

# WOMEN IN PROCUREMENT

GENDER PARITY IS A KEY  
TO BETTER PERFORMANCE



“Industry cultures and practices influence the place of women at work as much as national culture does. Today’s leaders inherit companies where women play very heterogeneous roles.”

*CPO OF A GLOBAL RETAIL AND  
CONSUMER GOODS COMPANY*



# INTRODUCTION

Buyers occupy a unique position in their companies, constantly interacting with players — suppliers, internal clients, and the finance department — whose objectives, vision, culture, and modes of communication vary considerably. The function has a natural stake in understanding and responding to many sorts of diversity. We believe that this means that procurement has an important role to play in helping companies move toward inclusiveness. And for companies that hope, as an increasing number do, to instill some of their own values in supplier organizations, procurement is an ideal place to start

Certainly, there are signs that procurement organizations are moving toward gender parity. In the United States and Western Europe, where procurement organizations are the most mature, 20 percent of the top 60 listed companies have appointed a woman as chief procurement officer (CPO). In France alone, more than 30 women have been promoted to the role over the past 18 months, representing an increase of more than 30 percent compared to four years ago.

Are these just statistical flukes or signs of true transformation? How do business leaders regard gender parity in the procurement function? What steps have procurement organizations taken to bring themselves closer to parity? What obstacles remain?

To find out, Oliver Wyman surveyed more than 300 CPOs in Europe, the US, and Asia across 14 industries.



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# 01

## ADVANCES, BUT LESS SO AT THE TOP

Overall, women made up 38 percent of the procurement organizations we surveyed. On average, CPOs told us that the percentage of women working in procurement in their companies was consistent with the percentage working in the company as a whole. By way of comparison, in 2016 our sister company Mercer conducted a study of 400 companies in the US, Europe, and Asia and found that women made up 35 percent of the companies' total workforce.

The number of women in procurement is growing; 60 percent of CPOs in our survey said that there were more women in their organization than three years ago, and only six percent said the number had decreased.

### Looking for strategic roles

But women have not yet gained a secure hold on the highest levels of the function. They

account for only 25 percent of the members of procurement management committees and management teams—one or two levels below the executive committee. Overall, 75 percent of category-manager positions are held by men, and fewer than one in three buyers is a woman.

In comparison, globally across companies women account for 33 percent of managers, 26 percent of senior managers, and 20 percent of executives.

Moreover, women are more likely to find themselves in charge of indirect procurement categories, while direct procurement is considered more strategic to a company's business. (This observation is particularly striking in healthcare and in retail and consumer goods.) The majority of women in procurement organizations thus play a less prominent role in terms of both their function and the type of procurement they manage.

Nonetheless, women in charge of indirect procurement will enjoy greater visibility in future. These categories used to be focused on internal operations, so they were traditionally considered less strategic, but they are increasingly seen as an important driver of performance. Indeed, the advent of the digital age and the resulting transformation of the company's transversal functions make these categories more critical than they used to be.

### Variations by geography, industry, and company size

These overall figures are interesting. But when we dig deeper, we see great differences in how far procurement organizations in different regions and industries have progressed in achieving

gender equity, as well as some interesting points to note about companies of different sizes.

**Geography.** At nearly half the procurement organizations in Europe and the US, more than 40 percent of the function positions are held by women; in Asia, only 17 percent of the companies reach this level. By way of comparison, according to the Mercer report, women will account for 28 percent of those playing professional (or higher) roles in in Asia and 37 percent in Europe by 2025.

**Industry.** In manufacturing and technology industries such as aeronautics and construction, women were weakly represented (less than 30 percent of the procurement workforce) at more than 40 percent of companies. Conversely, in financial and public institutions, they were strongly represented (more than 40 percent of workforce) at 80 percent of companies. This may be partly a function of recruiting patterns. Manufacturing firms have typically entrusted most management positions to engineers; and engineering schools are strongly male—even at European engineering schools with the largest numbers of women, they do not exceed 30 percent of the student body. Industries such as financial services, on the other hand, recruit from more diverse channels—universities and business schools as well as engineering schools.

