

# Building a More Inclusive Economy

An Interview with Yael Taquu, Senior Partner and New York Office Managing Partner, McKinsey & Company

**EDITORS' NOTE** As Managing Partner of the New York office, Yael Taquu unites practices, functions, and pathways in the firm's largest and most diverse location. Taquu is a senior partner in McKinsey's Technology, Media & Telecommunications (TMT) Practice, where she advises leadership on commercial growth through sales and marketing, digital transformation and strategy. She also spearheads McKinsey's global network of Experience Studios, a series of innovation spaces for clients to participate in experiential workshops, capability-building programs, and interact with the local tech and start-up communities. In addition to her work with McKinsey, Taquu serves on the board of the Juilliard School and formerly on the Film at Lincoln Center board. She received a BA from Yale University and an MBA from Harvard Business School.



Yael Taquu

**FIRM BRIEF** McKinsey ([mckinsey.com](https://www.mckinsey.com)) is a global management consulting firm committed to helping organizations accelerate sustainable and inclusive growth. It works with clients across the private, public, and social sectors to solve complex problems and create positive change for all its stakeholders. The firm combines bold strategies and transformative technologies to help organizations innovate more sustainably, achieve lasting gains in performance, and build workforces that will thrive for this generation and the next.

**New York's economy has experienced a hard road to recovery following the pandemic. How optimistic are you about the resilience of the U.S.' largest city?**

New York was the epicenter of the U.S. COVID-19 pandemic – the city experienced more than 2.7 million confirmed infections and over 41,000 deaths to date. The economic impact was also unprecedented, and disproportionately affected vulnerable minority and immigrant populations. Two years later, these still remain challenging times – there are concerns over public safety and unemployment is 6.2 percent. Furthermore, access to healthcare is another barrier of opportunity.

However, New Yorkers are well known for their resilience and ability to thrive in challenging circumstances. Despite the pandemic, the city appears to be bouncing back, compared to some other U.S. cities. According to McKinsey's American Opportunity Survey, New Yorkers continue to be optimistic about the economy, ranking the third-most optimistic about economic opportunity after Washington, DC and Atlanta, compared to fifth in 2021, and eight points higher than the national average. I believe that this confidence

is warranted. Unemployment has fallen nearly every month across the state with significant gains in the city. Economic activity is picking up: tax receipts in April were \$17.8 billion, double that of the same time last year.

Being flexible, ambitious, and adaptable are not foreign concepts to New Yorkers – 52 percent of residents across all racial, income, and educational groups say they are actively pursuing further education or training, 11 points more than the national average. More than half are willing to switch industries or occupations, and 55 percent said they are looking for a new job.

Over the past four centuries, the city has had dozens of ups and downs, and has always come back stronger. By helping to narrow today's opportunity gaps, business can help to ensure it does so again.

**How is McKinsey supporting the development of a more inclusive economy in New York?**

As New York continues to recover, we set out to understand which barriers to economic inclusion have been created or exacerbated by the pandemic. McKinsey recently published the report, "Twelve insights for an inclusive economic recovery in New York City," sharing insights directly from New Yorkers about their economic standing, and how the pandemic has affected their financial and material well-being.

Our report found that fault lines exist within the city's recovery which exacerbate inequities and barriers to economic inclusion. More people are struggling to get food, healthcare, transportation, internet access, and jobs in the nation's biggest metropolis. Racial and ethnic minorities, immigrants, low-income residents, women with childcare responsibilities, and young people are especially vulnerable. Within these groups, low-income immigrants and Black and Hispanic/Latino caregivers are at higher risk. They also represent a substantive part of New York City's population, accounting for more than 2.4 million. And more than a million New Yorkers who live below the poverty line are part of racial or ethnic minority populations. These residents, and the neighborhoods where they live, are most at risk of being left behind in the recovery.

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At McKinsey, we recognize that an inclusive recovery means expanding the workforce and helping immigrants, women, communities of color, and those with a disability access a growing economy. Failing to include all communities in the recovery will hamper growth across every sector of the economy, from tech and healthcare to professional services. This is one of the areas we are supporting in New York, especially the blue-ribbon panel appointed by the Governor and Mayor to develop strategies to build New York’s inclusive economic recovery for its central business districts.

Our New York colleagues are also pioneering a new accelerator program, InNYC, to support underrepresented local founders and leaders of incredible startups by providing dedicated firm resources to help them unlock sustainable and inclusive growth. This is an important time in our city when leaning forward and making a difference will matter.

