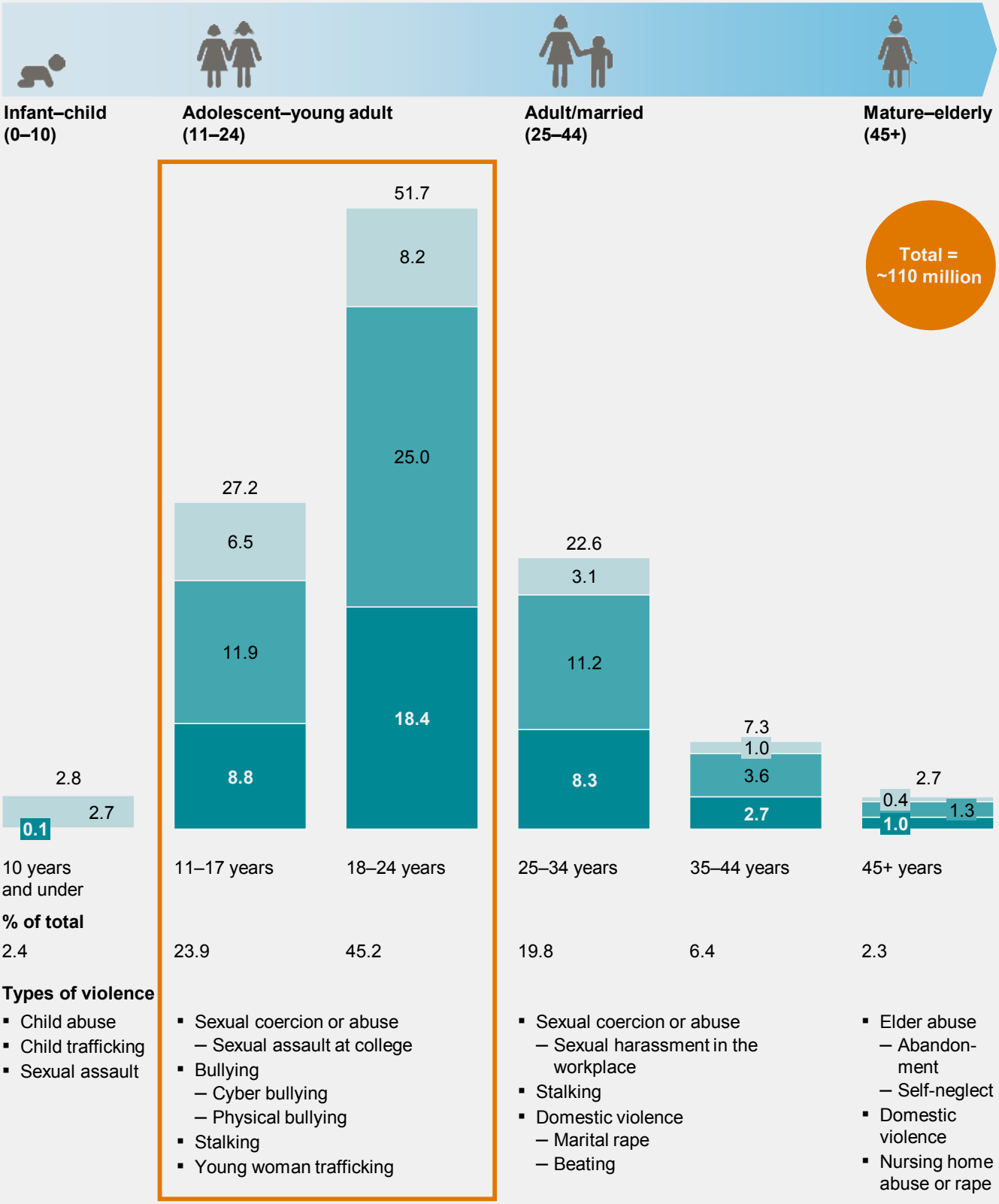
4 National Crime Victimization Survey, 1995-2013.

5 National Crime Victimization Survey, 2010.

Exhibit 19

About 70 percent of first violent incidents against girls and women in the United States happen when the victim is aged 11 to 24

Age at time of first victimization in lifetime among female victims
Estimated violent incidents, millions of victims



NOTE: Numbers may not sum due to rounding.

SOURCE: NISVS, 2010; McKinsey Global Institute analysis

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The United States has made great strides toward gender parity in recent decades, but our analysis shows that there is still much room for improvement. This report aims to catalyze further progress by mapping gender inequality at the national, state, and city levels. Having a more complete view of different aspects of gender inequality is, we believe, a valuable first step toward taking effective further action.

