

Women in the European Industrial Sector

Addressing the gender diversity imbalance



Commitment to diversity, equity and inclusion (DE&I) in the workplace has never been so widely or so explicitly expressed in boardrooms globally. The business case for diversity — across multiple dimensions — is robust and well understood: put plainly, diverse companies outperform their non-diverse peers across all sectors.

Yet progress is slow, despite often intense levels of engagement and willingness among leadership teams, as well as rising pressure from investors, employees and customers to increase representation. Progress is also uneven, and especially so among companies working in the European industrial sector, where women have traditionally been under-represented, especially in DACH countries.

Efforts to hasten change face multiple challenges, not least a dearth of female STEM-qualified candidates. Globally, women account for only 36% of STEM graduates, according to the World Economic Forum.

The disjunction is more acute in certain industries and at more senior leadership levels; recent research by McKinsey shows, for example, that heavy industry has the lowest rate of female representation (12%) at executive level among sectors it surveyed, and also lags behind in ethnic diversity. Carried across the industrial space, such under-use of diverse talent squanders skills and competitive advantages.

We know from our discussions with clients in the European industrial sector that efforts to avoid missteps like these have been under way for some years. With this in mind we interviewed HR and diversity leaders and one CEO from a number of leading industrial companies in Europe to understand how they are marshalling their efforts to advance diversity, equity and inclusion.



While we recognise that many industrial companies have further to go in addressing other dimensions of diversity, in particular racial and ethnic diversity, in this article we concentrate on gender diversity, to reflect the focus of the companies concerned. We recognise that many of our findings might equally apply to other sectors.

10 diversity drivers that work

Industrial organizations commit to a vast levelling-up task in order to embed diversity as a strategic imperative. In the course of conversations with our discussion partners a number of shared themes emerged around how best to tackle the historic and engrained female talent shortages in industry.

Get full support from board and management

An unambiguous message that an organisation is pursuing a non-negotiable path towards gender diversity sends a remarkably galvanising signal. A clear statement from the executive board, for example, “changes the discussion and gets the attention of the top management team,” says Lea Corzilius, CHRO of HELLA, a German automotive supplier.

DNB is Norway’s largest financial services group and an investment bank serving the industrial sector. One of many diversity targets DNB set itself was to recruit 50:50 male/female cohorts on to its management and talent development initiatives. The board gave Solveig Hellebust, then group EVP people and operations at the bank, a no-exceptions mandate; “if you have exceptions everywhere, you don’t go anywhere,” she argues.

So one year, when female nominations for the top management programme reached only 28%, Hellebust knew she had the backing for a robust ultimatum. “The business areas said there weren’t enough high-performing women; I disagreed,” recalls Hellebust. “With support from the CEO, I emailed group management and told them they had until 2pm the following day to revise the list. We reached 50% women the next day and this cohort was one of the best DNB had ever had.”

Deutsche Bahn also underpins its diversity commitment with a no-exceptions policy sanctioned by the CEO and the board. “Recruitment processes are paused if there are no women on a shortlist,” says head of executive KFK/OFK₁ Ursula Schütze-Kreilkamp. “We told headhunters, if you can’t make that happen, we won’t work with you. And suddenly everything changed, everything was possible.”

In order to make significant progress in correcting gender imbalance, it is vital that industrial company boards and executive leadership teams take a strong lead on DE&I and do not simply make it the sole responsibility of HR.

Embed DE&I in the company culture

Transparent and engaging internal comms strategies help to thread diversity through an organisation to the point where it is part of the cultural cloth. This means going beyond signing off on diversity initiatives and hoping that they “stick”. Showcasing those initiatives pays forward to a time when all employees instinctively understand they work for a company that wants and expects diversity. In sectors such as industry where women are so noticeably outnumbered, “public declarations” like this are essential to boosting retention rates.