**Given the current trend to change jobs in the current economy, how is McKinsey counseling your clients to tackle the attrition?**

We believe the Great Attrition may have evolved into the Great Renegotiation with workers switching jobs and industries, moving from traditional to nontraditional roles, retiring early, or starting their own businesses. As competition for talent remains fierce, we are seeing companies finding it harder to attract and retain talent.

For many workers, the barriers to switching employers have dropped dramatically. In the United States alone, there were 11.3 million open jobs at the end of May 2022 – up from 9.3 million in April 2021. Even as employers scramble to fill these positions, the voluntary quit rate is 25 percent higher than pre-pandemic levels. At the current and projected pace of hiring, quitting, and job creation, openings likely won’t return to normal levels for some time.

This is a fundamental mismatch between companies’ demand for talent and the number

of workers willing to supply it. Employers continue to rely on traditional levers to attract and retain people, including compensation, titles, and advancement opportunities. Those factors are important; however, the pandemic has led more people to re-evaluate what they want from a job – and from their life – which is creating a large pool of active and potential workers who are shunning a traditional path.

To address this attrition, companies can take four actions. First, they can sharpen their traditional employee value proposition, which can involve focusing on title, career paths, compensation, benefits, having a good boss, and the overall prestige of the company. Second, they can build their nontraditional value proposition, which revolves around flexibility, mental- and behavioral-health benefits, a strong company culture, and different forms of career progression. Third, companies can broaden their talent-sourcing approach, especially since the non-traditionalists are not actively looking but would come back for the right offer. Finally, organizations can make jobs “sticky” by investing in more meaning, more belonging, and stronger team and other relational ties.

**What advice are you offering clients and industry leaders as we look at a likely economic downturn?**

It is worth pointing out that while there is some economic uncertainty right now, it is unclear what the future holds. Is this the end of a boom, the beginning of a bust, or something different? In our latest survey of business executives, more than half believed a recession is coming soon, but nearly half of them thought it could be avoided.

Where they can all agree is that something is coming – we just don’t know what it is. Whether this moment leads to a turnaround or to a continuation of recent inflationary trends, it is a time when companies can make the kind of pivot that strengthens their growth trajectory for the next several years.

McKinsey’s research also shows that the best CEOs do things differently. One essential distinction: they focus on beating the odds by making bold moves early, not waiting for trouble to arrive. We are seeing leading companies building resilience now, with intense financial planning followed by decisive plans of action. They are on track to weather the storm and to deliver sustainable, inclusive growth in the years to come.

**How do you define the McKinsey difference and what sets the firm apart in the industry?**

Our people and our culture differentiate us. McKinsey is motivated by our purpose to create positive, enduring change in the world. We are guided by a strong set of values including a deep commitment to diversity, and to making positive social impact through our work.

What I appreciate the most about our culture is that everyone at the firm can be entrepreneurial. We ask all our colleagues to think of new ways to solve business problems for our projects, teams, and clients. And the best part is that you get to work on whatever practice or function it is you want to pursue. Another aspect that sets us apart is that we believe that all colleagues have an obligation to dissent. No matter your tenure, we believe that input and perspective from the entire team is valued. This team perspective leads to collaboration and our ability to not maintain a status quo.

Personally, I have a creative background and I wasn’t sure that I would fit in when I started, but I quickly discovered that McKinsey is made up of a diverse range of colleagues from all walks of life, skill sets, and backgrounds. My colleagues include medical doctors, designers, engineers, coders, data scientists, business managers, former public servants, entrepreneurs, and researchers. Collectively we tackle all kinds of challenges for our clients, and we’re doing it with teams of amazing people all over the world.

**What do you see as the key characteristics that make for a successful management consultant at McKinsey?**

We recruit for potential, not pedigree. We are looking for distinctive talent everywhere. We prioritize who these candidates are and not where they are coming from. Whether they’re an experienced professional, a recent graduate, or both, working at McKinsey could be a challenging and rewarding next step in their career.

We have always been known for hiring exceptional problem-solvers. We do this in service of driving change for our clients, but we also look for humble leaders, curious intellects, self-aware and thoughtful people, who are resilient and share our values. We are charged with helping make institutions stronger, more resilient, and ensuring they can make more of a meaningful impact.

But above all, we look for people who bring their whole selves to work and who thrive on energy from their colleagues and clients doing the same. It’s a hugely exciting time to join our industry and I believe it’s one of the very best professional development environments you’ll find, no matter what your career ambitions. ●