



UNTAPPED RESERVES 2.0

DRIVING GENDER BALANCE IN OIL AND GAS

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Since 2017, when the World Petroleum Council (WPC) and BCG first examined attitudes about gender balance in oil and gas, the industry has experienced significant disruption. In addition to the severe effects of the COVID-19 pandemic, the global energy transition and the continued growth of digitization have accelerated both the need for and the pace of change.

The percentage of women working in the oil and gas industry remains unchanged at 22%, the same

level reported in 2017. The pandemic and associated oil price shock were important factors that likely impacted progress, which underscored the need for continued focus, commitment, and action to improve diversity and inclusion (D&I). There are glimmers of hope: the number of D&I policies and programs introduced by companies is up by about 50% since 2017, indicating that even though outcomes stalled, the commitment to act and lay foundations for future progress strengthened throughout the period.

CHALLENGES PERSIST IN THE SECTOR

More must be done to achieve gender parity and improve diversity. Significant gaps in policies and programs remain. Less than half of companies link leadership compensation to D&I goals. And only one-third have procedures to ensure “blind” screening of candidates to remove unconscious recruiter biases.

Companies must take urgent action to boost diversity among their employees and make diversity a strategic priority if they are to thrive in a data-driven, low-carbon world. This new world will require innovation, and innovation requires diversity; BCG has found that companies with greater diversity outperform others on both innovation and EBIT.¹ To attract and retain a more diverse talent pool, companies need to adopt practical measures such as flexible working and must accelerate efforts to create an inclusive environment. In addition, industry values and priorities must align more closely with those of potential new hires—on climate issues, but also on social equity issues and on the definition of diversity itself.

While other sectors have realized the importance of purpose-led work, better work-life balance, and equity, many oil and gas companies have only recently begun to commit to this journey in earnest. Our research shows that even though the importance of race is increasing in the oil and gas sector’s D&I conversation, as measured by press coverage, gender remains the primary topic.

So far, oil and gas companies have undertaken fairly simple and straightforward D&I initiatives and have met local regulatory and legal requirements. Further progress will require business leaders and managers to take harder steps—questioning unconscious bias far more and making deliberate decisions to boost diversity and inclusion in their hiring choices, policies, and support throughout employees’ career life cycle. Such an effort calls for a more intentional and proactive approach, led from the top, that embeds D&I values in all key business processes, especially HR-related ones.

According to our findings, five challenges require especially urgent attention:

- **Underrepresentation of Women in Entry-Level Jobs.** While 44% of male and female STEM graduates and young professionals worldwide indicate an interest in working in the oil and gas industry, women occupy only about one-quarter of the industry’s entry-level positions.² This results in a slimmer pipeline for women to be promoted from within a company.

¹ BCG: How Diverse Leadership Teams Boost Innovation, 2018.

