

# The Business Case for Gender Diversity in STEM



## How gender diversity will improve your business

Greater gender diversity makes a company more adaptable, more productive and more responsive to its customers – this, in turn, helps deliver better business results.

It is well known that science, technology, engineering, and maths (STEM) employers face ongoing skills shortages. Improved gender diversity can help them widen their talent pool.

As such, the recruitment, retention and development of female talent will be of considerable benefit to employers as well as women who want to pursue a career in the field.

Here are five key reasons why gender diversity is good for business:

### 1. Better choice of skilled workers

The most pressing reason for employing more women as scientists, engineers and technologists is that firms cannot afford to do otherwise when struggling to find staff to fill their roles.

UK businesses suffer a loss of £1.5bn per year due to STEM skill shortages. This impacts potential development of new technologies as well as the wider labour market<sup>1</sup>.

Meanwhile, 60% of businesses think their reliance on digital skills is set to rise over the next five years – a demand accelerated by COVID-19<sup>2</sup>.

Getting more women into STEM roles could also help address EngineeringUK's concerns that 1.8 million engineers and technicians will be needed by 2025<sup>3</sup>.

The skills shortage is exacerbated by the underrepresentation of women in the STEM workforce – they make up just 24% of all core-STEM workers in the UK, according to WISE<sup>4</sup>. Similarly, some 60% of female STEM graduates also feel their future job prospects have been affected by the pandemic and 44% say they've had career opportunities cancelled<sup>5</sup>, meaning this number doesn't look set to rise in the near future.

1. [\*Inquiry on Equity in STEM education, APPG on Diversity and Inclusion in STEM, June 2020.\*](#)

2. [\*UK digital skills shortage risks Covid recovery as young people shun IT courses, The Guardian, March 2021.\*](#)

3. [\*How changing attitudes are closing the gender gap in engineering, The Guardian, June 2019.\*](#)

4. [\*What We Do, WISE, 2020.\*](#)

5. [\*Women in STEM Statistics, Women in STEM, 2021.\*](#)



Widening the recruitment net will help employers address the gender imbalance in the workforce, as well as improve their own productivity and that of the UK economy more generally.

In fact, the UK government estimates that taking action to reduce the gender gaps in labour market participation, STEM qualifications and wages could increase the size of the UK economy by about 2% or £55bn by 2030<sup>6</sup>.

- **60% of UK businesses expect their reliance on digital skills to rise**
- **1.8 million engineers and technicians are thought to be needed by 2025**
- **60% of female STEM graduates felt COVID-19 had hit career prospects**
- **Reducing the workplace gender gap in labour market participation, STEM qualifications and pay could help boost the economy by £55bn**

***"With a shortage of skilled staff, excluding half the population as a possible source of talent for the sector makes no sense."***

**Louise Stokes**  
*Director of Sales & Marketing,  
Digital Leaders*

## 2. Better platform for innovation and creativity

Getting more women into STEM benefits everyone since a team whose members have diverse perspectives and backgrounds will be more creative and innovative, as well as better aligned with customers and society alike.

Mixed teams bring wider experience, different ways of thinking and fresh approaches to problem solving – these

key skills are needed to meet the challenges faced by many industries, particularly in light of the disruption caused by the pandemic.

More diverse teams have been shown to be more likely to radically innovate and anticipate shifts in consumer needs, helping their companies outperform their rivals<sup>7</sup>.

6. *Gender Equality at Every Stage: A Roadmap for Change*, HM Government, July 2019.

7. *Diversity wins: How inclusion matters*, McKinsey & Company, May 2020.

Having more women on a team can also provide a more balanced view when it comes to gender issues such as bias in artificial intelligence, product design and the creation of technology<sup>8</sup>.

One study argues that companies with greater gender diversity generate about 34% of their revenues from innovative products and services<sup>9</sup>.

Research also shows that companies with above-average diversity produce a higher proportion of revenue from innovation (45% of total) than those with below-average diversity (26%) – which translates into stronger overall financial performance<sup>10</sup>.

Unsurprisingly, increased innovation strengthens the business case. WISE estimates that improving the ratio of women to men in STEM innovation by 1% could increase company revenues in that sector by £300m a year<sup>11</sup>.

Corporate directors also agree that diversity on boards has benefits to boardroom innovation. A US report by PwC shows that 94% say that it brings unique perspectives to the boardroom, 87% think it enhances board performance and 76% believe it enhances company performance<sup>12</sup>.