**Size.** One of our most surprising findings had to do with size: Larger organizations, tend to have a smaller ratio of women in positions of responsibility. In organizations with more than 500 Procurement employees, the percentage of women in management positions is half what it is in organizations with 50 to 100 employees. On the other hand, at still smaller companies—where Procurement employees numbered less than 50—the ratio of female managers is comparable to what is found at the largest organizations.

EXHIBIT 1: LEVEL OF GENDER PARITY OF PROCUREMENT ORGANIZATIONS BY REGION

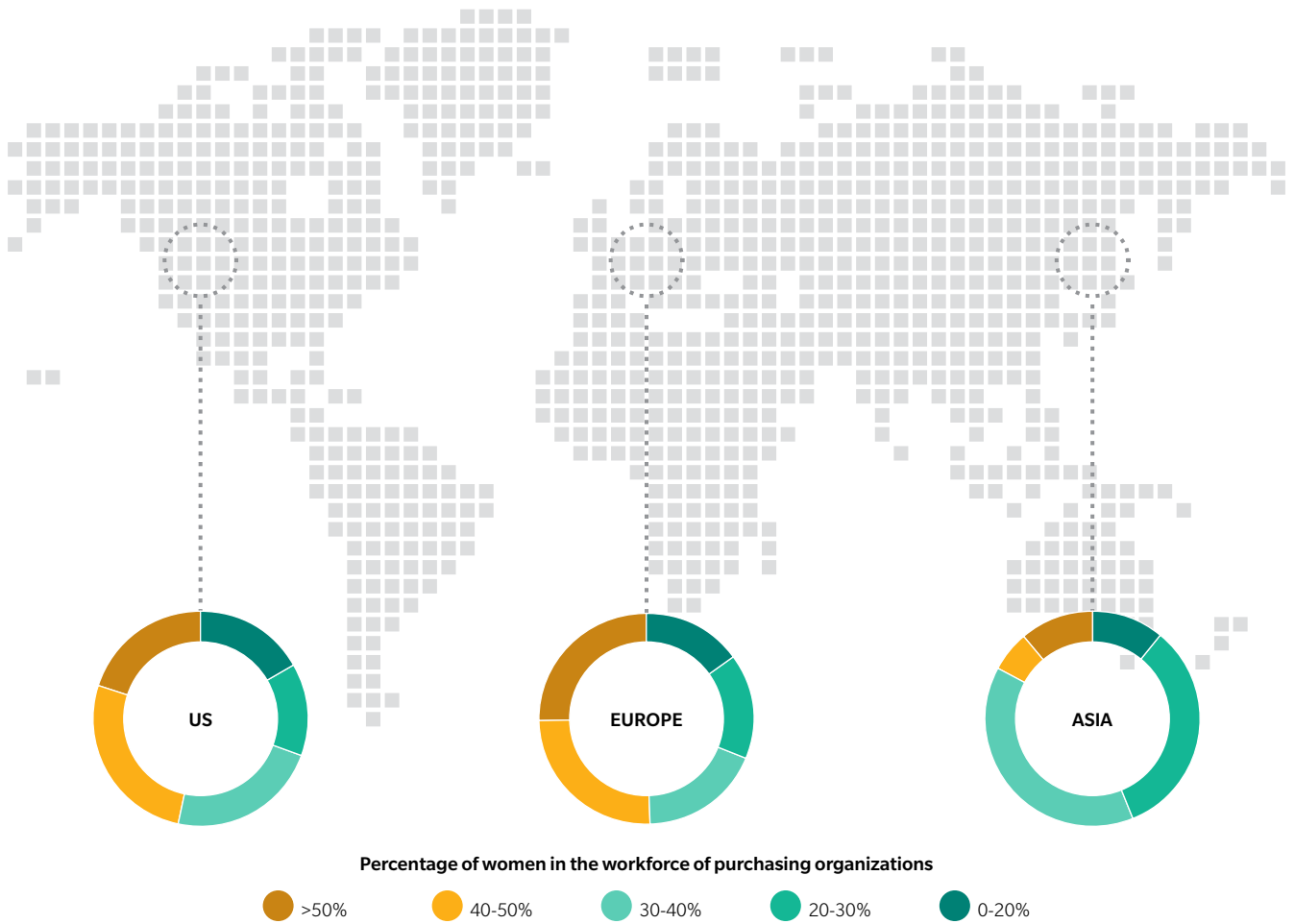
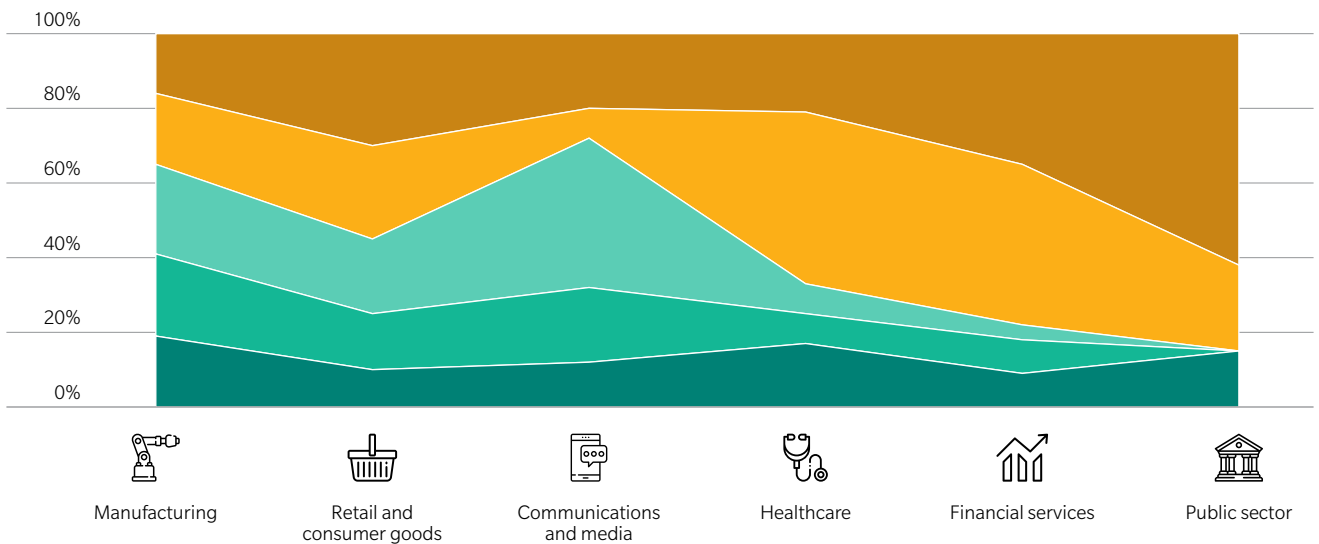