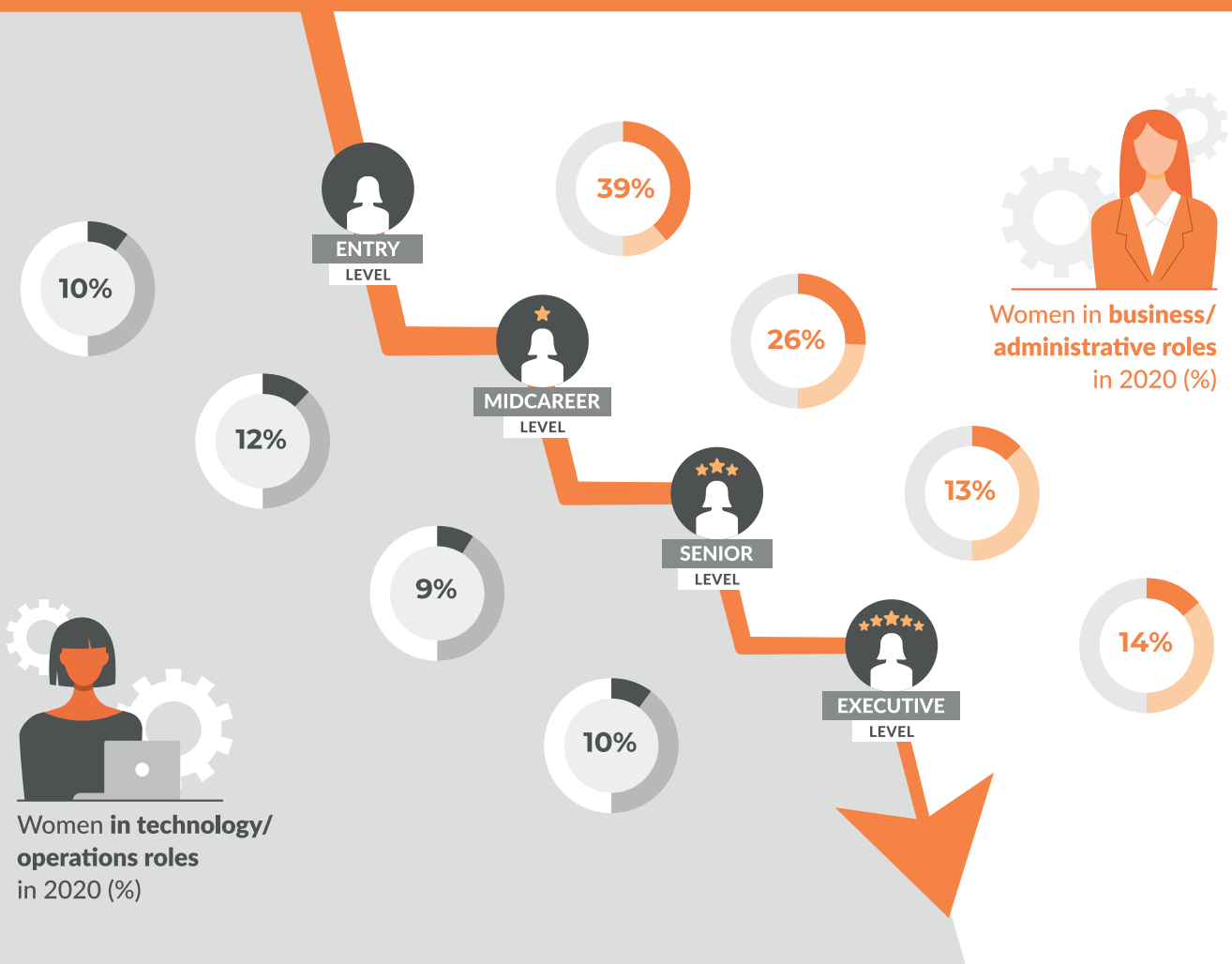
² ADNOC: Oil & Gas 4.0: Workforce of the Future, 2019.

- Lack of Women’s Representation in Technical and Operations Roles and Expatriate Positions:** Women continue to be underrepresented in these areas—both of which are critical to improving a person’s promotion prospects—despite the willingness of nearly two out of three women in our employee survey to accept international assignments and alter their career plans.
- Low Uptake of Existing D&I Policies.** About half of the male and female employees we surveyed said that they don’t use their company’s D&I policies and programs. While some employees said that doing so was “too much effort,” others said that they felt unsupported unless their supervisor was also from a diverse group.
- Persistent Unconscious Biases Around Gender-Related Challenges.** Although they are more aligned now than they were in 2017,

women and men still differ in their views about female career challenges, with a significant perception gap remaining in several areas. Men hold over four-fifths of decision-making senior and executive-level positions, which increases the risk that a lack of understanding of the actual barriers faced may negatively impact women’s prospects for advancement.

- Low Female Representation in Senior Roles:** The proportion of women in senior-level decision-making positions is half that of women in midlevel positions, with the decline especially apparent in business and administration roles. (See Exhibit 1.) This pattern holds true across regions.

EXHIBIT 1. The percentage of women in the oil and gas workforce drops at higher levels of seniority, especially in business and administrative roles



SIGNS OF PROGRESS

There are some positive signs that companies have taken action since 2017 to support diversity:

About 67% of the companies we surveyed in 2020 have a dedicated D&I team, typically within HR, compared to 39% in 2017; and 74% of companies track relevant D&I key performance indicators (KPIs), versus 40% in 2017.

The CEOs of 77% of companies have publicly pledged to meet D&I targets—up from 38% in 2017.