FedEx, which embeds DE&I in the objectives of its management team, has created a five-pillar structure led by its DE&I council; each pillar (gender being one) has an executive sponsor and managing director who take responsibility for that pillar, working with ambassadors and volunteers in a pyramid-like formation. This helps to raise the quality of communication and engagement. What’s more, FedEx embeds DE&I into its hiring practices and into its new hire orientation programme, to ensure that the topic is front of mind for all employees from moment they join the company.

Rheinmetall, a German industrial tech and defence business, is committed to making diversity more prominent culturally across the company in this way. “We are conducting internal communication campaigns that constantly talk about diversity, to position the subject more openly,” says Katrin Aufdemkamp, head of diversity management at Rheinmetall. “It’s not just brand comms — it’s to have an impact on people.”

The CEO among our discussion group, Sabine Müller of DHL Consulting, runs a management team that is 50% female. She believes that an environment based on trust and that provides psychological safety is key to embedding diversity in the culture. “I observed that the more diversity you have in a team, the more team members challenge the status quo without fear. This helps us to innovate quickly and adapt better to changes. When you have one woman and 10 men it’s more difficult, women often find they have to adapt — holding themselves back, for example.”

Norwegian global technology solutions provider Kongsberg initiated a “One Kongsberg” programme as part of a companywide examination of its core values. “We’ve started this to unify people across the business,” says Hans Petter Blokkum, group EVP HR and security officer. “We asked ourselves, how does Kongsberg make a different and significant contribution to the ESG area? Our employees need to see that we’re making a difference there.”



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CEO, DHL CONSULTING

Be firm, be clear, be specific

The ultimate responsibility for DE&I lies with the CEO. Whoever ultimately drives the diversity timetable and identifies its targets. Such leaders must be capable of delivering firm messages with clarity and purpose, while ensuring that enough time is dedicated to achieving results. “You must walk the talk and be intentional around DE&I,” says Hassan Bouadar, VP legal, regulatory & HR at FedEx, based in Dubai. “If you do not spend time on it, you will not get results, people will not take notice.”

This is not for the faint-hearted, because inevitably there will be resistance, as Solveig Hellebust, formerly of DNB, explains. “I had to behave tenaciously, but in a wise manner,” she says. “Governance is so important. If you put someone in a position who is not brave enough, you don’t get the results.”

For Sabine Müller of DHL Consulting, it takes a significant effort to increase the representation of women in pursuit of any target. However, she points to several factors that make it easier to move the dial: for example, an inclusive culture; a high rate of applications from women; more female role models in the organisation; and women involved in the interview process.

Rheinmetall found that enlisting leaders within the company to be passionate advocates for diversity helps to dissolve resistance. “They’re encouraging discussions openly,” says Rheinmetall’s Katrin Aufdemkamp. “They’re ambassadors for the subject; we use them to convince others. Rolling in tides, in waves like this is probably the only way to motivate people to be part of it.”

Pull your DE&I data and leverage it

Data puts flesh on insights that both describe and speak to individuals who make up an organisation. It also provides an anchor from which sensible discussion around diversity can proceed.

“Ask the business leader for their hypothesis and then get the data to prove them right or wrong, because that makes them listen,” recommends Lea Corzilius at HELLA.

When HELLA examined its recruitment processes, “we ran focus groups that asked, for example, ‘what’s your hypothesis about why we don’t have enough female talents in technical engineering?’” Data-grounded conversations like these are pivotal to achieving diversity because stakeholders have to pay attention, says Corzilius.

Data makes it easier to prioritise actions, although it must be collected in such a way that a holistic view can be taken of the entire employee life cycle. However, there are settings where other issues come into play. Emma Wright is the Hong Kong-based VP HR APAC at FedEx. She notes that while diversity is embedded in the organisation’s business objectives, “the ability to get data is a challenge. It’s not legally permissible in every country.”