EXHIBIT 2: LEVEL OF GENDER PARITY IN PROCUREMENT ORGANIZATIONS BY INDUSTRY

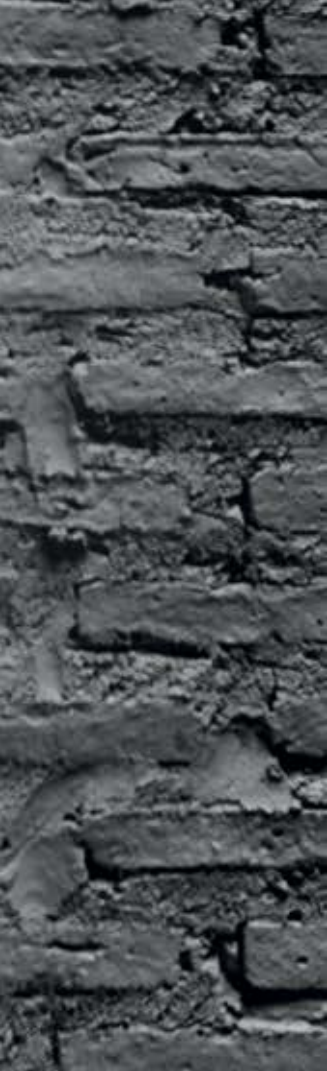


Source: Oliver Wyman women in procurement 2018 survey (n=307)



02

STEREOTYPES AND  
CAREER PATHS



Gender stereotypes are a particularly vexing issue. As Naomi Ellemers points out in a recent review of the literature of the field, they affect not just how men view women, but how women view themselves. They are not just set ideas about what men and women are like, but about how they ought to be. It's probably naïve to think that stereotypes could simply be eliminated from an individual workplace or an industry. But there are clearly stereotypes that belittle or pigeonhole women's abilities and stand in the way both of personal career development and sound talent management – stereotypes that can and should be combatted where they occur.