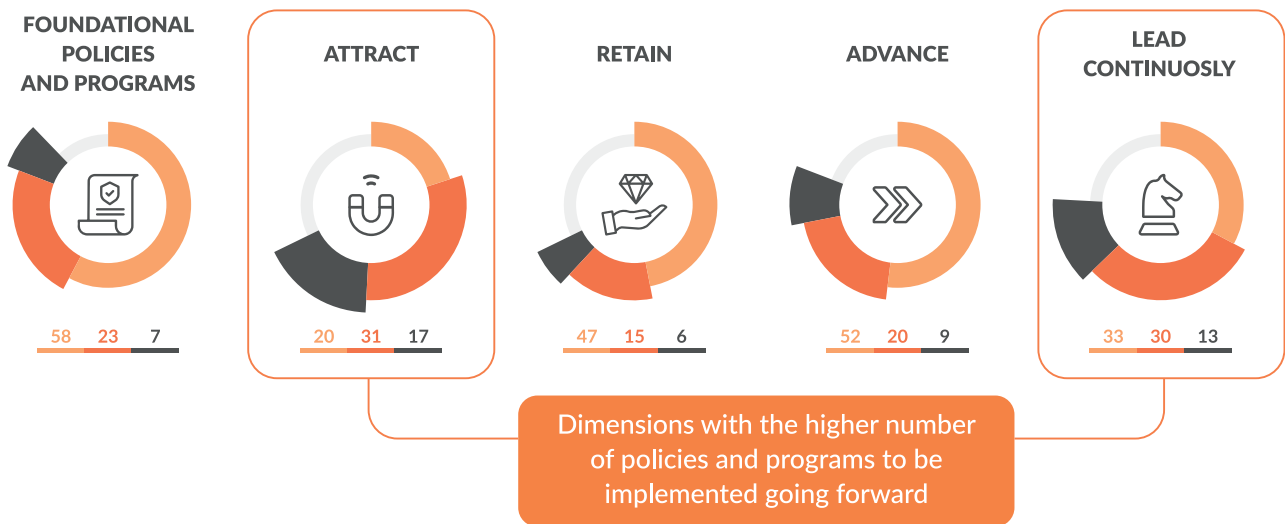
About 70% of the employees we researched in 2020 believe that the industry has improved the way it addresses D&I since 2017.

The industry’s more active approach has yielded positive results in important areas. While women’s overall representation in the industry has remained flat, the share of women in global companies (those with operations in multiple countries) has risen slightly from 24% to 25%, and the proportion of women at global companies entering the industry as university graduates has also increased slightly, from 26% to 28%. In addition, the number of D&I policies and programs implemented by companies (across all types of interventions) has increased, on average, by about 50%—a significant and very positive shift. (See Exhibit 2.)

EXHIBIT 2. Oil and gas companies have made significant progress on implementation in multiple areas since 2017

Oil and gas companies that have committed to relevant policies and programs (%)

■ Implemented before 2017
■ Implemented between 2017 and 2020
■ To be implemented in 2021 or 2022



Notably, all of the companies that we surveyed in 2020 offer maternity leave, and more than 95% of them support equal pay, offer paternity leave, and have sexual harassment policies in place (versus 90% of companies offering maternity leave, 67% of companies supporting equal pay, and 56% of companies providing paternity leave in 2017). Now

that these critical table stakes (which are often mandated by governments) are widely in place, companies are starting to explore more advanced policies and programs, including childcare support and making diversity a key component of leadership remuneration.

A STRUCTURED APPROACH TO ACCELERATING PROGRESS

The business case is clear. By creating a more diverse and inclusive culture, oil and gas companies can benefit from greater depth and breadth of perspective and can boost business performance. According to Catalyst, a nonprofit organization, companies with more women on their board of directors outperformed those with the least on three financial measures: return on equity (53% higher), return on sales (42% higher), and return on invested capital (66% higher). Another study shows that companies with top-quartile performance on ethnic and racial diversity enjoyed 35% higher financial returns, and those with top-quartile gender diversity were 15% more likely to have returns

above industry mean.³ But how can senior leaders create an environment that attracts, retains, and advances diverse individuals whose profiles differ from the dominant ones?

In the course of our research, we've identified three essential elements that together form a framework for a successful D&I strategy. (See Exhibit 3.) They are as follows:

³ <https://hbr.org/2016/11/why-diverse-teams-are-smarter>.

EXHIBIT 3. To drive gender balance, oil and gas companies need to take actions on three levels




- Foundational D&I Policies and Programs.** Companies need to ensure that strong policies and programs are in place so that they can track progress and maximize business performance. For example, they must introduce procedures to ensure that managers are held accountable for achieving D&I goals and to embed D&I values in decision making, in addition to providing basic (and often regulatory) requirements such as maternity/paternity leave, equal pay, and anti-discrimination policies.
- Strategic Operating Model and Targeted Interventions.** Companies must create a strategic operating model that enables them to attract a more diverse talent pool, retain diverse staff throughout the employee journey, and ensure that diverse individuals advance into senior-level jobs. For example, companies need to ensure that their policies and processes are impartial and gender neutral, and take a transparent, merit-based approach to assessment.

- Clear, Sustained Commitment from Senior Leadership.** Strong, visible commitment from senior leadership, supported by clear accountability, is a key factor in determining whether male employees consider diversity, equity, and inclusion important. This includes having clear targets and aspirations to signal that D&I is a strategic priority for the organization, and to foster accountability within leadership for driving D&I outcomes.

Before oil and gas companies can create effective D&I strategies, policies, and programs, they need to understand the extent of D&I progress in their businesses and identify areas of weakness. To support them, our Untapped Reserves 2.0 report introduces a maturity assessment tool that allows companies to plot where their policies and programs stand today and to see what best practice looks like within the sector. (See Exhibit 4.)

