

THE ISSUE OF FEMALE EMPLOYMENT IN ENERGY

The difference between the average hourly wage and bonus that males and females earn are defined, by the British government, as the “gender pay gap”. According to a report published in 2017, despite the fact that the gender pay gap in the United Kingdom (UK) was reduced by half since 1997, it is still 9.1% among full-time employees.ⁱ An overview of the oil and gas sector reveals that the gender pay gap which is 7.4% outpaces that of the storage and logistics sector, the second sector with the biggest gender gap (4.9%).ⁱⁱ Out of the top ten sectors with a gendered employment imbalance, oil and gas, with a women employment rate of 22%, occupies 9th place.ⁱⁱⁱ These findings necessitate the questioning of the gender imbalance and its reasons, within the broader energy sector beyond just oil and gas.

The following observations from Shell can enlighten the reasons of the gender pay gap: Despite the fact that Shell pays the same level of wage without discrimination between males and females, its gender pay gap is still 2.2%, because the energy sector suffers from the lack of female employees in highly-paid jobs.^{iv} Given that the technical and commercial experience needed to become a senior level manager could lack in female executive candidates for several reasons that will be explained in the following parts, fewer women are encountered in executive levels. Since technical and commercial jobs pay more wage, males end up earning more than females. As such, this sectoral concentration is one of the biggest explanatory factors in the gender pay gap in the USA in 2015.^v

MISSED POTENTIAL, UNDERUTILISED POTENTIAL

It is worth touching upon whether the gender gap, as an issue of business strategy, human resources and talent management, results from women refraining from those roles, or because they cannot find themselves a place in the “men’s club”. The issues faced by women in energy differ from women in other sectors because of a few reasons. The imbalance starts right from entry level: only 27% of the women who go into oil and gas enter straight from graduation, 25% enter from middle levels, and 17% enter from senior and managerial levels. Likewise, women state that the energy sector is an exclusive club that is impossible to enter and its culture is not allowed for them to share.ⁱⁱⁱ 71% of female energy professionals believe in the existence of a male-dominated company culture.^{vi} Even the former Secretary of State for Home Affairs of the USA, Sally Jewell, expresses that the reason why she totally abandoned the oil and gas sector in 1981 is because of a stark unavailability of jobs for her to work on the offshore.^{vii}

When positions are looked at both horizontally and vertically, the already-low female ratio drops even lower: only 13% of the petroleum engineers, 7% of the general/operational/investment managers and 20% of the all other remaining managers are women.^{viii} Whereas women represent 40% of the entry level employees in energy and minerals, they are reduced down to 16% in senior management level.^{ix} 61% of the UK's top 100 energy companies do not have female board members. In the top 200 electricity companies, only 5% of the board members and 14% of senior managers are women.^x In electricity and renewables, however, the gender diversity is sustained better: while women holds 7% and 8% of Oil & Gas boards, respectively, it is 17% in the renewables.^{vi}

Although women could have represented half of the workforce in 95 countries, they contribute to only 37% of their gross domestic product (GDP). By fully closing the gender gap in overall economy, GDP forecasts could be increased by 26% by 2025, which means an annual cumulative increase of 2.2%. By 2025, a GDP contribution of \$ 28 trillion can be achieved, which is equal to the total size of the US and Chinese economies in 2015.^v According to the Global Gender Gap Report of the World Economic Forum (WEF), there is a high correlation between gender equality, GDP per capita, level of competitiveness and humanitarian development.^{xi} Apart from productivity and economic growth, greater female employment can result in a financial performance increase of 15% in companies. In the UK, the net income before interest and tax increased by 3.5% everytime females in the board increased by 10%.^{xii} In boards where women are included, the equity income increased by 53%, sales income by 42% and the return on invested capital by 66%.^{xiii}

PHYSICAL BOUNDARIES OR MENTAL TABOOS?

The energy sector has the potential to be one of the prototypes that exhibits the best in the evolution of women away from the social services that are automatically attributed to them such as education, health and childcare towards more "manly jobs". With the technological developments in the energy sector, there are almost no jobs with physical barriers left for women to undertake. New technologies, a new generation of employees, and increased gender and race diversity contribute to the talent pool. The fact that the number of women working in the oil and gas increased by 78.400 (64%) in 2004-2011 thanks to the shalegas in the USA affirms this assertion.^{vii} In the first quarter of 2013, 46% of all new oil jobs in the US went to women.^{xiv} If a huge qualified-employee gap is unwanted when the *baby boomers* retire in the next decade, the sector must pass beyond its own mental taboos through work and public policies.

