



Leadership & Managing
People



When Women Leaders Leave, the Losses Multiply

by Rasmus Hougaard, Jacqueline Carter, and Marissa Afton

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bashta/Getty Images

The pandemic's negative impact on women in the workforce will not be reversed for a very long time. In the first year of the pandemic alone, 54 million women around the world left the workforce, almost 90 percent of whom exited the labor force completely. The participation rate for women in the global labor force is now under 47%, drastically lower than men at 72%.

These losses deliver a devastating impact to gender parity, career progression, and female representation in leadership positions. But we

are underestimating the scope of the problem if we are just looking at the impact on women. The collateral damage is the loss of engagement and productivity from every employee who now won't be working for a woman, since women leaders have more engaged teams, drive better job performance, and save their organization millions of dollars as a result. At a time when so many employees are resigning to seek opportunity elsewhere and companies face a 15-year high in talent shortages, retaining and promoting more women leaders is the best and most urgent solution for securing one's entire workforce.

Women Do Hard Things Better

Potential Project conducted a multi-year study of leaders and employees from approximately 5,000 companies in close to 100 countries. We wanted to learn how leaders do the hard things that come with their top jobs while still remaining good human beings. We distilled the analysis into two key traits: *wisdom*, the courage to do what needs to be done, even when it is difficult; and *compassion*, the care and empathy shown towards others, combined with the intention to support and help. Both traits are important, but when they are combined, there is an exponentially higher impact on important metrics. For example, job satisfaction is 86% higher for an employee who works for a wise and compassionate leader than an employee who does not. (To gauge your own wisdom and compassion as a leader, feel free to take this quick assessment.)

When we parse the data by gender, the differences, if not shocking, are pretty stark. 55% of the women in our study were ranked by their followers as being wise and compassionate compared to only 27% of the men. Conversely, 56% of the men in our study ranked poorly on wisdom and compassion, landing in a quadrant we call Ineffective Indifference. By a 2:1 margin, followers said that women leaders versus male leaders are able to do hard things in a human way.

Before we began the study, we had no idea that “doing hard things in a human way” would in essence become job #1 for leaders. When a global pandemic changed the very fabric of work and irreversibly upended our lives, leaders had to make incredibly difficult decisions with no playbook to fall back on. They were called on to navigate their teams through waves of grief, anxiety, and uncertainty, to help protect their mental health, and to show their own vulnerabilities along the way.

It isn't surprising then that women who stayed in the workforce, and who excel at wise compassion, have emerged as the heroes of the pandemic. [A recent McKinsey report](#) confirms how women are rising to this extraordinary moment as stronger leaders and taking on the extra work that comes with it, compared to men at the same level. In their study of 65,000 employees, women managers were scored higher by their employees as taking the people-centered actions that helped them through the pandemic: providing emotional support (12% more), checking in on overall well-being (7% more), taking action to help manage burnout (5% more).

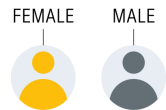
Beyond the Crisis

A narrative often arises which says that women are better at leading in a crisis, as if their leadership qualities emerge only episodically and then disappear again. Though the extraordinary circumstances of the last two years have once again shone a spotlight on women's strengths as leaders, this isn't an isolated event. The truth of the matter is that all of us enjoy our jobs more and perform better when we work for a woman. Our research confirms many great studies (such as [this research](#) by Jack Zenger and Joseph Folkman) that have already established this fact.

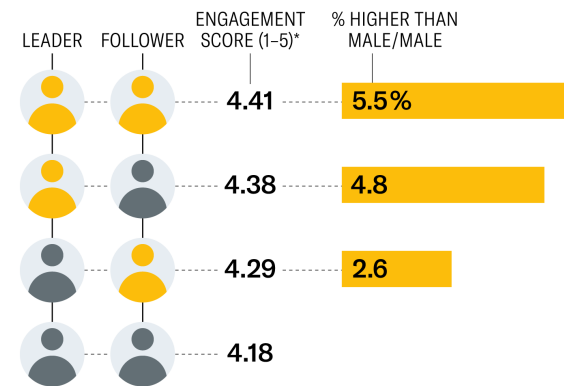
In our research, we looked at key business outcomes and the differences between the gender of the employee and the leader. Here is what we found:

Business Outcomes and Gender Differences Between Employee and Leader

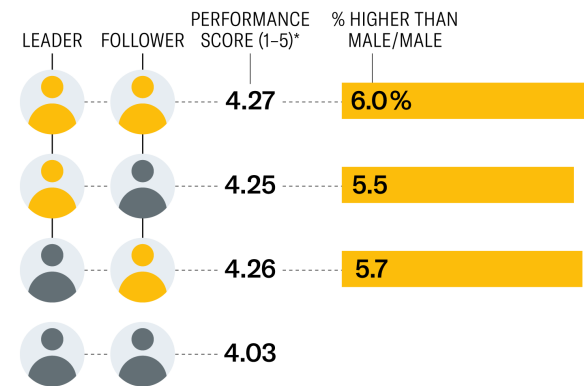
In a recent study, researchers showed that job engagement and job performance scores are highest when a woman leads either a woman or man.



