Why gender diversity makes business sense

The business case for diversity:

✓ Better choice of skilled workers
✓ Better platform for innovation and creativity
✓ Better workforce productivity
✓ Better customer experience
✓ Better financial performance

The correlation between improved diversity and stronger business results is striking. There is a wealth of evidence which demonstrates that greater gender diversity makes companies more adaptable, more productive and more responsive to what their customers are telling them. It’s clear that to get ahead in STEM, companies should be recruiting, retaining and developing female talent – and that failing to do so will mean being left behind.

Better choice of skilled workers

The most pressing reason for employing more women as scientists, engineers and technologists is that – at a time of continuing skills shortages – companies cannot afford to do otherwise.

Successful firms also recognise the cost of losing talented and experienced people. They make the best use of all the skills they have, with inclusive policies and practices, transparent opportunities for pay and career progression, and women getting the practical support and encouragement they need to advance.

• Two thirds of female STEM graduates – around 17,500 each year - don’t go into highly-skilled STEM work. That means there is a big untapped talent pool out there, with the STEM skills your business needs, from which you can recruit. (The employment trajectories of STEM graduates, Leicester/Warwick Universities, 2018).

• Employers see skills shortages as the most important business case for diversity, with 96% anticipating future difficulties and wanting to broaden the recruitment pool. (Diversity and Inclusion Toolkit, Royal Academy of Engineering)

• Companies with a more inclusive culture find it easier to recruit women initially and more diverse workplaces have a 22% lower turnover rate. (Research by Gallup quoted in Diversity and Inclusion Toolkit, RAEng)

• A survey of 222 organisations found that women were not leaving their companies at higher rates than men and very few planned to leave the workforce to focus on family. (Women in the Workplace, McKinsey & Co, 2017)

• Almost two thirds of women would take an organisation’s gender pay gap into account when deciding whether to apply for a job. (Equality and Human Rights Commission, 2018)

“With a shortage of skilled staff, excluding half the population as a possible source of talent for the sector makes no sense.”

Louise Stokes
Digital Leaders, Women in Tech, 2017 Attitudes Survey
Why gender diversity makes business sense

Better platform for innovation and creativity
Mixed teams bring wider experience, different ways of thinking and fresh approaches to problem solving – all necessary to meet the new challenges in many industries. Given that women make up more than 50% of the population, ensuring women’s perspectives are heard when designing and developing products and services is crucial if we’re going to make sure innovation works for everybody in our society. Getting more women into STEM will benefit everybody!

- Creativity skills are amongst those most in-demand in today’s marketplace, and recent research has found that women are more likely to have the adaptive creativity skills employers need. (LinkedIn, 2018 and Thinking Skills and Creativity, 2018).
- Creativity, problem-solving and lateral thinking are enhanced through more diversity. (Research from Behavioural Science Laboratory at Aston University’s Business School, reported in HR magazine, 2016).
- 83% of engineering organisations see ‘enhancing capacity for innovation and creativity’ as one of the top factors driving diversity and inclusion work. (Diversity and Inclusion Toolkit, RAEng).
- When employees feel their organisation is committed to diversity and they feel included, the ability to innovate is increased by more than 80% (Research by Deloitte quoted in Creating cultures where all engineers thrive. A unique study of inclusion across UK engineering, RAEng, 2017).
- Patents granted to mixed-gender teams are cited 30-40% more often than those from all-male teams. (National Bureau of Economic Research, 2016).

Better workforce productivity
Improving gender diversity and establishing a more inclusive culture within an organisation means better employee engagement, with the potential to improve productivity and transform the business. Given the productivity gap that exists between the UK and competitor countries – which have, almost without exception, a better gender balance in STEM than we do – we can’t afford not to bring more women into STEM and develop their talents.

- Women get more done at work. Men and women both complete about 66% of their assignments, but women are handed on average 10% more work to complete – meaning they do more work overall. (State of the Workplace, Hive, 2018).
- Inclusion benefits the performance of individual engineers, with 80% reporting increased motivation, 68% increased performance and 52% increased commitment to their organisation. (Creating cultures where all engineers thrive. A unique study of inclusion across UK engineering, RAEng, 2017).
- When leaders are perceived by their teams as being inclusive, 81% of workers indicate this has a positive impact on their productivity (Inclusive Leadership: culture change for business success, Opportunity Now and Shapiro Consulting, quoted in Diversity and Inclusion Toolkit, RAEng).
- The more included engineers feel, the more likely they are to understand business priorities, to be confident about speaking up on improvements, mistakes or safety concerns, and to see a future for themselves in engineering. (Creating cultures where all engineers thrive. A unique study of inclusion across UK engineering, RAEng, 2017).

