

Gender Sector Brief: Manufacturing



How to Apply a Gender Lens to the Evaluation of Manufacturing Investments

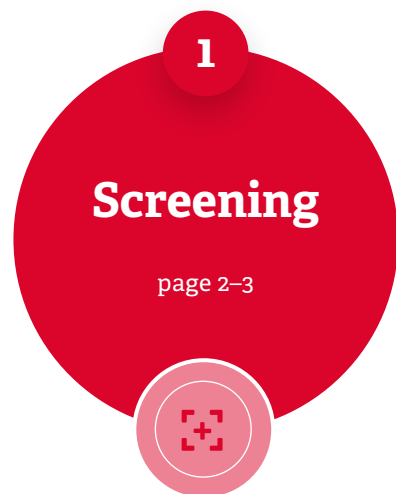
This is a sector-specific diagnostic guide to support investors and fund managers to identify existing and future opportunities for gender-smart investing in the manufacturing sector (both light and heavy manufacturing).

This guide contains questions for investors to ask during screening and due diligence, and suggests possible actions to take depending on the answers to these questions. Depending on the structure of your organisation, responsibility for covering gender impact opportunities in due diligence and portfolio management will vary and can be led by investment, environmental, social and governance (ESG), impact, or gender teams. It is down to the investor or fund manager to determine where responsibility sits.

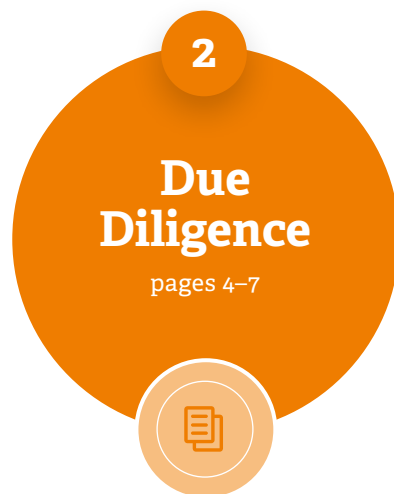
BII has made women's economic empowerment a corporate priority. Industrialisation is a driver of economic growth, which can create economic opportunities for women and men alike, yet women have traditionally been under-represented across the manufacturing value chain. We know the industry could create value by increasing women's representation in high-pay, high-value, leadership and technical roles. We also know that by integrating women's needs into the design of manufactured goods and products, businesses can widen their customer base and expand their market share. This presents a significant business and impact opportunity.

Additional information on the rationale for taking a gender-lens to Manufacturing investments and relevant trends in the sector can be found within this brief.

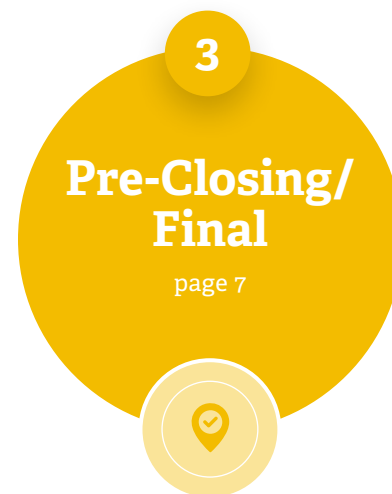
Click on each stage of the deal process to access relevant information:



Screen for gender-based opportunities and 2X eligibility



Collect information to confirm gender-smart investing opportunities and (if applicable) 2X eligibility



Finalise gender-smart investing approach and identify gender-smart business solutions



Provide support to gender-smart business solutions

The investor should answer screening questions before the deal is submitted for approval. The questions explore gender-based opportunities and focus on the company's smart inclusion of women across its workforce and supply chain, and its efforts to serve female customers.

This guide focuses on gender-based opportunities and gender-smart investing as an investment strategy. For gender-smart investors, screening for gender-based risks and negative impacts is an important aspect of ESG due diligence. Guidance on gender-based ESG risks and due diligence is provided in the BII ESG Toolkit.¹

Screening questions will determine:

1. If the deal meets thresholds and/or qualifies under the 2X Challenge.²
2. If there are potential gender-based opportunities to be explored further in due diligence.