Our findings are a start. However, we fully acknowledge that more work is needed to collect robust and consistent data and to paint an even more complete and nuanced picture. A central source of all information and metrics for each gender equality indicator could be a useful next step, increasing transparency and helping to promote more effective discussion and action. Take violence against women as an example. Today, it is difficult to develop an accurate view of the women affected by the different types of violence because there is no central repository of data with consistent units of measurement. Another area where improved data collection could help to improve the conversation around gender inequality is in the tracking of women's health metrics. We need to know more about women's access to, and use of, the health-care system. In a third area, ascertaining the true wage gap, better data—including factors like industry mix, occupational roles, and work experience—would also be useful.

Better data are undoubtedly needed so that policy makers, businesses, and other stakeholders know where to prioritize action. But collectively we also need better tracking and evaluation of programs to assess which ones are most effective. It can be difficult to determine the impact of various programs in a consistent and objective way. Effective tracking and monitoring of impact would help to garner support and funding of successful initiatives.

Finally, collaboration between the private sector, government, and non-profit organizations matters. One example of an effective collaboration was the work that the state of California did in conjunction with companies to move toward a more equitable distribution of unpaid care work. Another example is the National Campaign to Prevent Teen and Unplanned Pregnancy's collaboration with MTV and other media companies. Corporations have the clout not only to drive change within their own organizations, but also to inspire action and motivate change in the broader community through financial support and public advocacy and by providing the human resources and capital required to kick-start a movement. The Itasca Project, an employer-led civic alliance focused on improving quality of life in the Minneapolis–St. Paul metropolitan area, is one example. Itasca is led by private-sector CEOs, but among its members are representatives from business, philanthropic organizations, and the public sector, including governors and mayors. Itasca identifies pressing issues such as higher education, and then draws on its members to tackle the problem by developing long-term solutions. In the case of education, those solutions included drawing up a strategy to align academic offerings with the needs of the workforce and establishing an overall goal of improving graduation rates.

Our research has shown that inequality remains high or extremely high on six key impact zones, and that there is a great deal of variation in performance by states and cities. This suggests that there is a significant opportunity to catch up with best-in-class performers at the state and city levels, in the process capturing significant humanitarian, social, and economic benefits for the United States. Change is inevitably gradual on an issue as multifaceted and complex as gender inequality. All stakeholders will need to play their parts. The power and prize of gender parity is worth accelerating efforts to drive progress.

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APPENDIX

MGI's global report includes detailed technical notes about the analysis it drew on, such as building the full-potential and best-in-region GDP scenarios, assessing global gender inequality through 15 indicators, and calculating a Gender Parity Score (GPS).

In addition to detailing the US GDP impact model, this appendix details the two new measures developed for this report—the State Parity Score (SPS) and the City Parity Score (CPS)—and the indicators we used. We followed a methodology identical to that used to compute the GPS, using ten customized indicators instead of the 15 used in the global report, to compile both the SPS and the CPS.

This appendix has four sections:

1. **Building a supply-side GDP model**
2. **Ten US gender equality indicators**
3. **Methodology for calculating SPS**
4. **Methodology for calculating CPS**

1. BUILDING A SUPPLY-SIDE GDP MODEL

MGI has built a supply-side model that estimates the economic impact of closing the gender gap in labor markets in the United States. We cover all US states and exclude the District of Columbia and Puerto Rico. The model estimates and forecasts the GDP contribution of women and men in the period to 2025 for all 50 states covered in the analysis. The model calculates GDP using five inputs, each of which is estimated by gender:

$$\text{GDP} = \textit{Working-age population} \times \textit{Labor-force participation rate} \times \textit{Employment rate} \times \textit{Full-time equivalent rate} \times \textit{Labor productivity per full-time equivalent employed}$$

The employment rate is the percentage of the labor force that is employed. The full-time equivalent rate is the ratio of full-time equivalent employees relative to total employees. Labor productivity per full-time equivalent employed is the economic output of each full-time equivalent employee.

Overall approach

- **Drivers of the difference in male and female GDP.** The model captures differences in male and female contributions to GDP due to three factors: participation rates, hours worked, and the distribution of employment among 13 sectors of the economy that are typically used by the US Bureau of Labor Statistics and the Current Population Survey for reporting purposes. We assumed that there is no impact on productivity due to the different roles men and women play in companies, the size of firms that employ men and women, any variation in agricultural productivity due to the size of male vs. female farm holdings, and so on. The 13 sectors are: agriculture, forestry, fishing, and hunting; mining and quarrying; construction; manufacturing; wholesale and retail trade; transportation and utilities; information; financial activities; professional and business services; educational and health services; leisure and hospitality; public administration; and other services.