To get at least a rough sense of how important a factor they are in procurement functions,

we asked the CPOs in our survey to react to some common stereotypes about women as employees. More than 45 percent of surveyed CPOs said the following three stereotypes about women were widespread in their organizations:

- “Activities that typically require interpersonal skills or involve caregiving are considered as feminine”
- “Risk-taking or decision-making is considered a masculine strength”
- “Rationality (as opposed to emotionality) is considered largely as a masculine trait”

Smaller percentages (36 and 38 percent) felt that two other stereotypes were widespread:

- “Men are more successful at negotiating than women”
- “Working long hours is considered as a masculine attribute whereas high flexibility is key for women”

In general, gender stereotyping was much more common in Asia. Globally, stereotypes are more pronounced in the procurement functions of public-sector and financial institutions, where women are relatively well represented. Nearly 55 percent of CPOs surveyed in these industries said that the three stereotypes were widespread.

## Men still win at career development

Even though on average only 33 percent of surveyed CPOs feel strongly that women have fewer chances than men to develop professionally in their organization:

On the one hand, the CPOs we surveyed disagree with the following statements:

- Women do not find the company’s core business attractive
- Women ask for performance evaluations as often as men, but receive fewer
- The recruitment policy isn’t designed to attract many women

On the other hand:

- 42 percent feel women are not promoted at the same speed as men
- 38 percent feel women have less chance of being promoted to management positions, and consequently find it harder to get on a leadership track
- 39 percent feel women’s access to senior company leaders is more restricted than that of men
- 38 percent think women pursue their ambitions as much as men do, but face greater resistance
- 35 percent feel women do not feel supported in their professional development
- 34 percent feel the work environment is not favorable to all women

These perceptions are expressed more intensely in media and communications, financial services, and the public sector.

“There are clearly stereotypes that belittle or pigeonhole women’s abilities and stand in the way both of personal career development and sound talent management – stereotypes that can and should be combatted where they occur.”



# 03

## STEPS TOWARD EQUITY





To better understand what companies were doing to improve their gender parity, we asked CPOs about whether they used a variety of initiatives to attract, retain, and promote women. The initiatives fell broadly into seven categories:

**Sponsorship from the top.** This includes mentorship programs, having visible female role models, and holding senior leaders accountable for improving gender diversity.

**Culture.** Encouraging candid, open dialogue on gender diversity, creating an inclusive culture that embraces diverse views, valuing work output over hours worked, and training staff on unconscious gender bias.

**Recruitment.** Creating objective, transparent hiring criteria, removing gender bias in hiring, and setting hiring targets to increase gender diversity.

**Development and promotion.** A promotion process that is objective, transparent and meritocratic; transparent, level-based pay; a female candidate required on every promotion

shortlist; recognition for managers for making progress on gender diversity; communication and leadership training targeted at female staff; increased gender diversity in positions with revenue / profit responsibilities.

**Parent and family support.** Encouraging fathers to take paternity leaves; supporting working parents; maternity and paternity leaves that go beyond legal requirements.

**Flexible work options.** Flexible work programs (working from home, part-time work, etc.); both men and women equally encouraged to utilize them.

**Measuring and tracking progress toward gender diversity.** Progress measured and shared across the company; targets and goals publicly disclosed; senior staff pay linked to organization performance on gender diversity.

Most of the companies we talked with were implementing many of these initiatives or planned to in the next 18 months.