KPIs and mandatory targets

Many of the companies we spoke to operate in countries where state mandatory or recommended diversity targets are in place, adding impetus and urgency. In response to German government quotas for listed and state-owned companies, Deutsche Bahn implemented targets that include 30% female representation at supervisory and management board levels by 2022, for example. At Rheinmetall, Katrin Aufdemkamp notes that the nature of the industry, where a shortage of women is endemic, means that meeting quotas is especially demanding.

KPIs are widely viewed as essential to measuring and monitoring the health and progress of individual diversity initiatives. Hans Petter Blokkum regards the current diversity KPIs at Kongsberg as a significant advance. Norway's Ministry of Trade, Industry and Fisheries owns a 50.001% stake in Kongsberg and in the wake of tightened state diversity expectations, the business had to look at diversity in a more structured way.

Kongsberg has since set KPIs to improve female representation across all levels; in doing so, says Blokkum, "it was important to identify which KPIs are most crucial to securing support from management up to higher levels." These KPIs are incorporated into management incentive programmes to reinforce how seriously the business takes them, and are widely circulated every quarter.

In some regions targets have to be examined against a complex setting. Hassan Bouadar notes that, "Our first target is to follow the laws and regulations. Then we try to be as diverse as the community we operate in. We don't have targets and quotas, but we are trying to measure what we can. 50:50 gender diversity makes sense in some countries, but not in others. You cannot force it."

Tackle unconscious bias

Bias training is often utilised among companies committed to DE&I. In sectors such as industry that struggle to achieve diverse workforces, a sophisticated approach to this complex and emotional area can be a powerful tool.

At Deutsche Bahn, Ursula Schütze-Kreilkamp established and developed a programme for top managers to professionalize selection decisions. Individuals' own verbal and non-verbal biases are recognized, understood and thus communication and selection decisions are improved.

When DHL Consulting CEO Sabine Müller forensically reviewed the business's hiring practices, she found the entire internal cohort of interviewers was male. She implemented bias training to address this inbuilt disadvantage facing female (and other) applicants and significantly diversified the interviewer pool.

"Our process was designed for male Germans, and there was a lot of bias around what's right and what isn't," says Müller. "The interviewers were subconsciously sympathising with 'mini-mes'... We did a lot of awareness training, a lot of role-playing exercises, trying to hold the mirror to everyone so they could see their biases." The company has now hired bias coaches to shadow during interviews and has changed the exercises that form part of the recruiting process.

But women too must form part of any unconscious bias training project, emphasises Müller — including herself. "I was raised in a conservative German environment, so I also had to learn that I have biases," she says. "Learning what your biases are applies to everyone, and is a constant learning process."

Companies that are serious about equalising the proportion of women they hire or promote must at some point have an honest conversation about prioritising potential over experience.

Provide feedback and mentoring

The relative lack of women in the industrial sphere means that their social networks — their access to informal mentors, confidants and sounding-boards — are unlikely to be as extensive as those enjoyed by their male colleagues. This in turn is exacerbated by an apparent diffidence and lack of confidence among many women.

“Women often shy away from telling people what they want,” says DHL Consulting’s Müller. “It’s not only the content, but behavioural things such as being bold, being self-confident. This is often with women from school even. So we offer women training on voice and body language, about being aware of how you speak and what it tells the person you’re talking to.”

The organisation also hosts women-only sessions twice a year where women can raise issues in non-judgmental settings — “risk-free”, as Müller puts it — and meet female role models from around the business.

HELLA runs similar role modelling and networking initiatives globally, alongside comprehensive mentoring schemes. “These are part of the standard HR kit, of course,” says Lea Corzilius. “What’s important is that participants take a lot of value out of this in terms of networking or individual career progression.”

Build your talent pipeline at all levels

Developing a diverse talent pipeline should not be attempted piecemeal: it should encompass the whole business. Such an organisation-wide strategy will maintain coherence and oversight, and help establish a lasting talent development ecosystem. HELLA goes out of its way to ensure that its high-potential women consider a managerial career path and have access to a sponsor to support their progression.