- **Second-order impact on GDP.** We do not include any second-order impact from increased participation of women, including increased consumption by women, or any drag on productivity due to changes in the supply of labor relative to capital.

Summary of approach and data sources

- **Labor force.** To estimate the total labor force for each US state, we calculate its working-age population and labor-force participation rate separately for six cohorts comprising the two genders and three age cohorts: 15 to 24 years, 25 to 54 years, and 55 and older. The working-age population for all scenarios is sourced from the US Census. The historical labor-force participation rate is sourced from the BLS and its Current Population Survey.

- **Full-time equivalent employment.** We first apply an overall employment rate to each state's aggregate labor supply. The employment rate for historical periods is sourced from Current Population Survey microdata that are available for all states. We use these data to calculate employment split by gender. To convert employment by gender into full-time equivalents, we use Current Population Survey microdata on the average hours worked by gender. This is available in two forms:

  — Employment by full-time and part-time split

  — Actual data on average total hours worked by men and women

  We use the first group of data where they are available, and, where necessary, supplement them with estimates based on the second. For example, to estimate hours worked, we assume that the average employee who works 25 to 35 hours a week is working 30 hours per week. We assume that the hours worked by men and women per week do not vary by sector.

- **Labor productivity.** For each state, we estimate labor productivity per full-time equivalent employee for men and women as the average sector productivity, weighted by the sector share of full-time equivalent employment for each gender. We assume that the productivity of men and women in the same subsector (for example, education, health, agriculture) is the same and that any variations in average productivity among men and women are due to the sector mix of their employment. We use a three-step calculation:

  — First, we estimate the relative productivity of men and women in each subsector. For example, in most states, services productivity for women is lower than that of men because women are disproportionately concentrated in low-productivity sectors (as measured by GDP per worker) such as education and health services. We calculated relative productivity at the 13-sector level for all states.

  — Second, we use relative productivity at a subsector level to estimate sector productivity by gender for agriculture, industry, and services. We calculate average productivity for men and women using GDP from Moody's Analytics, employment data from BLS, and employment projections from Moody's in each of agriculture, industry, and services, and the hours worked estimates described above to convert employment numbers to full-time equivalent employees. We then applied the relative productivity of men compared with women calculated in the first step to this average productivity to estimate a male and a female productivity figure for each of agriculture, industry, and services.

  — Finally, we estimate overall productivity by gender by weighting gender-specific productivity for agriculture, industry, and services by the respective shares of employment of men and women in these sectors.

Forecast assumptions

MGI modeled three scenarios to project the economic opportunity that is available from bridging the gender gap in 2025. The first scenario is a business-as-usual forecast of GDP based on Moody's Analytics and US Census forecasts, supplemented with historical trends to obtain gender-disaggregated forecasts. The second is a full-potential scenario that describes the maximum GDP opportunity from achieving complete gender parity for each state on the various dimensions included in our model. The third is a best-in-class scenario that describes the GDP opportunity for each state if it were to bridge the gender gap at the best historical rate of among all US states.

For all projections, we use the following data sources: for population, the US Census; for labor-force participation rate and employment rate, Current Population Survey and BLS data, and linear trend projections.

Business-as-usual scenario

We formulated the business-as-usual scenario in three steps. First, we projected detailed data on labor supply broken down by gender according to growth rates over the past ten years, and ensuring they followed a few overall constraints. In detail:

- We first forecast the labor-force participation rate by age group and gender, based on its compound annual growth rate between 2004 and 2014. Finally, we applied three constraints: the participation rate does not exceed 100 percent for any cohort; for each age cohort, the rate of female participation does not exceed that of males; and the participation rate of those aged 55 and older for each state remains equal to or less than that of those aged 25 to 54 for that state.

- For the employment rate, we used the overall employment rate forecast from Moody's, scaled to separate male and female employment rates, based on the observed historical ratio of female-to-male employment rates in 2014.

- The ratio of hours worked and the relative productivity of full-time equivalent males and females in industry and services remained constant over the business-as-usual forecast. This assumption is based on analysis of historical data in MGI's global report on the power of parity, which shows little or no change for most countries in our sample over the past ten years.