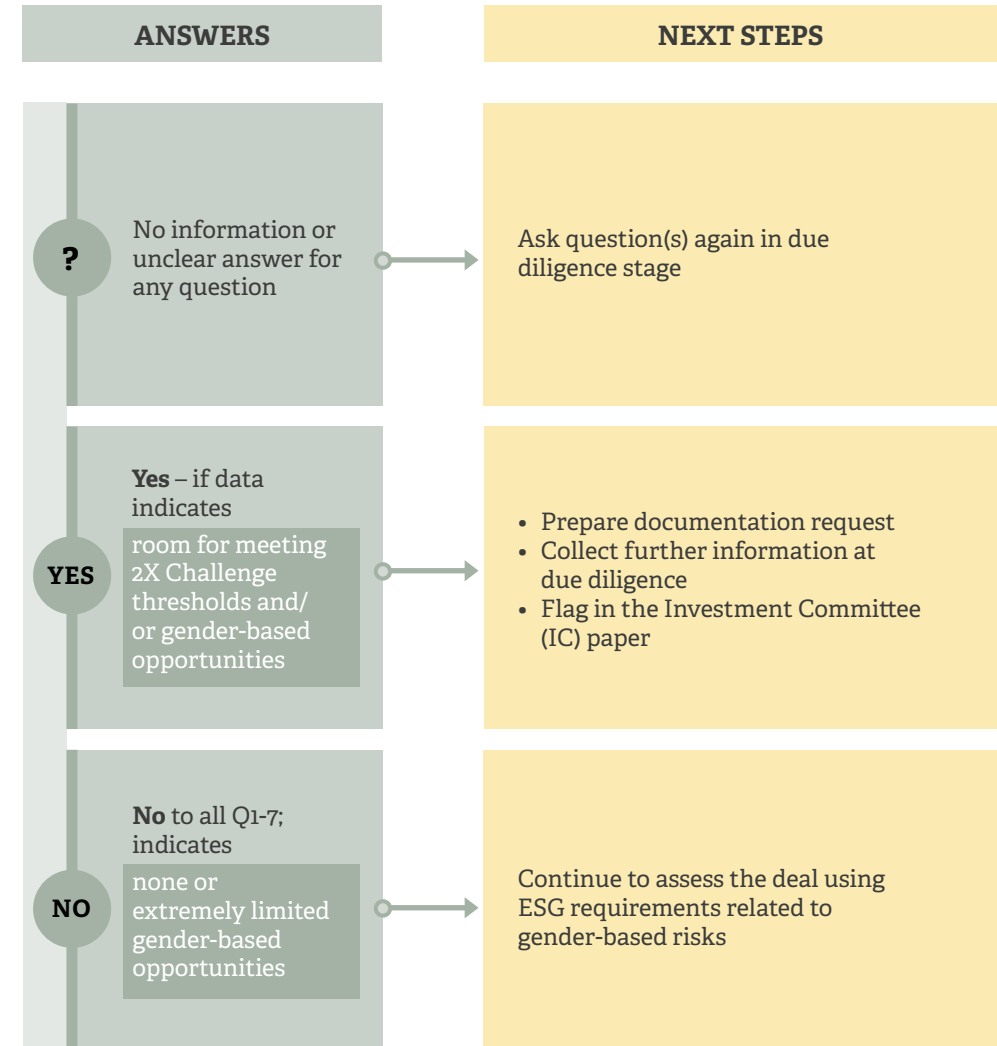
¹ Improper screening and poor management of gender-based risks can prevent effective gender-smart investing and have a detrimental impact on a company's performance in terms of operational costs, reputational damage, stakeholder engagement, employee productivity and loss of confidence. [Access the BII ESG Toolkit.](#)

² The 2X Challenge is a global initiative launched in 2018 by BII and development finance institutions (DFIs) from the G7 countries to direct \$3 billion to investments that help advance women's economic empowerment. To do this, 2X Challenge's members built a qualifying framework and defined a set of gender metrics adopted today by 15 DFIs and defined as industry standard by other investors. The 2X metrics are now used by the GIIN IRIS+. [Learn more about 2X and IRIS+ indicators.](#)