EXHIBIT 4.Diversity and Inclusion Maturity Assessment Tool

TOP 12 PARAMETERS	1	2	3	4	5
 Leadership					
1 What is included in your definition of D&I?	Includes gender diversity	Includes gender and racial diversity	Includes all visible differences	Includes all visible and invisible differences	Includes equity to bring everyone to a level playing field
2 What drives your focus on D&I?	The government mandates it	It is a CSR initiative and about social justice	It is part of the ESGs	It makes business sense	It is who we are and is a part of our values
3 How committed is your CEO to D&I?	HR leads D&I, with no executive sponsorship; disaggregated responsibility with individual managers	Internally sponsors the D&I team; or nominates another Executive sponsor	Includes D&I internally as a top-three priority	Advocates and takes leadership externally in the industry; drives change	Appoints an Executive Leader to own the D&I agenda and dedicates resources to it
4 How often do you communicate on D&I?	Never	Only on International Women's Day/during Pride month, etc.; only internally	Only on International Women's Day/during Pride month, etc.; internally and externally	Through participation in external conferences, benchmarking exercises, etc.	Report on D&I goals, progress, and actions being planned as part of annual reporting
5 How do you use D&I targets?	No targets used/use only those mandated by the government	In defining process-based metrics (e.g., mandatory unconscious bias training, ally training once a year)	In defining targets for recruitment and senior leadership roles	In defining target outcomes (e.g., equal retention across diverse groups, engagement scores)	In linking targets to incentives and salary structure of leaders

TOP 12 PARAMETERS		1	2	3	4	5
 Policies and programs						
6	Which flexible working options do you provide?	None	Work from home	Work from home and flextime	Work from home, flextime, unpaid leave	Work from home, flextime, unpaid leave, job sharing
7	What is your paid parental leave policy?	Only for women, for birth and adoption, for a government-mandated period	Only for women, for birth and adoption, for more than a government-mandated period	For women and less for men, for birth and adoption, for more than a government-mandated period	For women and less for men, for birth and adoption, for more than a government-mandated period	For everyone ² regardless of gender, for birth and adoption, for more than a government-mandated period
 Recruitment						
8	How do you ensure diverse and bias-free recruitment?	Do nothing	By targeted marketing to diverse groups	By having gender-balanced interview panels and gender-balanced candidate shortlists	By doing blind screening of résumés	By using technology (e.g., removing bias from job descriptions, using AI for first-round interviews)
 Retention						
9	Do you have any gender-appropriate facilities? ⁴	None	In corporate offices, for men and women	In corporate offices, gender-neutral, for men and women	Everywhere, for men and women	Everywhere, gender-neutral, for men and women
10	What purpose does your Employee Resource Groups serve? ⁵	None supported by company; employees can form them for informal networking	To build affiliation and to network, only for diverse groups, supported by company	For advocacy to leadership, for different diverse groups and allies	To act as strategic partners for business	As a force for good for the community in which the business operates
 Advancement						
11	How do you avoid over indexing on technical and/or international experience for promotion decisions?	Do nothing specific	Include direct supervisor feedback against capabilities required for the role	Include 360-degree feedback against capabilities required for the role	Include an interview with a diverse candidate shortlist	Include assessment by a diverse decision committee
12	How do you support your diverse employees in advancement?	Do nothing specific for diverse employees	Facilitate mentorship within diverse groups	Provide formal mentorship programs for all	Deploy structured sponsorship programs from midcareer	Deploy structured sponsorship programs for senior levels (CEO to CEO-2)

Source: WPC and BCG analysis.

Note: A rating of 5 generally assumes that the company has met the criteria for stages 1 through 4.

⁴ Includes restrooms, accommodation on sites/rigs, eating facilities where culturally needed, prayer rooms, break rooms, parent rooms, etc.

⁵ Employee Resource Groups are employee networks.

By examining best practices from leading D&I policies and programs across industries, companies can create a baseline for themselves today and identify blind spots and areas for further push and priority. The full version of our report explores six themes in depth, to give others the chance to learn from the innovative approaches that leading global and regional players have adopted, so they can truly make a step change in D&I within their organizations:



Reinforce leadership commitment through visible and sustained support.



Track baseline metrics and set clear goals and targets.



Ensure that there is no bias in promotion pathways.



Empower employee resource groups to improve program and policy effectiveness.



Link D&I outcomes to capabilities around innovation and adaptation.



Actively create an inclusive environment.

[READ THE FULL REPORT](#)



BCG and the WPC intend to publish an updated Untapped Reserves report every three years, in conjunction with the triennial World Petroleum Congress, as we continue to promote greater diversity, equity, and inclusion in the industry—values that are essential to delivering improved business results and driving positive employee experiences. The message is clear: now, more than ever, oil and gas companies must make diversity a strategic priority for their organization.