***"Bringing women into software development can introduce an extra dynamic. Women often bring a detailed approach and that can make for better teams."***

**Conrad Langworthy**  
*Head of Sky's Software Engineering Academy*

- **Improving women-men ratio in STEM innovation by just 1% can raise revenues**
- **94% of directors say diversity brings unique perspective to the boardroom**
- **Diverse teams are more likely to radically innovate and outperform rivals**
- **Having more women on a team can provide better insight into gender issues**
- **More diverse firms tend to have higher proportion of revenue from innovation**

8. [Why do we need more women in tech? BCS, March 2021.](#)

9. [Top Three Reasons We Need More Women In Tech, Forbes, March 2020.](#)

10. [Five workforce trends to watch in 2021, Deloitte, December 2020.](#)

11. [Making a Difference – why women in STEM become innovators, WISE, March 2019.](#)

12. [Turning crisis into opportunity, PwC, September 2020.](#)

### 3. Better workplace productivity

Improving gender diversity and establishing a more inclusive company culture means better employee engagement and improved workplace productivity.

Companies reap substantial benefits to their bottom line when everyone who works for them makes their best contribution because they feel valued at work<sup>13</sup>.

One study shows that a high sense of belonging is linked to a massive 56% rise in job performance, a 75% drop in sick days and a 50% decrease in turnover risk – meaning a 10,000 person company can make yearly savings of over \$52m<sup>14</sup>.

Staff with a higher workplace belonging also show a 167% rise in their employer promoter score (their willingness to recommend their employer to others) and benefit from 18 times more promotions<sup>15</sup>.

There is also evidence that inclusion is closely linked to employee engagement, which is a vital component of productivity.

A more inclusive workplace culture can also help organisations better understand the needs of their staff to boost productivity as the impact of COVID-19 continues<sup>16</sup>.



*"This could be seen as just a 'nice thing to do', but it's been recognised as a business imperative, which drives higher performance. That's why it's being rolled out from the top down."*

**Camilla Barrow**  
Office of the CEO, Laing O'Rourke

- **People who feel valued in the workplace are more productive**
- **High sense of belonging linked to 56% increase in job performance**
- **Staff with higher workplace belonging more likely to recommend employer**
- **Inclusion linked to higher employee retention and company performance**
- **Better engagement vital to mitigate workplace impact of COVID-19**

13. *Inclusion and Diversity in the workplace, CIPD, May 2021.*

14. *The Value of Belonging at Work, Harvard Business Review, December 2019.*

15. *The Value of Belonging at Work, Harvard Business Review, December 2019.*

16. *The social enterprise in a world disrupted, Deloitte, December 2020.*

## 4. Better customer experience

Improved diversity means better products, better marketing, and better customer experience, as companies have a workforce that properly understands the needs of all its users.

Women are customers, clients and users too and having STEM-skilled females as part of a team can lead to more inclusive insights into the design of products and services.

When men design products for women, they are less likely to understand women-specific needs such as device size<sup>17</sup>.

Indeed, a survey shows that having products designed to meet women's needs was the best strategy to win over female consumers<sup>18</sup>.

Having a more diverse workforce, that has a better understanding of the customer, also means companies can more easily reach new markets<sup>19</sup>.

A more inclusive team can also address issues around unconscious bias and improve engagement with customers on a human level.



*"When you're playing to a £12.45trn [global female consumer] market, employing women in leadership roles who understand the female consumers' needs in no longer just a nice thing to do – it's essential."*

**Karina Govindji**

*Recipient of Asian Women of Achievement Award in Business*

- **Female employees give more inclusive insights into product design**
- **Women-focussed products is best strategy to win over female consumers**
- **A diverse workforce helps companies more easily target new markets**
- **Improved diversity also encourages better engagement with customers**

17. [\*The Importance of Women in the Tech Industry, DeVry University, March 2021.\*](#)

18. [\*Women want more than products and services – much, much more, Kearney, 2020.\*](#)

19. [\*The Importance of Diversity in Customer Experience, Lumoa, June 2021.\*](#)

## 5. Better financial performance

More diverse and inclusive teams tend to generate better results which, in turn, can have a positive and significant impact on a business's financial performance.

Companies with three or more female directors have been shown to significantly outperform those with less diverse boardrooms, according to an analysis of 12 years of data<sup>20</sup>.

Another study shows that companies that have taken a holistic approach towards equal representation have outperformed their less diverse rivals by 3.1% per annum<sup>21</sup>.

Reasons cited for this effect include increased employee satisfaction, an edge when recruiting talent and the ability to nurture and promote innovation.

Overall, full economic equality for women could boost global gross domestic product by \$28trn by 2025, according to other estimates<sup>22</sup>.

To conclude, the business case for greater gender diversity has never been stronger.



**"Companies that are doing better on gender diversity tend to have better returns and a better performance – the two are interconnected."**

**Anne Tolmunen**  
AXA Investment Manager,  
FT Adviser

- **Greater diversity tends to generate a better financial performance**
- **Firms with three or more female directors outperform less diverse rivals**
- **Ability to promote innovation a reason behind improved performance**
- **Full economic equality for women could boost global GDP by \$28trn by 2025**

20. [Gender diversity boosts the financial performance of firms, Glasgow Caledonian University, August 2020.](#)

21. [Why Gender Diversity May Lead to Better Returns For Investors, Morgan Stanley, March 2021.](#)

22. [The Financial Impact of Diversity, Impax Asset Management, October 2020.](#)