Solveig Hellebust, formerly of DNB, reflects that the business’s initial decision to address the talent pipeline among management first did not have the desired effect. “We thought it would drip down but it didn’t,” she recalls. “We had to supplement with measures for the whole of DNB.”

Companies that are serious about equalising the proportion of women they hire or promote must at some point have an honest conversation about prioritising potential over experience. “How often do you hear about men, he has the potential, we’ll train him?”, asks Ursula Schütze-Kreilkamp at Deutsche Bahn. “I want to have the same [response] for women.”

For businesses such as Rheinmettal, where a population of employees are due to retire in the next 10 years, the urgency of identifying more diverse potential is acute. The issue is heightened by the industry’s long-standing lack of appeal to girls from a young age. “We need engineers,” says Katrin Aufdemkamp bluntly. “Pre-pandemic, we started to co-operate with a university and invited female talent [to meet us]. We’re trying this way to open up the company gates and show the job opportunities we provide.”

Spread DE&I efforts across divisions and functions

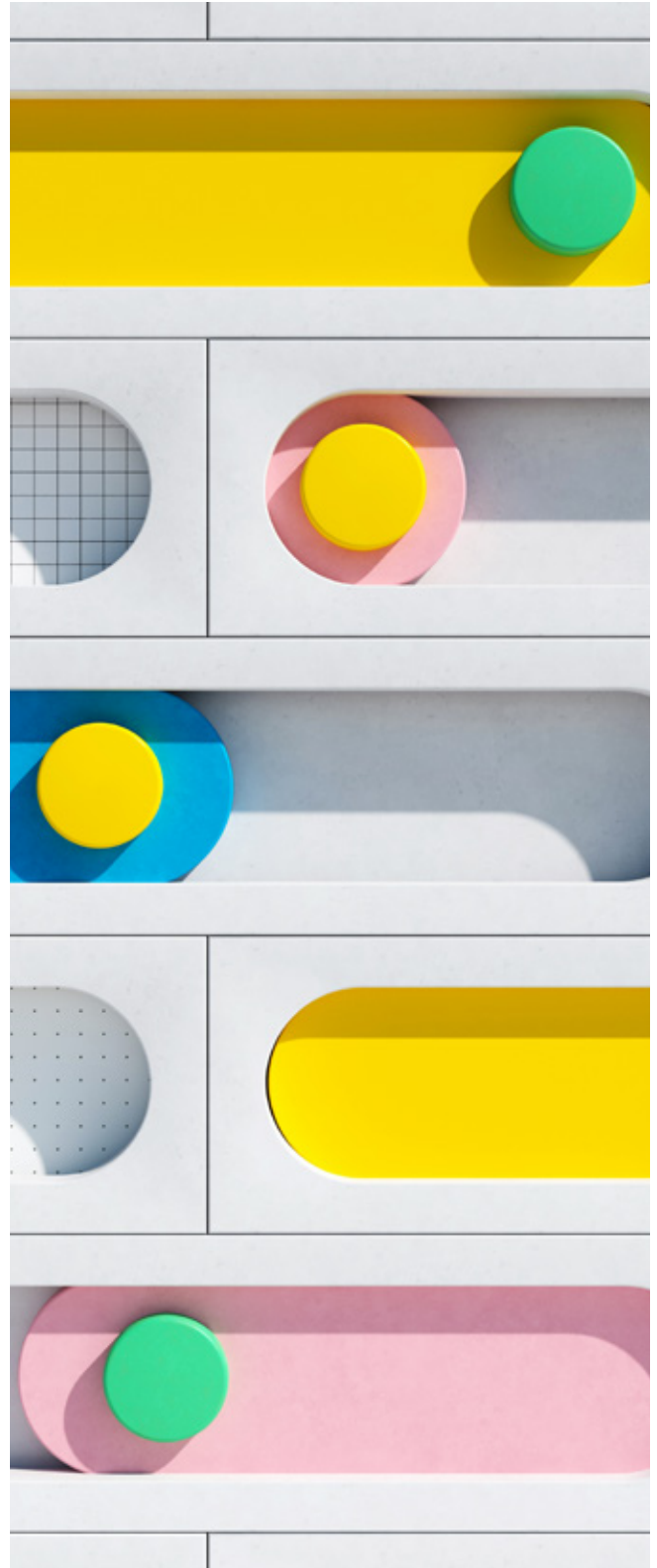
Diversity that is visible and structurally comprehensive is good for the business and signals a seriousness of intent — that it's not window-dressing. Achieving this ultimately also means that female employees — unconsciously or not — will communicate to other women that here is a good place to work.