In order to sustain gender diversity, the "unconscious bias" must be first broken. Whereas only 36% of the women believe that CEOs pay attention to gender diversity, men are more optimistic, with 56% of them sharing this belief.ⁱⁱⁱ The

fact that men who are relatively more privileged than women are less worried about gender inequality in energy could be reversed by the CEOs having exemplary attitude in favour of gender diversity and it could help men embrace this agenda as much as women do. Research show a high correlation between men's perception of gender diversity and CEOs' attention to the issue.ⁱⁱⁱ

Another prejudice against women is the rhetoric of "lack of ambition". Women start their career with as much ambition as men. They also aim for promotion and leadership equally. So much so that ambition is at the same level among women with and without children. Yet, in a work environment which does not support gender equality, women's ambition falls faster than men in the most crucial times of their careers, between the ages of 30-40. Therefore, it is the company attitude that propagates hopelessness and atrophy.^{xv}

In the same way, one out of three men think that women "do not possess the flexibility required" by some roles.ⁱⁱⁱ The fact that men contribute to house and childcare less than women do has a significant role to play in this. Whereas 54% of women confess that they are responsible for household tasks, the percentage of men saying this is 22. Being responsible for the domestic tasks of the whole household is 5.5 times more likely for women with children, and still 3.5 times more likely even if they are women who make half of the house income. Consequently, whilst 75% of women express the ambition and confidence to occupy leadership roles, 73% think someone else should take care of the children in order to do so. According to 43% of women, it is impossible to be a leader and raise a child at the same time.^{vi} Therefore, "inflexibility" is the result of not sharing the care duties dumped on women.

These familial and societal constraints are worsened by stereotypes. Since the age of 15, even in the countries when girls beat boys in the Programme for International Student Assessment (PISA), they do not picture themselves in a science or engineering career. However, the education they receive at this age is decisive to shape their career.^{xvi} Girls take this decision intentionally or unintentionally under the influence of social gender and employee stereotypes in the society. Women in the Gulf countries cannot find themselves a place in the energy sector even though they have university degrees because of social/cultural pressures and the tendency of companies to prefer men over women in recruitment.^{vii}

WHAT SHOULD BE THE ROADMAP?

The solution to gender inequality in energy is to create the possibility of a path from primary school until the decision of motherhood and management. Otherwise women give up in the middle levels.ⁱⁱⁱ Because women do not automatically find themselves a place in the management. Companies need to make themselves more attractive to reach a better talent pool.

In some countries, governments take the lead by instituting quotas and targets in some countries. As a result of its decision to introduce a women quota in the listed company boards, Norway became the top country with the most women in listed company boards (32%) in 2015.^{xi} France and Italy also approved similar quota decisions in 2011. But as long as the underlying mentality remains unchanged, putting up quotas that cannot be filled or filling them by women underqualified for the job can do more harm than good. A high correlation emerged between the quota practice in Norway and failed acquisitions, debt levels as well as loss in market value.^{vii}

Voluntary measures such as setting up targets could prove more efficient. The UK beat its target of "25% women in boards by 2015" by 26.1%. Attracting girls to the fields of Science, Technology, Engineering, Mathematics (STEM) as voluntary measures could make a big difference because the girls who chose computing class in high school are only 9.8%.^{xvii} Since many girls are unaware of what is done in the energy sector, companies have a big role to play in helping raise qualified women. When girls get higher scores in PISA than boys, but still only 28% of them choose STEM fields, this could be a matter of misguidance.^{xviii}

The main reason why women are less promoted than men in the mid-level of their careers even though they are equally ambitious for a promotion is because they lack the necessary guidance, consulting and mentorship. Those who have a mentor and are supported, receive a promotion in two years compared to the others. If women were to be promoted as fast as men, the number of female Senior Vice President and C level would double.^{ix} Yet, women are less connected to CEOs and seniors than men.

It is imperative to have a strong stance against mobbing and harassment in the workplace and create an environment that can accommodate women in order for them to assume more field or technical jobs. Companies need to provide more flexibility to balance work and home. The companies that are most gender-equal provide parental leave and in-house child care. Part-time, flexible and distant working, paternity leave or extended maternity leave and childcare support are only a few other options that need to be explored.

ⁱ "Understanding the gender pay gap in the UK", Office of National Statistics, 17 January 2018.

ⁱⁱ "The Energy Gender Gap: Still a Long Road Ahead", The Forbes, 7 December 2016.

ⁱⁱⁱ "Untapped Reserves: Promoting Gender Balance in Oil and Gas", World Petroleum Council & Boston Consulting Group, 12 July 2017.

^{iv} "Shell reveals gender pay gap of 22%", BBC, 30 November 2017.

^v "The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth", McKinsey Global Institute, September 2015.

^{vi} "Igniting Change: Building Pipeline of Female Leaders in Energy", PwC, February 2015.

^{vii} "How to Advance Women in the Global Oil & Gas Industry?", A Gulf Intelligence Special Report, 2015.

^{viii} "Minority and Female Employment in the Oil & Natural Gas and Petrochemical Industries, 2015-2035", IHS, March 2016.

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- ^{ix} “Women in the Workplace”, McKinsey & Company, September 2016.
- ^x “Women in Power and Utilities Index 2016”, EY, 2016.
- ^{xi} “The Global Gender Gap Report”, World Economic Forum, 2 November 2017.
- ^{xii} “Why Diversity Matters”, McKinsey & Company, January 2015.
- ^{xiii} “The Bottom Line: Corporate performance and women’s representation on boards”, Catalyst, 15 October 2007.
- ^{xiv} “Women in Energy on the Right Track: Qatar Shell Dialogues at the IPTC White Paper”, February 2014.
- ^{xv} “Dispelling the myths of gender ‘ambition gap’”, Boston Consulting Group, 5 April 2017.
- ^{xvi} Education Indicators in Focus, OECD, October 2017.
- ^{xvii} “Very few girls took computing A-level”, BBC, 17 August 2017.
- ^{xviii} “Closing the gender gap in oil and gas”, World Economic Forum.