## Most- and least-used strategies for change

The initiatives CPOs most often cited as already being implemented in their companies were:

- Objective and transparent recruitment criteria (mentioned by 75 percent of respondents)
- An inclusive culture that embraces diverse views (64 percent)
- Flexible work programs (63 percent)

The least-frequently implemented initiatives were:

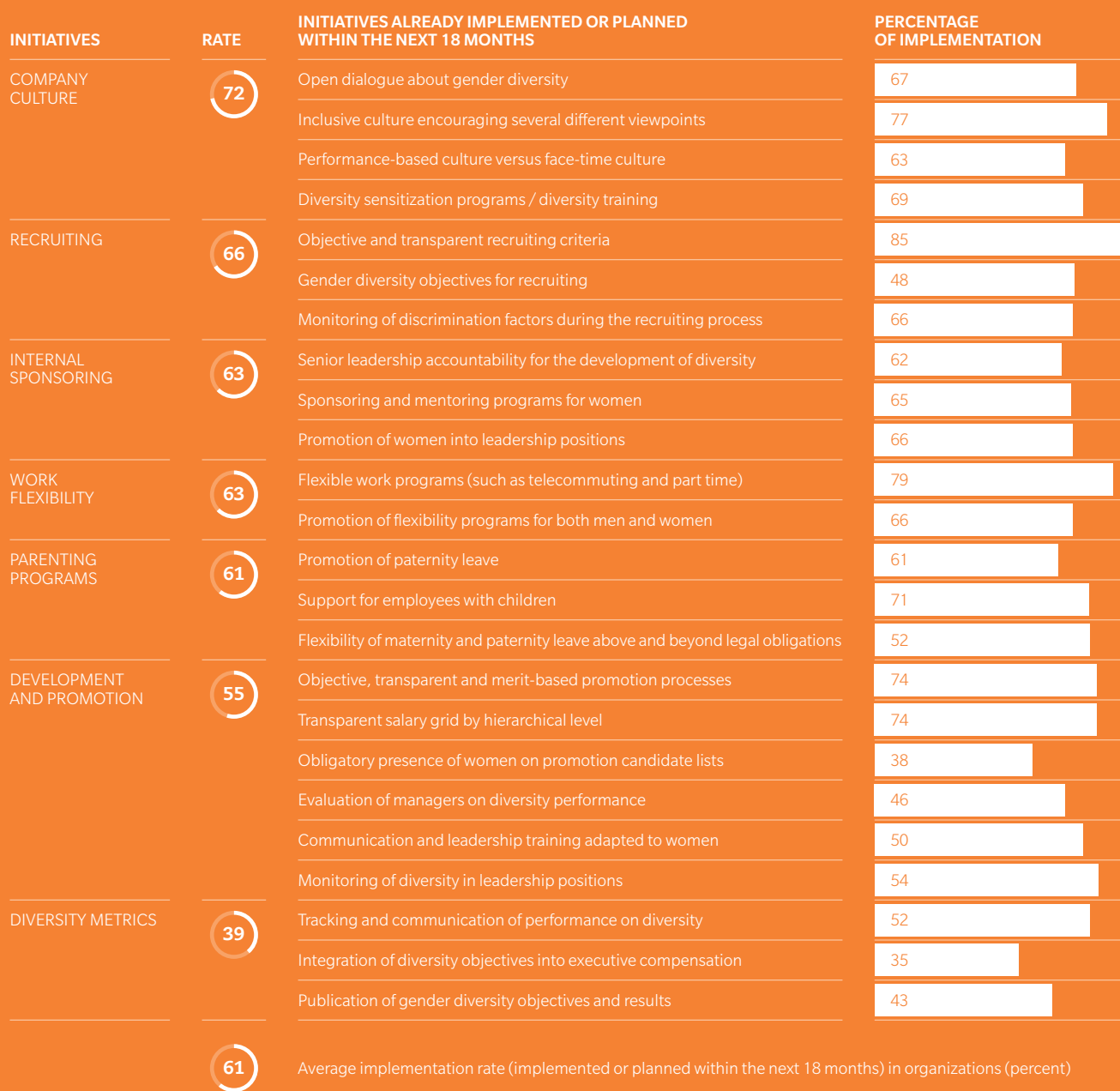
- Managers are recognized for making progress on gender diversity (36 percent)
- Gender diversity targets and records publicly disclosed (32 percent)
- A female candidate required on every promotion shortlist (27 percent)
- Senior staff pay linked to organization performance on gender diversity (23 percent)