- Forecasts for the distribution of employment by sector and gender were based on historical trends and reasonable assumptions for productivity growth. First, we forecast the share of employment by sector based on historical trends from the most recent ten-year time frame with data. We then modified the projection to bring GDP growth for agriculture, industry, and services in accordance with forecasts from Moody's Analytics and average sector productivity in line with three overall constraints we apply: forecast productivity growth from 2014 to 2025 is greater than or equal to zero; the productivity ranking of agriculture (which typically has the most volatile productivity-growth rates) does not change relative to other sectors; and the difference between sector productivity growth and overall productivity growth should not be more than 2 percentage points different from any historical gap for agriculture, industry, and services. We chose the 2 percentage points differential based on typical historical trends for these two measures.

Full-potential scenario

The full-potential scenario sizes the total opportunity of closing gender gaps in the labor-force participation rate, employment rate, hours worked, and sector mix. Male inputs into GDP stay constant at business-as-usual levels. We calculated female inputs so that they were equal to those of males in 2025: the gap in participation rates for each age group, the gap in employment rates, and the gap in hours worked are fully bridged.

- Gaps in relative productivity between men and women within the industry and service sectors are fully bridged.

- The share of employment in agriculture is equalized for men and women. The proportion of jobs absorbed by the industry and service sectors from women transitioning out of agriculture is equal to the ratio of female employment in industry relative to services in the business-as-usual scenario.

Best-in-class scenario

The best-in-class scenario sizes the GDP opportunity for each US state if that state were to bridge the gender gap at the best historical rate achieved by any US state for hours worked and sector share. For labor-force participation rate, we match fastest historical rate of improvement for the largest states measured by their GDP. These are Texas for the 15-to-25 age group, New York for the 25-to-54 age group, and North Carolina for 55 and above for female labor-force participation. An exception was made for some small states where the female labor force growth was significantly higher; in this case the small state's historical rate was maintained. For example, West Virginia had a historical rate of improvement of 0.6 percent for women aged 25 to 54, higher than New York's improvement of 0.3 percent for women in this group. In this case, West Virginia continues to improve at its higher historical rate of improvement. The scenario assumes that, for each state and each input, the male growth rate is constant at the business-as-usual levels, but the female growth rate is equal to the male growth rate plus the best-in-class rate of convergence. The rate of convergence is calculated as the difference between the growth rate of female labor-force participation rate and growth in the male labor-force participation rate.

The convergence rate is capped for each state so that the female GDP input does not overtake the male GDP input in 2025. Additionally, due to a slight difference between the best-in-class and full-potential scenarios, we assume that the rate of convergence for hours worked was the same in both the scenarios.

We calculate the rate of convergence for industry and services productivity based purely on the change of distribution of employment of men and women in the 13 sectors examined, and not due to any change in underlying productivity of each of these sectors (this is independently factored into productivity forecasts).

In this scenario, we have modeled using the fastest rate of progress toward bridging the gender gap for the three levers of labor-force participation, hours worked, and sector mix. We do not use the actual best-in-class value because of the high variability between the top- and bottom-performing states. For instance, Iowa and Wisconsin have the highest female labor-force participation rates for the 25-to-54 age group at 86 percent and 87 percent, respectively. In comparison, Arizona and Utah have rates of 69 percent and 64 percent, respectively. To arrive at an actual best-in-class value, Utah would need to increase its female labor-force participation rate at more than 3 percent a year compared with a negative growth rate of 0.6 percent a year over the past decade.

Implications of scenarios on the overall structure of GDP

We analyzed the impact of bridging the gender gap on the overall structure of the economy and job creation needed to provide opportunities to the additional women entering the workforce. For all regions, this represents an expansion of service-sector GDP, due to both increased employment in services and a shift of employment of women to more productive service-sector jobs. This corresponds to the creation of 6.4 million incremental jobs in the best-in-class scenario relative to the business-as-usual scenario.

2. TEN US GENDER EQUALITY INDICATORS

We use ten customized indicators for our US analysis and the compilation of the State Parity Score rather than the 15 indicators used in our global research and in the compilation of the Global Parity Score, or GPS (Exhibit A1).