2X-related questions	YES	NO	Current %	No data/ unclear
1. OWNERSHIP. Was the business founded by a woman or do women own a majority share of the business?				
Notes				
2. BOARD. Do women represent 30% or more of the board?				
Notes				
3. SENIOR MANAGEMENT. Do women represent 30% or more of the senior management team? ³				
Notes				
4. EMPLOYEES. Do women make up at least 40% (heavy manufacturing business) or 50% (light manufacturing) of the workforce? ⁴				
Notes				
5. CUSTOMERS. Does the business specifically target female customers and/or design products or services tailored to women's needs, preferences or behaviours?			N/A	
Notes				

Opportunities for gender-smart business solutions	YES	NO	Current %	No data/ unclear
6. Is there commitment or capacity to create significant jobs for women, refine product and/or service offerings to better serve female customers and/or undertake workforce gender diversity efforts? Is the investee interested in scaling-up its efforts?			N/A	
Notes				



³ Room for judgment: Investees in unique sectors, especially for manufacturing industries, may require case-by-base consideration.

⁴ Ibid.

Gender due diligence is the process of gathering gender-related data and information from the potential investee company for analysis to determine whether gender gaps present opportunities that may impact performance or affect an investee company's operations and financials. Deal teams can integrate these questions into existing due diligence workstreams (e.g. ESG, impact, commercial).

The investor should collect the due diligence information and proceed to:

- Confirm 2X qualification (as applicable).
- Confirm gender-based opportunities to take forward compared to other impact investing themes.

2 Due Diligence



Leadership

1. Does the board and/or senior management have strong oversight and a clear governance process to support gender diversity and inclusion? Are any initiatives in place to promote women in leadership?

Rationale: Confirms commitment and ability to launch initiatives to drive greater gender diversity and inclusion for better corporate performance; identifies opportunities to provide guidance on governance structures and processes.

YES	NO

Notes

Workforce

2. Are there specific policies and programmes to support inclusiveness of both men and women at work? If so, what are they? For example, specific HR policies that go beyond basic regulatory requirements (e.g. childcare support, flexible work, and standardised pay rates for each role).⁶

Rationale: Determines the level of inclusiveness of existing policies, facilities and programmes, and how this will affect key business performance indicators such as retention, absenteeism, turnover, and maternity return rate; highlights opportunities to support the business case for inclusive workforce improvements.

YES	NO

Notes

3. Are there differences between the roles/responsibilities/functions/levels/grades undertaken by men and women in the workforce, including permanent, contract and seasonal staff?

Rationale: Highlights opportunities to support recruitment, advancement or efforts to support women in leadership roles. If women are segregated into only a subset of roles and therefore underutilised, or if certain teams, functions or levels are dominated by one gender, the business may underperform due to lack of diversity.

YES	NO

Notes

4. Does the company collect and monitor gender-disaggregated staff data (for example, average salary, turnover, absenteeism, retention, and promotion)? How is the data analysed and to what extent is data used for decision making on gender-related efforts?

Rationale: Highlights a commitment to understanding gender diversity and measuring improvements; helps identify opportunities to improve data collection and areas to support the company and further its strategic priorities.

YES	NO

Notes

5. If the company collects and monitors gender-disaggregated staff data, how is the data analysed and to what extent is data used for decision making on gender-related efforts (e.g. targeting women to widen market share)?

Rationale: Determines whether data is relevant and actively utilised; helps assess progress-to-date and identifies areas to support the company and further its strategic priorities.

Notes

2 Due Diligence



6. What training schemes are in place to address existing or emerging skills gaps (e.g. climate resilience/green technologies, data science, robotics and automation, programming and digital skills)?

Rationale: Identifies industry skills gaps and ways for the company to expand its talent pool and 'future proof' its business in the long term. Evidence shows that women are highly adaptable and responsive to such training programmes.

YES	NO
Notes	

Supply Chain

7. Does the company have any inclusive sourcing or procurement initiatives in place to work with women-owned businesses and/or promote women's employment through its supply chain?

