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The gender mind bender

There is no business case for gender diversity in the mining industry. That's the unavoidable conclusion from the discussion at the International Mining and Resources Conference (IMARC) in Melbourne last week.

John Robertson* | 17 Nov 2016 | 13:16 | Opinion



The business case for needing more women in mining is weak

The Victorian state government-backed IMARC is turning into a staple on the Australian mining industry calendar. Rising attendance by industry stakeholders from Australia and overseas, an impressively wide array of exhibitors and quality conference content have expanded its appeal.

IMARC's bid to discuss the role of women in the industry proved one thing: passionate advocacy on behalf of women is easier than presenting objective evidence about the business benefits.

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Asked by the conference producers to address the business case for gender diversity, some of the most ardent supporters of more women in mining promptly defaulted to obviously well-rehearsed commentaries asserting the normative case for more women employees.

By the time the egregiously overtime IMARC session on gender diversity was finally drawn to a close, health and safety officers were asking those few remaining at the Melbourne convention centre to don high-visibility orange vests so workers could get on with the job of dismantling the conference exhibition areas more safely.

The lengthy sermons at IMARC about gender diversity could have been an excusable departure from the advertised topic if they had been part of a more disciplined and less self-indulgent display.

The conference panelists spoke about how more women were involved, how more women could be involved and why prevailing attitudes were blocking greater participation.

Within advanced economies, we were told, offering employment opportunities to women would help sustain more stable remote communities. In developing countries, mining companies could help remove women from the economic dominance of men, give them greater freedom to fulfill their own ambitions, and break the nexus between poor education and poverty.

From an economic standpoint alone, a larger pool from which to draw employees raises the potential income of a nation. Higher income creates a need for more public and private investment, an eventual benefit for the mining industry.

No matter how worthwhile all of those outcomes might be, they do not convert readily into a business case. A persuasive business case needs evidence of direct impacts on strategic thinking, profitability or capital use. No such evidence came from the IMARC presenters.

One would like to think that advocates for greater female involvement would have produced workplace sourced evidence. Perhaps it did not exist or, perhaps, those employed as professional advocates are doing their adopted constituency a disservice by misjudging their audience and failing to connect in ways that count commercially.

There was an oblique reference at some point during the IMARC presentations to greater gender diversity being associated with a 4% corporate profit uplift. The speaker had to choose his words carefully referring to the gender diversity dividend as being 'associated with' rather than 'attributable to' more women employees.

This is the age-old statistical problem of distinguishing between correlation and causation.

Relatively well run, large and profitable enterprises are likely to feel greater freedom to experiment with ways to improve business outcomes, including the adoption of policies favouring more female employees.

The largest companies will also be the most likely to face pressure from social and political campaigns. Their gender diversity advisers will coach them in how to avert potential reputational damage.

Unsurprisingly, BHP Billiton now says it is targeting a work force comprising 50% female employees within a decade. Nor should it surprise anyone when analysts in the future are able to show a correlation between higher proportions of women in the workplace and the size of company profits.

Even in the event financial benefits can be attributed directly to gender diversity, the mooted 4% gain seems an inconsequential amount in an inherently cyclical industry. There will be no pressure from investors to rethink attitudes to the employment of women if this is the extent of the impact.

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"The evidence is insufficient to provide a ringing endorsement of the business benefits"

Formal attempts to measure the business impact of gender diversity have thrown up ambiguous results. A recent and convenient summary of the literature can be found in a working paper (WP16-3) published in February 2016 by the Peterson Institute for International Economics entitled 'Is Gender Diversity Profitable? Evidence from a Global Survey'.

The Peterson Institute conducted its own large-scale empirical analysis of the impact of gender diversity on corporate performance using a survey of 21,980 firms from 91 countries.

The Peterson paper downplays the impact of women at or near the top of the executive tree but suggests that "the pay-offs of policies that facilitate women rising through the corporate ranks more broadly could be significant".

The evidence is insufficient to provide a ringing endorsement of the business benefits but the study is a step toward accumulating supporting evidence for a business case.

The discussion still leaves unclear whether positive impacts associated with the presence of more women in the workplace are due to gender differences or functional diversity.

Companies with greater skill diversity perform better financially. To the extent women bring a different and complementary skill base, financial results are likely to correlate positively with measures of greater gender diversity but the performance enhancement might just as easily be associated with similarly skilled men. We do not know.

The arguments for fair and respectful access to the employment opportunities within the industry need putting. But this is not the same as a business case.

In an IMARC-style setting, the gender diversity advocates need real-life instances of improved business outcomes. Otherwise, putting aside the unique vantage point of BHP, they risk their audiences concluding no business case exists.

**John Robertson is the chief investment strategist for PortfolioDirect, an Australia-based equity research and resource stock rating group. He has worked as a policy economist, business strategist and investment professional for nearly 30 years, after starting his career as a federal treasury economist in Canberra, Australia*