Job engagement



Job performance



*1-5 scale where 1 is low and 5 is high

Source: Potential Project biannual study of 5,000 companies across 100 countries



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Across numerous metrics, including job engagement and job performance, the worst outcomes occur when a man works for a man, and the best outcomes occur when a woman leads either a woman or man. Data points such as these should call into question who is holding leadership positions and how we are developing leaders. When you translate these findings into financial impact, the call to action grows.

We looked at respondents in our survey population who are actively disengaged from their jobs; in other words, those who have miserable work experiences and spread their unhappiness to their colleagues. With male leaders in our population, 18% of their followers are actively disengaged compared to 11% of the followers of female leaders. Based on Gallup [research](#), a disengaged employee costs their organization \$3400 for every \$10,000 of salary in lost productivity. By driving more engaged/less disengaged employees, women leaders save their organizations \$1.43 million for every 1,000 employees (assumes an average salary of \$60,000). Layered on top of this are the savings for not having to replace a disengaged employee which requires one-half to two times the employee's annual salary, or between \$30,000 and \$120,000 per employee.

Where to Go from Here

There are critical ways in which organizations can leverage these insights towards creating more beneficial outcomes for all employees.

Promote gender equity.

First, although gains have been made, organizations still have a long way to go in supporting and promoting women. Currently, white men occupy 62% of C-suite positions and the pandemic has widened the [global gender gap](#) so much it will now take 135.6 years to close it. This work needs to start early in one's career. As [McKinsey](#) describes, women face a "broken rung" at the first step up to manager: for

every 100 men promoted to manager, only 86 women are promoted, which means far fewer women to promote to higher levels. The pandemic has worsened the pipeline problem by creating untenable work circumstances for women: millions have worked from home while home-schooling kids, caring for other dependents, and juggling increased domestic responsibilities. A first positive step towards long-term gender equity that organizations can take is to update flexible and work-from-home arrangements to really reflect and support the realities women face. Make sure these arrangements don't hinder promotions, and evaluate the quality of childcare options that are available to your employees. Here are [other ideas](#) for advancing gender equity as we return to the office.

Develop compassionate leadership.

Second, although women may have a more ingrained, natural predisposition towards compassionate leadership, we also know that compassion can be learned. Anyone and everyone who is interested in becoming a wiser and more compassionate leader can unlearn old ways of leading and relearn how to be more human. The starting point is to set an intention to bring more care and kindness into your day-to-day leadership. It can be as simple as asking the question, "How are you *really*?" There are also [mind training techniques](#) that can help rewire your brain so that a compassionate orientation becomes your default way of living and leading.

Intentional peer learning.

Third, companies can create peer coaching and advisory circles for men and women where they can learn more from each other on ways to do hard things in a wise and compassionate way. In our work, we have found these forms of semi-structured, intentionally designed, development initiatives can help leaders from a wide range of diverse backgrounds learn from each other. These forums can also help to plant

seeds towards creating more wise, compassionate and inclusive cultures where we recognize, leverage and learn from our strengths.

There is so much need for more wisdom and compassion in the world of work and beyond — and it's clear that women leaders are a primary source of these invaluable qualities. Unfortunately, when we asked our survey respondents how much wisdom and compassion factored into their ideal leadership style, male leaders responded that they want more wisdom but less compassion. Perhaps not surprisingly, women leaders responded that they want to have more wisdom and more compassion.

Let's do all we can to support and develop our current and future women leaders. We all need them.



Rasmus Hougaard is the founder and CEO of [Potential Project](#), a global leadership, organizational development and research firm serving Microsoft, Accenture, Cisco and hundreds of other organizations. He is coauthor, with Jacqueline Carter, of [Compassionate Leadership: How to Do Hard Things in a Human Way](#) and [The Mind of the Leader: How to Lead Yourself, Your People, and Your Organization for Extraordinary Results](#).



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