Rationale: Determines whether there is a market opportunity to support greater inclusion of women-owned businesses in sourcing and procurement strategies, and for increased women's employment at the supplier level.

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Products and Services

8. If applicable, does the company collect and monitor gender-disaggregated data on its customer base, product usage and/or customer satisfaction of manufactured goods? To what extent is the data used for decision-making related to product design, marketing, sales, pricing, and distribution?

Rationale: Highlights a commitment to understanding the uptake of manufactured goods and products by women and men, and the differentiated needs of its customer segments; helps identify opportunities to improve data collection to help the company expand its customer base or market share through product design, marketing, sales, pricing, and distribution.

Notes	
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USEFUL DATA AND DOCUMENTATION

- Gender-disaggregated data on internal staff (including ownership, board, senior management, middle management, technical roles (e.g. STEM) and all employees (including seasonal and contractors).
- Gender-disaggregated supply chain data (by total # and \$ procured).
- Organisation diagram/chart by gender.
- Gender inclusion strategies/policies/ action plans; HR policies to support women in the workforce (e.g., parental leave policy).
- Documentation on initiatives to advance gender diversity in the workforce (e.g. mentorship programmes, childcare provision, gender-inclusive procurement clauses).
- Documentation related to product design and/or delivery, including (as relevant) market studies, business plan, pricing study, technical assessment, behavioural customer studies.
- Documentation related to products/services targeted to women-owned businesses, supply chain and community members.

2 Due Diligence

3 Pre-Closing/ Final

Gender-smart business solutions to consider

If opportunity identified based on Leadership question:

Advancing Management's Commitment to Gender & Women's Leadership on boards and senior management through targets, placement and expanding networks through training, targets, placement and expanding networks

If opportunity identified based on Workforce questions:

Driving Gender Diversity and Inclusion within the workforce through gender diagnostics and action plans

If opportunity identified based on Supply Chain question:

Promoting Gender-Inclusive Sourcing and Procurement
Within supply chains through strategies to increase gender diversity through upskilling and reskilling and participation of women SMEs

If opportunity identified based on Products and Services question:

Manufacturing Gender-Inclusive Products or Goods
to address gender gaps and unlock economic opportunities for women and girls

Next steps

- Identify and align further develop gender-smart business solutions
- Discuss proposed opportunity and approach with investee
- Where required, develop a Gender Action Plan (GAP), including targets, roles and responsibilities, allocated resources and timelines

Action as relevant:

- Integrate agreed gender-smart business solutions into the deal structuring
- Include gender metrics in reporting template
- Write up case for gender within the Investment Committee (IC) paper

For more guidance on the investment cycle and portfolio management, including BII case studies, please refer to the BII Gender Toolkit.

The annex contains:

1. Further information on the business and impact case for taking a gender lens to manufacturing investments and relevant trends facing the sector.
2. Screening and due diligence questionnaires and data and information request form. These can be sent directly to the potential investee if remote or desktop-based due diligence is being used.

Why take a gender lens to manufacturing investments?

EXPANDING THE TALENT POOL

The global manufacturing industry is predicted to experience a **deficit of more than two million workers by 2020. By 2030, the shortage could reach more than 7.9 million people.**¹



The resulting loss in revenue may be as high as \$607.1 billion. Increased education levels across the world mean women represent a vast untapped talent pool and offer a credible solution to this shortfall. Where women are not already equipped with the requisite skills, companies could focus on upskilling young female employees through apprenticeships and workforce training programmes, recognising that women often have lower average attrition rates.² The outsourcing of manufacturing from developed countries to the Global South has created important employment opportunities for women, with **over 60 million women engaged globally in the sector, representing more than one-third of the total manufacturing workforce.**



In South Africa, more than 1.6 million people are employed in manufacturing, but fewer than 35% are women.

In many export-processing zones of industrialising countries – where most of the work is labour-intensive, low-cost manufacturing – the female percentage of the workforce rises further, to 80%.