These least-used techniques are, it's fair to say, the most difficult to implement, though they can bring about real change when used well. And while training, changing attitudes, and providing better working conditions are important, there is reason to doubt whether the best-intentioned program can succeed without teeth. The pattern our respondents reported reflects a kind of "accountability gap," where initiatives are put in place – but without metrics, incentives, or consequences for failing to act.

As companies think through their strategies, they need to pay adequate attention to retaining as well as attracting women. The Mercer report we cited earlier contains a discouraging finding: Though women are 1.5 times more likely than men to be hired at the executive level, they are also leaving organizations from the highest rank at 1.3 times the rate of men, potentially slowing progress and wiping out hard-won gains.

### EXHIBIT 3: ESTABLISHED OR PLANNED GENDER DIVERSITY INITIATIVES

PERCENTAGE OF COMPANIES WHERE INITIATIVES HAVE ALREADY BEEN IMPLEMENTED OR ARE PLANNED WITHIN THE NEXT 18 MONTHS



Source: Oliver Wyman women in procurement 2018 survey (n=307)

# 04

## WHY EQUITY MATTERS



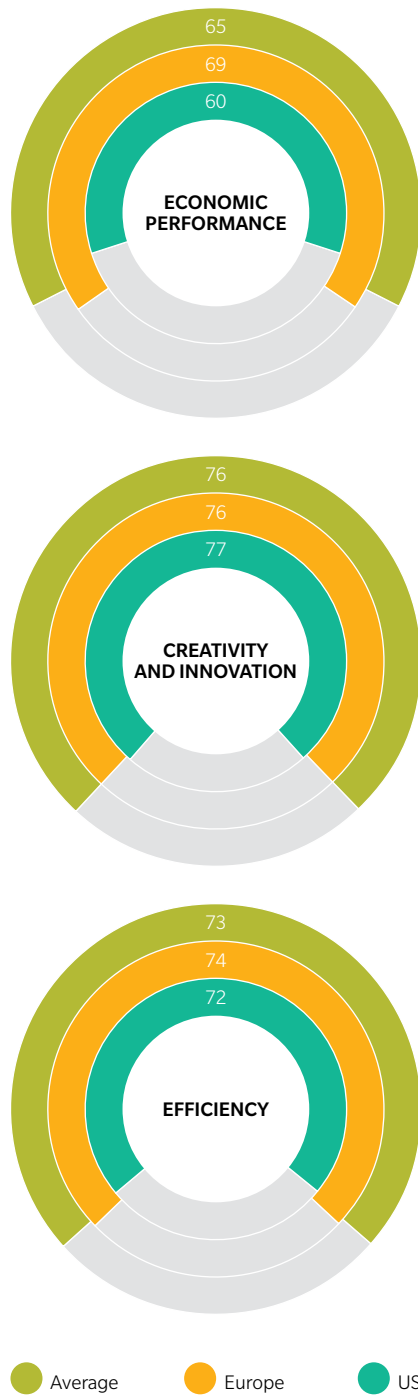


Companies don't need a business case for gender equity. The real reason to achieve better gender balance (or better racial balance, or fairer treatment for employees with disabilities) is not for the sake of profits. It's for the sake of justice and fairness. It is a responsibility companies owe to society.

With that being said, there is a growing body of evidence on how the gender composition of companies correlates with the bottom line. The case is strongest for senior executive teams, where multiple credible studies show that companies with the greatest gender balance in the C-suite are likelier to achieve above-average financial results. The case is weaker for boards, and at least one large recent study found that the gender of the CEO had little or no impact on performance. The interesting question of whether nonexecutive teams benefit from gender equity is, of course, more difficult to study, but there is an increasing number of studies that find that a correlation exists.