Exhibit A1

MGI used ten customized indicators for analysis of US gender inequality

Category of indicator	Indicators	
Similar indicators US indicator is the same as or similar to a Gender Parity Score (GPS) indicator	**Gender equality in work**	▪ Labor-force participation rate ▪ Leadership and managerial positions ▪ Unpaid care work ▪ Professional and technical jobs
	Gender equality in society	▪ Political representation ▪ Higher education (similar to education level) ▪ Violence against women ▪ Maternal mortality (representative of women's health)
New indicators Customized for US context		▪ Single mothers ▪ Teenage pregnancy
Eliminated GPS indicators		▪ Low variability compared with global context – Sex ratio at birth – Unmet need for family planning ▪ Lack of state-level, gender-disaggregated data – Financial inclusion – Digital inclusion ▪ Covered as part of other metrics – Wage gap ▪ Covered qualitatively in US context – Legal protection

SOURCE: McKinsey Global Institute analysis

Eight of these indicators are comparable to similar indicators in the global work:

- **Labor-force participation rate** is the same as the indicator used in the GPS.
- **Professional and technical jobs** includes all occupations within the United States that have annual average earnings that fall above the national median earnings. These include: management, business, and financial operations; computer and mathematical; architecture and engineering; life, physical, and social sciences; community and social service; legal; education, training, and library; arts, design, entertainment, sports, and media; health diagnosing and treating practitioners, and other technical; protective service; sales and related; and installation, maintenance, and repair occupations. We have decided to look at occupations above the annual median earnings threshold in order to account for productivity and earnings potential. It is also important to note that this cut of the data includes STEM professions, a topic that has garnered much attention because of the fields' lack of female representation.
- **Leadership and managerial positions** is a subset of the leadership-positions indicator in the GPS. It includes anyone who holds a management role or above.
- **Unpaid care work** is the same indicator as in the GPS.
- **Higher education** reflects the relevant subset of the education composite in the GPS. We have focused on higher educational attainment, which accounts for college,

bachelor's, associate, professional, and doctoral degrees. We have found higher educational attainment to be a more relevant indicator for the United States. We also considered the level of educational attainment between males and females above the fourth-grade level as a proxy for literacy, and found that all states were at, or close to, parity using this measure. Thus, based on higher overall development levels in the United States and job growth primarily in higher-skilled professions, we decided to focus on higher education as the relevant indicator in the SPS.

- **Political representation** is a composite that considers the representation in the House of Representatives, state legislatures, and statewide elective offices. This indicator reflects the political representation indicator in the GPS, using US-specific metrics.

- **Violence against women** is the same indicator in the GPS. However, for the United States, we look beyond intimate-partner violence to consider all types of sexual violence (including rape) perpetrated by a man against a woman. This indicator is calculated as total number of incidents of sexual violence, divided by total female population.

We acknowledge that while these indicators are intended to be similar and comparable to the GPS, slight variations are due to the differences in sources of data used.

Two indicators are new metrics customized to the United States:

- **Single mothers** reflects a nuance of workplace inequality that is a particularly pertinent issue in the United States.

- **Teenage pregnancy** provides a customized US-centric view of the same fundamental issues of essential services that unmet need for family planning represented in the GPS.

Finally, our reasons for excluding certain indicators in the GPS from the US analysis are varied. In the case of financial and digital inclusion, we found a lack of state-level, gender-disaggregated data. In its place, we have decided to talk about financial inclusion in a qualitative manner in our report, acknowledging that a disparity still exists between males and females trying to access financial capital such as funding for businesses. Because the United States displays low variability relative to the global context with regard to digital inclusion in the GPS, we have decided to exclude it from the report. This low variability is also true for indicators like sex ratio at birth and unmet need for family planning. Finally, we exclude wage gap as an indicator but discuss it qualitatively, in an effort to acknowledge the focus on this gap. Likewise, legal protection is also covered in a qualitative manner, in relation to all of our other indicators.

The indicators used are measures of outcomes (Exhibit A2). This enables us to make an objective assessment of the United States on gender equality. We collated data for these indicators for 50 states mostly from government sources, including the US Census, the Bureau of Labor Statistics, the Centers for Disease Control and Prevention, and the National Intimate Partner and Sexual Violence Survey.

