

WOMEN AS LEVERS OF CHANGE

UNLEASHING THE POWER OF WOMEN TO TRANSFORM MALE-DOMINATED INDUSTRIES

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EXECUTIVE SUMMARY

Today, a number of well-established legacy industries are facing growing pressure to innovate and transform to remain competitive in the global economy. Increased governmental regulation; intensified global competition; and rising consumer, employee, and investor concerns over the environment, human rights, and global health are pushing companies to improve business practices and products. Failure to address and surmount these challenges could compromise these industries' survival and may even render some companies obsolete.

Increasing gender diversity in traditionally male-dominated industries can be an effective means to address escalating challenges as well as facilitate and accelerate progress toward global sustainable development. Representing half of the global labor force and half of new graduates with higher education each year, women are a major—but often overlooked or neglected—source of talent. Increasing women's participation could not only enhance companies' human resources, but also boost their innovation and organizational performance.

Amid growing global advocacy movements for gender equality and diversity, evidence has emerged demonstrating significant business, economic, and social benefits associated with increasing women's participation. Crucially, however, a major knowledge gap remains as to how women are advancing organizational and industrial transformation, and what can be done to unleash women's potential as changemakers. Without this understanding, efforts to increase gender diversity may devolve into superficial numbers games that fail to tap into women's talent and institute concrete, meaningful change at scale.

To address this research gap and contribute to the ongoing discourse, FP Analytics (FPA) conducted a pioneering study of fourteen legacy industries, which are among the most male-dominated and have wide-reaching environmental, health, and social impacts. Through data analysis of over 2,300 publicly listed companies around the world and more than 160 in-depth, one-on-one interviews and follow-up surveys, this study illuminates the current levels of gender inequality

in these legacy industries; examines the relationships between gender diversity and corporate financial, environmental, and social performance; identifies the many ways that women can advance or are advancing positive change; pinpoints factors preventing gender diversity; and highlights best practices that companies and advocates are taking to address them.

Across the fourteen legacy industries studied, women on average represent just over 20 percent of the employees hired by publicly listed companies, constitute only 18 percent of executive management, and hold a mere 13 percent of board seats. However, despite being substantially under-represented, women of different occupations and seniority levels are still advancing significant, positive organizational and industry changes by:

► **Contributing to profitability and competitiveness:** FPA analysis found that the companies with the highest percentage of women in management were, on average, 47 percent more profitable than those with the lowest. Women interviewed for this study detailed how they are leading their organizations down new revenue generating paths, advancing innovation in inertia-prone industries, advocating for products and practices that safeguard against human exposure to harm, and increasing transparency to build stakeholder trust.

► **Reducing environmental impacts of business practices and products:** Companies with greater gender diversity on boards were found to have better environmental performance, and those with increased gender diversity over time also demonstrated higher likelihood of improvement in this area. For example, companies with improved gender diversity on boards from 2013 through 2018 were 60 percent more likely than those without it to reduce energy consumption. Mission-driven women are also helping their organizations respond to regulatory pressure and societal backlash against pollution by advancing greener production processes and innovating environmentally sustainable alternatives.



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► **Pushing their organizations to proactively address corporate social responsibility:** FPA's data analysis found a positive correlation between gender diversity on corporate boards and companies' performances with regard to social responsibility. Women are implementing socially responsible practices within their industries by protecting safety and labor rights, integrating community development into business strategies, and building local capacity and empowering women.

► **Creating inclusive corporate and industry cultures:** Workforce homogeneity and gender-based discrimination and harassment limit the recruitment and retention of women and other minority groups in these industries. In response, women are creating more diverse and inclusive workplaces by leveraging leadership positions to create top-down change, and pushing corporate leaders to institutionalize gender equality and inclusivity through practical policies and initiatives.

Meanwhile, women are still facing a variety of barriers to entry and advancement in these industries, which limit their potential to drive organizational and operational changes. While many of the barriers are common across all industries, they can be particularly severe in male-dominated legacy industries. However, many leading companies are striving to reap the benefits of gender diversity as other stakeholders and advocates take targeted actions to remove these barriers and support women's contribution to business growth and transformation, including:

► **Building the pipeline of female talent:** The persistent gender gap in science, technology, engineering, and mathematics (STEM) education and negative industry reputations contribute to sig-

nificant under-representation of female talent in the professional pipelines of these male-dominated industries. Successful interventions, led by non-profit organizations and grassroots networks of women, are reaching out to women at all stages of their careers, providing education, training, and job opportunities, and increasing their familiarity with industries and occupations. Additionally, companies are implementing inclusive hiring practices in order to proactively increase gender diversity within their organizations.

► **Creating inclusive workplaces:** Gender-based discrimination and harassment, lack of supportive policies and facilities, and lack of female role models represent three main barriers to success that can drive women out of the workplace. Effective practices to create inclusive workplaces, including removing gender-based pay gaps and providing mentorship and sponsorship programs for women, are emerging from companies that are committed to diversity from the top-down, and are taking a holistic approach to workplace gender equality with clear targets and explicit roadmaps.

► **Connecting female professionals:** In male-dominated industries, female professionals are at higher risk of isolation from other women, including peers and role models, and exclusion from professional networks. Women's organizations within and external to corporations are playing a significant role in supporting female professionals by expanding networks, facilitating their access to educational and professional resources, and increasing their visibility within industries and to the public.

► **Supporting female entrepreneurship:** Female entrepreneurs in male-dominated industries struggle, even more so than in other business ecosystems, to access funding and build their business capacity. Public and private organizations are stepping up efforts to support them, including through gender-lens investing and business incubators and accelerator programs, but more needs to be done.

Failure to increase the representation of women across these male-dominated, legacy industries will limit their potential to innovate and transform for positive global impacts and to reap the financial and organizational dividends of a gender-diverse workforce. Meaningful progress will require a concerted effort from a variety of stakeholders, including policymakers, companies, investors, industry associations, and NGOs. It is only through the concurrent and collaborative work of these actors that gender equality and the associated benefits can be achieved. This study sheds new light on the concrete actions each of these groups can take to meaningfully accelerate change. ◻

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