

Building talent for the top

A study of women
on boards in the oil
and gas industry

November 2013

In association with



Executive summary

Only

11%

of board seats in oil and gas companies are held by women.

The benefits to businesses of strong female representation at board and senior management levels are stacking up, with evidence of links to better profitability and financial performance, stronger governance, better stakeholder management, improved risk management and better access to talent.²

There's plenty of progress to be made across all sectors, but our survey shows that oil and gas has a long way to go. Our study of the 100 largest listed oil and gas companies in the world found that women occupy only 11% of seats on the board of directors. The only sector with a poorer record is the mining industry.

Female directors don't necessarily have power. One of the most alarming findings was that only a tiny proportion of women sitting on company boards have any executive power. The boards in our survey have an average of 11 seats, two of which are executive. Women hold a larger proportion of non-executive roles (13% are female) rather than executive roles (just 1%). We also found that those boards with the highest number of female directors also tended to be the largest, which dilutes the influence of the women on the board.

We're a long way away from critical mass. Research has found that for a group to have a real impact on decision-making, it needs to form 30% of the total body.³ Only six oil and gas companies in our survey had a board that had 30% or more female members.

The leadership pipeline is dominated by men. Not only are women under-represented at board level, but also on the management board, where future executive directors hone their skills and experience. And of the 11% of women on management boards, many of them are in roles that rarely lead to a director board position, suggesting that it will be some time before gender diversity is improved at board level in the sector.

Looking more closely at the reasons why so few women make it to the top in the oil and gas sector, we identified four career catalyst points: career start, progression opportunities, senior management promotion and board level appointment. All points during a woman's career which influence their ability to reach a board-level position. We then explored suggestions for each catalyst point that could improve the attraction and retention rate of women in the industry, and as a result the leadership talent pool. We identified four key themes:

Start at the beginning. Oil and gas companies can play a far bigger role in encouraging more women to study technical subjects throughout their education and to join the oil and gas industry once they graduate.

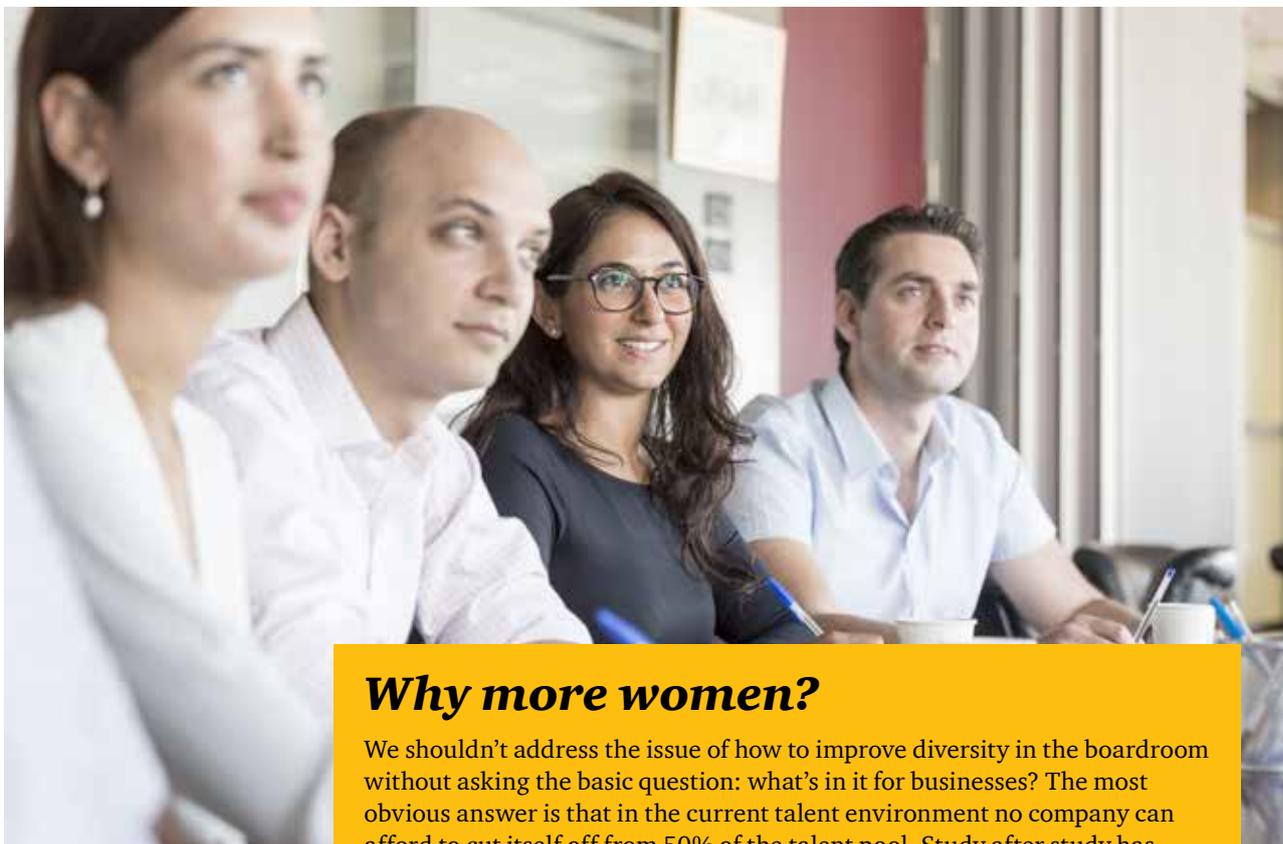
Keep them happy. Evidence suggests that a significant number of women opt to leave the industry before they can be considered for senior management and board level positions. The industry-specific working environment, coupled with a lack of company-driven support, may cause many to opt 'out' rather than 'up'. Adapting and addressing long-accepted working practices could do much to persuade more women (and men) to stay.

² Credit Suisse Research Institute (2012), *Gender Diversity and Corporate Performance*.

³ Ibid.

Think flexible. Greater flexibility at work is not just an issue for women – the younger generation of workers are known to value more highly, flexible working practices and work-life balance. Some organisations are recognising this and adapting their policies accordingly, and are reaping the benefits.

Look after your leadership pipeline. In order to gain the appropriate experience for board level roles, better mentoring, sponsorship and formal development programmes are needed to support women in pursuing the right career paths and options towards senior management levels.



Why more women?

We shouldn't address the issue of how to improve diversity in the boardroom without asking the basic question: what's in it for businesses? The most obvious answer is that in the current talent environment no company can afford to cut itself off from 50% of the talent pool. Study after study has shown that availability of skills, is a critical problem particularly in emerging markets. For example, 82% of CEOs, say that talent supply is a serious problem for their African operations.⁴ The oil and gas sector is facing serious recruitment challenges – making better use of the full talent pool simply makes sense.

But as importantly, there's evidence that gender diversity in the boardroom improves corporate performance: research by Catalyst shows that companies with more female board directors outperform those with the least by 66%.⁵ The Credit Suisse Research Institute found that greater board diversity improves the stability of performance and share price.⁶ Diversity in the boardroom brings a different perspective, broader debates and improved decision making.

So really, the debate has moved on from 'why' we need more women in leadership positions to 'how' progress can be achieved. This isn't about compliance, it's about realising the business benefits that come from engaging a more diverse range of people.

⁴ PwC's 16th Annual Global CEO Survey.

⁵ Catalyst 2007, The bottom line: corporate performance and women's representation on boards.

⁶ Credit Suisse Research Institute (2012), *Gender Diversity and Corporate Performance*.

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The Design Group 21622 (11/13)

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