"Bringing women into software development can introduce an extra dynamic. Women often bring a detailed approach and that can make for better teams.”

Conrad Langworthy
Head of Sky’s Software Engineering Academy

"High performing teams are balanced teams."

Apurva Sinha
Head of Innovation & Information Management, Network Rail - speaking at the WISE Conference 2018

“This could be seen as just ‘nice thing to do’, but it’s been recognised as a business imperative, which drives higher performance. That’s why it’s being rolled out from the top down.”

Camilla Barrow
Deputy Project Manager on Crossrail project, Bechtel
Better customer experience

Improved diversity can result in better products, better marketing and a better customer experience, as companies then have a staff base which properly understands the needs of all end users. Modern technology means that if you don’t adapt your offer to meet customers’ needs, a competitor will quickly develop a product or service which does.

- Women are, on average, more empathetic than men, with recent research confirming that women have a higher average Emotional Quotient (EQ) – 50/80 compared with 40/80 for men. (Translational Psychiatry, 2018)
- With 80% of purchasing decisions in the UK made by women, firms with diverse leadership teams are likely to have a better understanding of market behaviour. (McKinsey & Co research quoted in Diversity and Inclusion Toolkit, RAEng)
- In the highways and transportation sector, 73% of firms see client pressure as a reason for improving diversity and inclusion and 59% want to better represent the demographics of customers. (Routes to Diversity & Inclusion, CIHT, October 2015)
- Organisations that successfully create an inclusive culture have 39% higher customer satisfaction scores than those that do not. (Gallup workplace studies quoted in Diversity and Inclusion Toolkit, RAEng)
- When employees feel their organisation is committed to diversity and inclusion, responsiveness to changing customer needs is increased by more than 30%. (Deloitte research quoted in Creating cultures where all engineers thrive. A unique study of inclusion across UK engineering, RAEng, 2017)

Better financial performance

There is a wealth of evidence which suggests that more diverse teams generate better results and, in turn, lead to better financial performance. Bringing women into STEM organisations and developing their abilities is crucial if we’re going to ensure UK STEM remains at the cutting edge, especially in an age where technology is breaking down borders and where our competition is truly global.

- WISE analysis has found that there is a correlation between STEM companies having more women on their boards and their reaching the FTSE 100. (WISE, 2019)
- Reducing gender gaps in labour market participation, Science, Technology, Engineering and Maths (STEM) qualifications and wages, could increase the size of the UK economy by around 2% or £55 billion by 2030. (Gender Equality Roadmap, UK Government, 2019)
- Improving the ratio of women to men in STEM innovation by 10% has the potential to increase company revenues in that sector by £3 billion per year. (WISE, 2019)
- Highly gender-diverse tech companies return on average 5.4% more on an annual basis than the average yearly returns of their peers with less gender diversity. (Women Employees Boost the Bottom Line for Tech Firms. Morgan Stanley, 2017)

“Companies that are doing better on gender diversity tend to have better returns and a better performance – the two are interconnected.”

Anne Tolmunen
AXA Investment Manager, in FT Adviser,
25 May 2018

“When you’re playing to a 12.45 trillion-pound [global female consumer] market, employing women in leadership roles who understand female consumers’ needs is no longer just a nice thing to do to – it’s essential.”

Karina Govindji
Recipient of Asian Woman of Achievement Award in Business

Companies with women in senior jobs tend to perform better
**Absolute return index**

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Source: Bloomberg Finance LP, UBS WM Co, as of November 2017
Companies with at least three women directors outperform those with no women directors across several metrics, including return on sales, return on invested capital and return on equity. (The Gender Advantage, Morgan Stanley, 2016)

Organisations with diverse and inclusive leaders are 70% more likely to have captured a new market in the past 12 months and 45% more likely to have increased market share. (CTI research quoted in Creating cultures where all engineers thrive. A unique study of inclusion across UK engineering, RAEng, 2017)

“Crafting a truly effective I&D strategy is no small effort, and requires strong and sustained and inclusive leadership. But we, and many of the companies we studied in depth, believe the potential benefits of stronger business performance are well worth it.”

Delivering through Diversity, McKinsey & Co, 2018

Companies within the STEM sector are increasingly recognising the strength of the business case for diversity. It’s why more and more of them are working with WISE to maximise women’s contribution at all levels. Join us and find out how a better gender balance can boost your organisation’s productivity and performance.