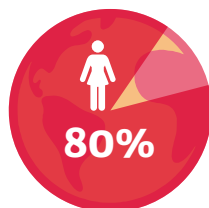
CAPTURING NEW CUSTOMER SEGMENTS

As the manufacturing sector increasingly serves the local market, women will become an important consumer class. By 2028, women are expected to control close to 75% of discretionary spending worldwide.³



Women are expected to control \$43 trillion of global consumer spending through voluntary private consumption or an exchange of money for goods and services by the end of 2020.⁴

Women are also involved in **80% of purchasing decisions worldwide.**⁵



Strategies that help manufacturing companies reach the women's market can help increase their resilience to lower overall demand and shifting business models. Ensuring product design, marketing, distribution, financing and after-sales efforts are adapted to women's preferences is therefore critical for manufacturing companies to effectively target women as primary customer segments within local markets.

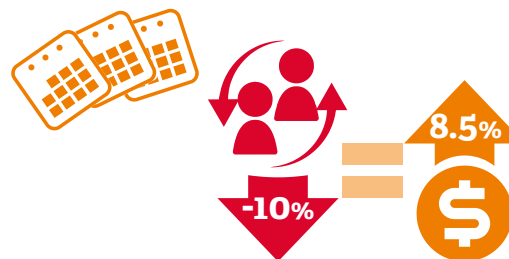
ENHANCING PRODUCTIVITY, ATTRACTIVENESS AND TEAM PERFORMANCE

Attracting and retaining women allows manufacturing companies to capitalise on the 'diversity dividend' in their management and employee teams. Creating a supportive environment for female workers can positively impact their attendance and retention, **resulting in significant cost savings.**⁶



Within garment production specifically, factories often hire young women before they are married and/or pregnant and often let them go once they are.

Nalt Enterprise, a large garment manufacturer in Vietnam, estimated that it takes up to three months for a new textile worker to reach productivity. They calculated that a 10% reduction in staff turnover saves the company 8.5% of the total annual wage bill.⁷

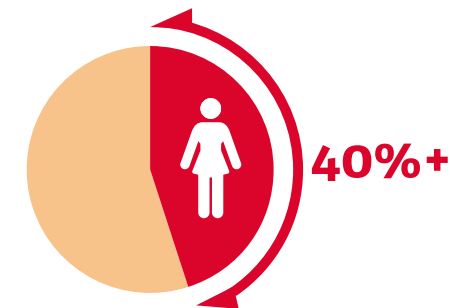


This constitutes a clear business rationale for efforts to retain – rather than dismiss – female staff, and to step up efforts to increase the maternity return rate.

BOOSTING INNOVATION AND PERFORMANCE IN SUPPLY CHAIN

As entrepreneurs, women are key contributors to manufacturing supply chains and can help drive innovation and supply chain performance.

By the end of 2020, women-owned companies will represent over 40% of registered businesses worldwide.



Increasing the representation of women-owned small- and medium-sized enterprises (SMEs) in manufacturing supply chains can help anticipate customer needs, drive innovation and competition, and enhance brands and corporate reputations.⁸

Why take a gender lens to manufacturing investments?

RESPONDING TO TECHNOLOGY AND SUSTAINABILITY SHIFTS

The manufacturing industry is experiencing a profound transformation as a result of the maturing technologies of the 4th Industrial Revolution and shifts to green and sustainable modes of production and consumption. The greater involvement of women is seen as a way to address the industry's skills gaps.

As the secondary education of young women surpasses that of men in many of our markets, increasing the share of women in employment through hiring efforts can also boost shareholder value, improve financial performance, fuel innovation, optimise team performance and collective intelligence, and improve levels of engagement.⁹



In addition to emerging tech-enabled sectors, promoting women's quality employment and leadership in 'traditional' manufacturing sectors (e.g. garment, textile, food) can help tackle obstacles to increased business performance and productivity.

ENHANCING JOB QUALITY

Better work standards for women in the industry, and increased women's leadership, are essential to shift gender gaps in the workforce and improve job quality in the industry.



The garment manufacturing sector is characterised by poor working conditions, excessive hours, and low wages. Women also often face discrimination and are rarely able to rely on an organisation to protect their rights.