Exhibit A2

SPS model data overview—indicators used and formulas

	Indicator	Level of granularity	Formula	Source
Gender equality in work	Labor-force participation rate	Civilians in the labor force aged 16+	Percent female labor-force participation rate/percent male labor-force participation rate	BLS, Current Population Survey, 2014
	Professional and technical jobs	Number of population in labor force employed in occupations with above median annual earnings	Number of women in occupations with above national median annual earnings/number of men in occupations with above national median annual earnings	BLS, Current Population Survey, 2014
	Leadership and managerial positions	Number of population aged 16+ employed in managerial positions	Number of women in management positions/number of men in management positions	BLS, Current Population Survey, 2014
	Unpaid care work	Total hours spent per person per day on unpaid care	Number of hours spent per day per male on unpaid care/number of hours spent per day per female on unpaid care	BLS, American Time Use Survey, 2014
	Single mothers	Single parents with own children under 18 years old	Number of single-parent families run by women (with own children 18 or under)/number of total families (with children 18 or under)	US Census, American Community Survey, 2014
Essential services and enablers of economic opportunity	Higher education	Educational attainment levels of population aged 21+	F/M ratio of percent of 21+ population with bachelor's degree or higher	BLS, Current Population Survey, 2014
	Maternal mortality	Maternal mortality	Maternal deaths per 100,000 live births	National Women's Law Center; CDC, 2014
	Teenage pregnancy	Births per 1,000 women for female population aged 15–19	Number of births per 1,000 women aged 15–19	US Census, American Community Survey, 2014
Legal and political voice	Political representation	Number of population in House of Representatives, state legislature, and statewide elective office in 2015	Composite based on F/M ratio of representation in House of Representatives, state legislature, and statewide elective office	CAWP, 2015
Physical security and autonomy	Violence against women	Females who have experienced rape and/or sexual violence sometime over their lifetime, by any perpetrator	Number of rape and sexual violence incidents against women by any perpetrator/total female population	NISVS, 2010; National Crime Victimization Survey, 2013

SOURCE: McKinsey Global Institute analysis

The indicators we chose typically measure the difference between the position of men and women, and these are expressed as female-to-male ratios. For instance, the number of women affected by labor-force participation is the number of men currently participating in the labor force minus the number of women currently participating in the labor force. The exception to this approach is unpaid care work, which we expressed as a male-to-female ratio, accounting for the fact that women on average perform more unpaid care work than men.

For indicators that apply only to women—single mothers, teenage pregnancy, violence against women, and maternal mortality—we used the absolute level expressed as a prevalence rate in percentage terms. For instance, number of victims of maternal mortality refers to the number of maternal deaths each year.

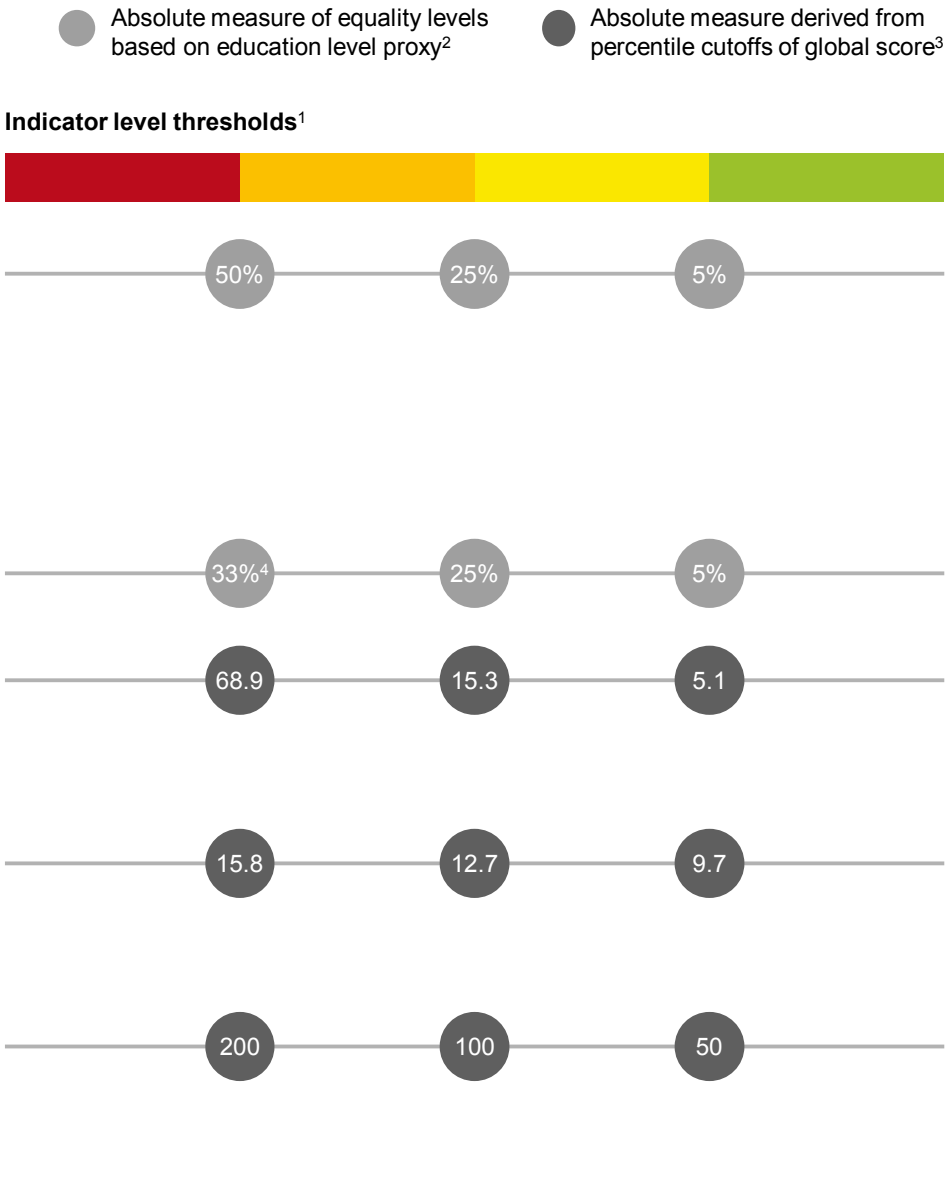
For the SPS, we added two customized indicators: teenage pregnancy and single mothers. In these cases, we used absolute measures with a threshold derived from the 50th, 75th and 95th percentile cutoff of a range of their respective global scores. This range includes scores from developed and developing countries, thereby enabling us to understand how the United States scores for both single mothers and teenage pregnancy compared with the rest of the world.

