Standpoint

Women in Energy

Following the Women in Energy session at International Petroleum Week, in this article, Nina Bowyer and Rachel Lidgate, partners at Herbert Smith Freehills, reflect on their experiences working in the energy sector and share their views on how greater gender equality can be achieved.

During the International Petroleum Week conference, the findings set out in “Untapped Reserves – promoting gender balance in oil and gas” - a unique and in-depth study which is the product of a collaboration between the World Petroleum Council and the Boston Consulting Group - were discussed and debated revealing some surprising and concerning results. When we initially discussed the subject, neither of us had formed the impression that as lawyers in the O&G sector, our progression to partnership had been hampered by any industry specific hurdles or indeed that our promotion as female lawyers in the energy sector was particularly novel.

Nina: “I remember being promoted to partner 8 years ago, heavily pregnant at the time with my second child and being surprised that journalists wanted to speak to me regarding how I had achieved this. They seemed even more surprised when I told them I focus on projects in Africa which naturally led to spending a significant amount of time on the ground, across the continent. Back then, I think a lot was due to false preconceptions, the idea that a woman could not thrive in that environment. In fact, I have always felt it was a strength, working in a diverse team which led to different negotiating styles and a broader approach to problem solving.”

Rachel: “I had not felt that women were particularly under-represented in the energy sector (or at least, no more under-represented at the top of that sector than in any other). I feel fortunate in that, as a partner focusing on complex oil and gas-related disputes, it has never even occurred to me that it might be more difficult to succeed in that role as a woman than if I were working in another sector. Perhaps that is because legal roles are one of the better trod paths through which women enter the sector (and we regularly see that with our own alumni). It appears that far fewer women enter the more technical areas of the industry, which reflects the comparatively fewer number of women pursuing STEM training beyond secondary education.”

But whilst our own experience as lawyers in the energy sector had been positive, gender reports commissioned over the past few years continue to paint a concerning picture. What the WPC/BCG study demonstrates very clearly is that the oil and gas industry are failing to both attract and retain the talents of women. Overall, only 22% of those working in the oil and gas industry are women. Not only are fewer women entering the industry than men, but of those who do, they tend to fall away at the mid-career level and do not progress
to leadership roles. At the highest level, only 1% of the industry’s CEOs are women.

**Why does this matter?**

Because like all businesses, those with a diverse workforce are more creative and more dynamic at solving problems, more attractive places for the brightest and best to work and ultimately more productive and profitable. An EY survey on diversity in the oil and gas sector revealed that 94% of respondents believe that diversity of thought and experience are key to navigating the disruption in the industry. In short, diversity will allow companies to capitalise on innovation and future opportunities. Diversity simply makes good business sense and gender balance is an important aspect of this. There is also the danger that unless gender balance improves, this will be compounded over time as fewer women will be attracted to enter an industry which they feel is unlikely to be conducive to a successful career. Given the challenges the industry will face in the coming years, including lower oil prices, continuing efficiency efforts, geopolitical instability, pressure to diversify by developing greener technologies and the march of digitalisation/artificial intelligence, it needs to ensure it has its pick of those with the skill and talent to drive the industry forward - not to exclude a significant portion of that pool. Some surveys have even sought to put a number behind the theory; research from The Peterson Institute for International Economics and EY shows that having more female leaders in business can significantly increase profitability, revealing that an organization with 30 percent female leaders could add up to 6 percentage points to its net margin.

**What is the problem?**

“Untapped reserves” suggests that the issues are remarkably consistent across the industry. This is by and large not a regional question - it is a question of culture. What seems particularly striking is the need for commitment from the top. The data demonstrates that, whilst women are relatively consistent in the importance they place on gender diversity, men consider it to be a far greater priority when they believe that the company’s senior leadership really cares about it.

**What is the solution to achieving this cultural shift?**

There are a number of recommendations in BCG’s report, which should be considered seriously across the oil and gas industry. Some are very specific to the sector – for example those which are focused on increasing the representation of women in higher STEM education. However, other recommendations are supported by our own experience in the legal sector.

**Targets are crucial**

- At Herbert Smith Freehills, in March 2014 we committed to targets including gender balance in our partner promotions, achieving 25% and 30% women in our global partnership by 1 May 2017 and 2019 respectively, and the same proportion of women in partner leadership roles. These targets were communicated across the organisation to demonstrate the firm’s commitment to diversity, as have been reports tracking progress in pursuing these targets. Whilst the firm still has work to do in order to meet these targets, all the indications are that progress is being made.

- We have also seen the benefit of targets driving change within our clients’ own teams. BHP Billiton set itself an aspirational goal of achieving a 50/50 gender balance by 2025 across all levels of the company. As of September 2017, women made up 20.5% of its workforce, up from 17.6% in 2016. It is a bold and ambitious goal which is already helping to yield results.

- If boards and CEOs in the oil and gas industry recognise the problem, articulate it across the organisation and put in place objective, concrete targets, processes and KPIs, this should drive a change in the culture and achieve greater balance (much as in the past an unremitting focus on safety was successful in reducing the number of accidents in the workplace).

**Women need recognisable role models**

- Getting more women into visible leadership roles is itself important in driving more gender balance. We know from our own prior experience that it is inspiring to be part of a firm with a female CEO. However, in the past perhaps there has been an emphasis on a few exceptional “superwomen” who have made it to the top in business, without this making it easier for other women to follow in their wake. The aim in any organisation should be to get a critical mass of women into leadership roles. Women also need to step up and push for those roles (and feel encouraged to do so), since self-selection out of certain roles still remains an issue.
Organisations need to foster women’s networks, mentoring and sponsorship

- "Untapped reserves" recommends more emphasis on mentoring and sponsorship, in particular to help tackle the fact that women do not currently have equality of promotion opportunities. Women need to be actively sponsored by men and other women, such that they are genuinely afforded the same opportunities. As to networking, we have seen within Herbert Smith Freehills that women’s networks can help to foster more confidence for women to speak up about their own career aspirations, perceived barriers and the support they need to overcome them. However, these networks should be a means to an end of achieving a genuinely inclusive culture - the hope is that once a critical mass of women is achieved across an organisation, gender focused networks are not needed.

Gender balance is not just a "women’s issue" – it is about attracting, retaining and developing the best men and women

- One of the recommendations in "Untapped reserves" is that companies should encourage utilisation by both male and female employees of policies that encourage a better work-life balance. Importantly, it is not just female employees who want more flexibility and balance in their working life; we see male employees coming through who are increasingly demanding this too. If such policies are developed and genuinely made available on an equal basis to all employees regardless of gender, this should in itself help to create more gender balance over time.

The WPC/BCG plan to update their report every 3 years to keep track of progress and update recommendations. It is to be hoped that by 2020 gender diversity has the genuine commitment of more CEOs and boards across the energy sector and the data shows significant progress. Once businesses can see in a tangible way the benefits that gender diversity brings, this should encourage the introduction of further stretch targets and objectives to help reach that goal.

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