The international media spotlight on standards within the apparel sector, including the 2013 Savar building collapse, mean that consumers in **Western markets are increasingly concerned with how and by whom their products has been manufactured.**



Demonstrating gender-equitable practices, and providing good employment and skills development for women, can also serve to enhance the social impact narrative and reputation of manufacturing companies among end consumers, sourcing companies, and broader investors.

ADDRESSING GENDER-BASED VIOLENCE AND HARASSMENT

Evidence shows that creating respectful manufacturing workplaces helps manage reputational damage, drives productivity, promotes business growth, and helps to attract and retain talent.

In Myanmar, bullying and sexual harassment are responsible for a 14% of annual loss of labour productivity.¹⁰



Evidence shows that disrespectful behaviours in the workplace also incur high costs to businesses related to turnover, recruitment, retention and business reputation.



Sexual harassment is a concern across the manufacturing sector, with 30% of women in industrialised countries saying they have been subjected to frequent, serious sexual harassment (unwanted touching, pinching, offensive remarks and unwelcome requests for sexual

favours). These offensive and demeaning experiences often result in emotional and physical stress and related illnesses, reducing morale and productivity.

SDG INVESTING

Adopting gender as an investment strategy can help investors align their impact with the United Nations Sustainable Development Goals (SDGs). There is significant potential for investors to shape gender outcomes in line with SDG 5 on gender equality and SDGs 8, 9, 10, 12, linked to inclusive and sustainable industrialisation and production pathways for the manufacturing sector.



EMERGING GENDER AND MANUFACTURING TRENDS

**Green Transition:**

Shifts in business models to green manufacturing involve changing business and manufacturing practices as well as the mindset of stakeholders. The overarching aim should be to mitigate the industry's impact on climate change and other environmental concerns. The green economy transition involves the adoption of sustainable practices within facilities, across the supply chain, and through the customer base. Where this involves new job opportunities, a gender lens can enable the upskilling of women to take advantage of those jobs and contribute to improved business outcomes. There is a risk that green manufacturing would exacerbate existing gender gaps in the sector, as women tend to be less represented in STEM-related professions. This is particularly the case for more skilled roles—which have greater employability and livelihood benefits—highlighting the need to upskill women for those roles.

**Fourth Industrial Revolution (4IR):**

As the myriad of technologies of the fourth industrial revolution continue to mature there are implications for addressing the gender gap in manufacturing. Firstly, increasingly cost-effective automation poses a credible medium-term risk to lower-skilled jobs in sectors with a high proportion of female workers (e.g. garments). Second, an increasing use of Artificial Intelligence (AI) algorithms in a growing number of applications is revealing the challenge of unintentionally reinforcing existing social gender biases. This happens for example when the training data used to train the algorithms (e.g. to screen CVs for management potential) picks up on the trend that most existing managers are men and therefore “learns” that being a man is a good indicator of success. However, increased access to technology and labour-saving devices also has the potential to reduce the burden of unpaid domestic housework on women, allowing them to take on paid work during the day. Also, the flexibility offered by the gig economy and remote work may offer better opportunities for women to enter the workforce while balancing work and family responsibilities.

**Ethical Ecosystems:**

Western consumers are increasingly concerned about how manufactured goods and products are sourced, procured and assembled. As a result, manufacturing companies (particularly exporters) across Africa and South Asia may be subject to additional reporting requirements around gender diversity and sustainability.

ADDITIONAL RESOURCES

The following resources should help investors and fund managers further develop their gender-smart investing approach in the sector.

Deloitte:

Women in Manufacturing: Stepping Up to Make an Impact that Matters (2017)

International Centre for Research on Women:

Women in Manufacturing: Mainstreaming Gender and Inclusion in Kenya (2020)

Close the Gap:

Making Manufacturing Work for Women (2015)

KPMG, UN Global Compact:

SDG Industry Matrix: Industrial Manufacturing (2016)

Gender Screening Questionnaire: Manufacturing

This questionnaire is to be completed by investees and/or clients during the screening stage of the deal process to enable potential investors to better understand the current level of gender diversity and inclusion, initiatives to support women entrepreneurs, and efforts to serve female customers. Some of the questions are derived from the 2X Challenge.