We chose to use an absolute measure of equality across indicators, rather than relative thresholds for each indicator, to ensure an objective assessment of equality. These thresholds were chosen by examining the education indicator, which we believe is a core gender equality indicator and one where the United States has made significant progress (Exhibit A3). We found that there were virtually no countries with gender gaps greater than 50 percent for this indicator. About 15 percent of countries had gaps greater than 25 percent, and about 50 percent of countries had gaps less than 5 percent.

For a few indicators, the thresholds used differed from these, given the different distribution of data in these cases. For the violence against women indicator, we felt that the severity of this issue warranted different thresholds. We therefore defined extremely high inequality as greater than or equal to 33 percent distance from no prevalence, or one in three women affected. For maternal mortality, the thresholds were informed by the relative distribution of maternal mortality ratios across countries. For example, we used a cutoff of ten deaths per 100,000 live births for low equality, based on maternal mortality ratios typically seen in highly developed countries such as those in Scandinavia. Similarly, we used a threshold of 200 deaths per 100,000 live births for “extremely high” inequality, because this threshold appeared to be a natural break in the relative performance of the countries. This threshold is similar to that used in MGI’s calculation of the GPS for maternal mortality.

Exhibit A3

The ten indicators are color-coded based on thresholds derived from global scores and an education level proxy



1 Indicators range from 0 to 1, with 0 representing no gender parity and 1 representing gender parity; e.g., a 0.95 ratio represents a 5% distance from gender parity.
2 The education level proxy shows that virtually no countries have educational gender gaps of over 50%; 15% of countries have gaps greater than 25%; 50% of countries have gaps of less than 5%.
3 Calculated by taking the 50th, 75th, and 95th percentiles of global equivalent rates (i.e., teenage pregnancy and single parents).
4 Severity of indicator warrants different threshold (~33%, based on statistics showing one in three women affected).

SOURCE: OECD; WHO; UN Statistics Division; McKinsey Global Institute analysis

3. METHODOLOGY FOR CALCULATING SPS

To calculate an overall SPS for each state, we first assess the level of gender parity on each of our ten indicators for all 50 states. For indicators such as maternal mortality and single mothers that are not expressed in terms of a female-to-male ratio, we use global benchmarks of ideal states of lowest prevalence in order to code the data on a scale of 0.00 to 1.00, with a score of 1.00 representing attainment of the ideal state for that particular indicator. For example, the ideal state for a metric such as maternal mortality would be a maternal mortality rate of three deaths per 100,000 live births (the global minimum rate, in Finland, Greece and Poland).

Because we are focused on the attainment of parity, we also truncate the data at 1.00 for comparative purposes in instances where scores fall above 1.00. What this means is that a state that has achieved parity on an indicator and a state that has demonstrated a greater amount of female-to-male participation on an indicator are assigned the same score of 1.00, indicating that female-to-male parity has been met or, in some instances, surpassed.

Finally, we aggregate these ten indicator levels for each state into an SPS through a sum of squares formula, in order to determine the distance each state is away from gender parity, with an SPS of 1.00 representing full parity and 0.00 representing lack of parity (Exhibit A4).