Hans Petter Blokkum at Kongsberg says that it's important to help diversity thrive in operations, not just support functions, and to ensure that it is carried across divisions. His point is taken up by DHL Consulting's Sabine Müller, who acknowledges the scale of the task: "You need to reach operations. And women shy away from operations — it goes back to school, how we are raised. Women sometimes put a lot of pressure on themselves when they start planning a family. We lose a lot of women because they think they need to go to a functional role for the stability to raise a family."

One response has been to keep company kindergartens open later and during holidays, as well as changing the language used in job descriptions. However, such efforts will not solve the problem entirely. Many women face additional challenges at home or in their communities that hamper the progress of their careers.

Start small, grow big

Finally, when it is clear that a healthy momentum for gender diversity is under way, it's time to carry forward accrued knowledge and experience into other areas. Kongsberg has turned its attention to ethnic diversity and how to increase representation of other nationalities, as have many of our discussion partners. It is also examining how to improve its ability to attract and include outsiders — people who for various reasons have fallen out of the labour community. "We're progressing now on other dimensions," says Kongsberg's Hans Petter Blokkum. "We need to reflect the society we operate in."



A gender diversity roadmap

DE&I roadmaps among organisations working in the industrial sphere seek to arrive in the same place: full parity of opportunity. Each of our discussion partners recognises the critical role played by true diversity and inclusion in a sector where carefully conceived recruitment and retention strategies are vital in order to overcome endemic talent shortages.

All companies will have different experiences of how their own diversity journeys unfold: they will have many targets in common, but each will have its own nuanced and unique context. Those contexts define the journey.

The diagram below outlines our observations, drawn from multiple conversations, on how the industrial companies we researched have approached their diversity journeys. Also set out here are examples of essential ground to cover at the beginning of the process, followed by some — though by no means all — initiatives that rank as principal waymarks along the route. These examples can also help to give you an idea of how far along the roadmap your organisation has travelled.

A roadmap for enhancing gender diversity

Catalysts for action	Where can you start?		Potential initiatives		
» Transformation driving the need for stronger diversity	» Appointing Head of D&I	» Create a Diversity Steering Committee	» Set targets/ KPIs at board + several management levels	» Career progression: Individual development plans	» Mentorship/ ambassadors
» Impulse from board/ top leadership	» Compile & analyse all available data	» Interview rounds with local branches	» Recruitment: women on the short list is mandatory	» Internal awareness-raising campaign	» Gender-neutral parental leave scheme
» Compliance-driven: new code of conduct	» Run focus groups	» Career progression/potential analysis	» Internal survey to get feedback	» Diversity forum/ networking	» Correct pay gaps based on type of position and individual performance
» Government quotas or targets	» Gender pay gap analysis	» Analysis of recruitment process & biases	» Training to reduce cognitive bias	» External coaching programme	» Leadership development: 1:1 discussions with top female talent
» New trends reshaping talent needs	» Analysis of best diversity practices in place in local branches across regions		» Internship programs/ university partnerships	» Diversity awareness online training	

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