BII is a founding member of the 2X Challenge, a DFI initiative to mobilise \$3 billion for investment in business activities that benefit women by 2020. To qualify, investments must meet the criteria for female entrepreneurship, leadership, employment or consumption. More details on the 2X Challenge can be found at 2xchallenge.org.

	YES	NO	Current %	No data/unclear
1. OWNERSHIP. Was the business founded by a woman or do women own a majority share of the business?				
Notes				
2. BOARD. Do women represent 30% or more of the board?				
Notes				
3. SENIOR MANAGEMENT. Do women represent 30% or more of the senior management team?				
Notes				
4. EMPLOYEES. Do women make up at least 40% (heavy manufacturing business) or 50% (light manufacturing) of the workforce?				
Notes				
5. CUSTOMERS. Does the business specifically target female customers and/or design products or services tailored to women's needs, preferences or behaviours?			N/A	
Notes				
6. OPPORTUNITIES FOR GENDER-SMART BUSINESS SOLUTIONS. Is there commitment or capacity to create significant jobs for women, refine product and/or service offerings to better serve female customers and/or undertake workforce gender diversity efforts? Is the investee interested in scaling-up its efforts?			N/A	
Notes				

Gender Due Diligence Questionnaire: Manufacturing

This questionnaire is to be completed by investees during the due diligence stage of the deal process. Its aim is to enable investors and fund managers to understand the current level of leadership initiatives,

internal gender diversity and inclusion, to identify programmes that support women, entrepreneurs, and acknowledge efforts to serve women clients and users.

Leadership

1. Does the board and/or senior management have strong oversight and a clear governance process to support gender diversity and inclusion? Are any initiatives in place to promote women in leadership?

YES	NO
Notes	

Workforce

2. Are there specific policies and programmes to support inclusiveness of both men and women at work? If so, what are they? For example, specific HR policies that go beyond basic regulatory requirements (e.g. childcare support, flexible work, and standardised pay rates for each role).⁶

YES	NO
Notes	

3. Are there differences between the roles/responsibilities/functions/levels/grades undertaken by men and women in the workforce, including permanent, contract and seasonal staff?

YES	NO
Notes	

4. Does the company collect and monitor gender-disaggregated staff data (for example, average salary, turnover, absenteeism, retention, and promotion)? How is the data analysed and to what extent is data used for decision making on gender-related efforts

YES	NO
Notes	

5. If the company collects and monitors gender-disaggregated staff data, how is the data analysed and to what extent is data used for decision making on gender-related efforts (e.g. targeting women to widen market share)?

YES	NO
Notes	

Gender Due Diligence Questionnaire: Manufacturing

	YES	NO
6. What training schemes are in place to address existing or emerging skills gaps (e.g. climate resilience/green technologies, data science, robotics and automation, programming and digital skills)?		
	Notes	
7. Does the company collect and monitor gender-disaggregated data on demand, service usage and/or customer segmentation? For example, related to access, availability, affordability, feasibility, and satisfaction.		
	Notes	
Products and Services		
8. If applicable, does the company collect and monitor gender-disaggregated data on its customer base, product usage and/or customer satisfaction of manufactured goods? To what extent is the data used for decision-making related to product design, marketing, sales, pricing, and distribution.		
	Notes	

USEFUL DATA AND DOCUMENTATION

- Gender-disaggregated data on internal staff (including ownership, board, senior management, middle management, technical roles (e.g. STEM) and all employees (including seasonal and contractors).
- Gender-disaggregated supply chain data (by total # and \$ procured).
- Organisation diagram/chart by gender.
- Gender inclusion strategies/policies/ action plans; HR policies to support women in the workforce (e.g., parental leave policy).
- Documentation on initiatives to advance gender diversity in the workforce (e.g. mentorship programmes, childcare provision, gender-inclusive procurement clauses).
- Documentation related to product design and/or delivery, including (as relevant) market studies, business plan, pricing study, technical assessment, behavioural customer studies.
- Documentation related to products/services targeted to women-owned businesses, supply chain and community members.

For questions 6-8, the Head of Product, Service(s) or Planning, Technical Lead would be the relevant company counterpart to ask the question.