Exhibit A4

The State Parity Score (SPS) is calculated by aggregating ten indicators using a sum of squares formula

	Indicators
Gender equality in work	Labor-force participation rate F/M ratio
	Professional and technical jobs F/M ratio
	Leadership and managerial positions F/M ratio
	Unpaid care work M/F ratio
	Single mothers % of families with children
Essential services and enablers of economic opportunity	Maternal mortality Deaths per 100,000 births
	Higher education F/M ratio
	Teenage pregnancy Births per 1,000 woman aged 15–19
Legal and political voice	Political representation F/M ratio
Physical security and autonomy	Violence against women Incidents per woman

The ten indicators are aggregated into an overall SPS for each state

$$\textbf{SPS} = 1 - \sqrt{\frac{(1-\alpha_1)^2 + (1-\alpha_2)^2 + \ldots + (1-\alpha_n)^2}{n}}$$

where α_n represents each indicator in the SPS

- A score of 1 means full parity
- Each indicator is equally weighted
- Indicators are flipped by a 1 – X formula to be directionally similar
- Indicators above 1 (e.g., higher education) are capped at 1

SOURCE: McKinsey Global Institute analysis

4. METHODOLOGY FOR CALCULATING CPS

The CPS is constructed using eight indicators: six from the SPS and two chosen to provide a more nuanced city-level view while reflecting similar indicators in the SPS (Exhibit A5). The methodology used is identical to the one used in the SPS, where the indicator levels are first coded to fall within a range of 0.00 to 1.00, and then a score is aggregated using the sum of squares formula.

Exhibit A5

The City Parity Score (CPS) is constructed using eight indicators—six similar to those in the SPS and two customized in light of data availability

	Indicators
CPS indicators similar to those in the SPS	▪ Labor-force participation rate ▪ Professional and technical jobs ▪ Leadership and managerial positions ▪ Single mothers ▪ Teenage pregnancy ▪ Higher education
Customized CPS indicators to reflect data availability	▪ Incidents of rape (adjusted from violence against women composite) ▪ City mayors (adjusted from political representation composite)
Indicators excluded due to lack of data	▪ Maternal mortality ▪ Unpaid care work

The eight indicators are aggregated into an overall CPS for each Metropolitan Statistical Area (MSA)

$$\textbf{CPS} = 1 - \sqrt{\frac{(1-\alpha_1)^2 + (1-\alpha_2)^2 + \ldots + (1-\alpha_n)^2}{n}}$$

where α_n represents each indicator in the CPS

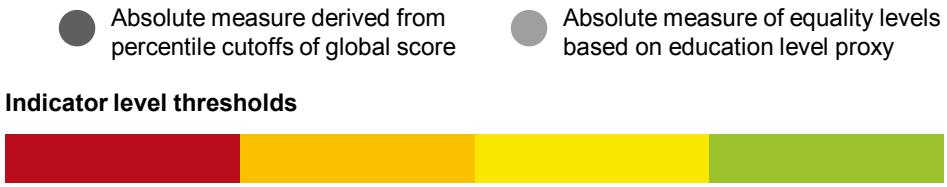
- A score of 1 means full parity
- Each indicator is equally weighted
- Indicators are flipped by a 1 – X formula to be directionally similar
- Indicators above 1 (e.g., higher education) are capped at 1

SOURCE: McKinsey Global Institute analysis

The two added indicators are incidents of rape, which we used to reflect violence against women, and city mayors, used to reflect political representation. We compiled a CPS for the top 50 US Metropolitan Statistical Areas (MSAs). Thresholds are set similarly to the way they are set in our SPS calculations. In the case of incidents of rape, we use global benchmarks to determine cutoff points at the 95th, 75th and 50th percentile. For city mayors, we adopt an absolute measure of inequality (Exhibit A6).

Exhibit A6

Two new customized indicators are used for the CPS: incidents of rape and city mayors



Indicator level thresholds

Indicators covered by this threshold

Rape
Incidents per 100,000 women
- Customized to reflect the violence against women indicator
- No MSA-level data available by gender disaggregation for incidents of sexual violence (other than rape)
- No MSA-level data available for incidents of physical violence
- *Highest score:* Sweden (66.49)
- *Lowest score:* Montenegro (0.49)

City mayors
F/M representation as city mayor, 2005–15
- Customized to reflect the political representation indicator
- Using city mayors provides a more nuanced view of political representation at the MSA level

SOURCE: FBI; UN; city governments; McKinsey Global Institute analysis

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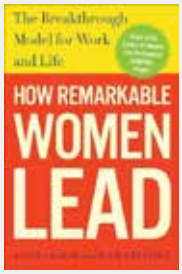

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