Even without the benefit of this sort of research, we would be strongly persuaded that

**EXHIBIT 4: OBSERVED BENEFITS OF GREATER GENDER PARITY**  
 PERCENTAGE OF CPOs OBSERVING A POSITIVE IMPACT



Source: Oliver Wyman women in procurement 2018 survey (n=307)

companies with better gender balance – and greater diversity of other kinds – are more likely to perform well, though the link doesn’t take the simplistic “more women equals more profits” form.

One of the great benefits of focusing on gender equity is that it forces managers and executives to focus on the skills and insights their employees have — and the skills and insights their organizations need. It is no longer good enough to note that a candidate for promotion is a woman and to make a few assumptions about her potential contributions and her ambitions; it becomes necessary to dig deeper and understand more. (For similar reasons, it is important to recognize that a gender diversity program that brings a set of nearly identical white women into the company may have its uses, but it is not addressing the larger issue.)

This kind of enhanced understanding, plus the sustained attention and learning that go into any serious effort at building gender equity, and of course the presence of greater diversity of experience and insight on the team, are inevitably good for the business. Is it the presence of women or the presence of a wiser, more informed approach to management that makes the difference? In our experience, it is almost impossible to separate the two.

**Better performance, more creativity**

Certainly the observations of the CPOs in our survey support this idea. We asked them to report their financial performance over the past five years. CPOs whose organizations consist of 40 percent or more women reported substantially better performance than those at

companies where women represent fewer than one-fifth of those working in the function. And 65 percent of CPOs noticed an improvement in their procurement performance along with an increase in the proportion of women in their teams.

In addition, CPOs who focused on recruiting and promoting women observed additional benefits: 76 percent state they perceived more creativity and innovation thanks to the presence of more women on their teams. As the profession improves gender parity, their organization has become more efficient at decision-making and has reduced execution cycle times.

# 76

The percentage of interviewed CPOs who perceive more creativity and innovation thanks to the presence of more women on their teams.







05

LOOKING  
FORWARD

The procurement environment has become much more complex in recent years, due to intense competition and the fragmentation and hyper-specialization of some supplier markets. In response, the role and profile of the buyer are evolving. Today, the ability of buyers to communicate effectively and drive change is an important factor for success. It may even be more important than their expertise in their category or the supplier market. Buyers must also develop their competitive intelligence to invent disruptive procurement strategies. The traditional palette of good negotiators is no longer sufficient. And consistently, from one industry to the next, CPOs believe that women and men are equally able to develop the new skills they will need.

Procurement leaders and managers, too, will need a wider range of capabilities, combining technical knowhow and interpersonal skills. CPOs today assess managers along four dimensions: orientation toward results, analytical, competitive, and collaborative.

Our study shows that CPOs consider the four most important capabilities of tomorrow's procurement leaders are to be found in either gender. Certainly some qualities, such as adaptability, are still considered to be more developed in women than men, who are seen as more analytical, but the trend is toward gender neutrality. This holds across different industries and suggests that women stand a good chance in the race for leadership positions.

## Taking the effort to the department level

In many companies, gender diversity is an issue addressed primarily on the corporate level. But we believe there are strong reasons for

CPOs to take steps to improve diversity on the function level as well. We see three primary areas for activity:

**Develop women's careers.** Make executive committee members accountable for increasing diversity in the teams that report to them; accelerate the promotion of women into leadership positions; and establish transparent and merit-based performance-evaluation and promotion processes.

**Establish a work environment adapted and open to all.** Promote flexible work and parenting programs as part of moves towards a performance-based culture and away from a face-time culture; encourage both men and women to use these programs; and revise recruiting criteria and sources to diversify talent.

**Promote by example and develop mentoring and sponsorship programs.** Developing mentoring or coaching programs; establish spaces—such as lunch debates or other meetings—to discuss diversity issues, foster open dialogue, and dispel taboos; and develop specific diversity training programs for managers.

## A new generation

The emerging generation of millennials, those born between 1981 and 1996, promise to be both a challenge and a boost to the movement toward gender parity. Millennials appear to have fewer gender-based preconceptions and prejudices in the professional environment. By 2020, this generation will represent half the working population, and its members will feel personally concerned by and committed to companies' inclusion initiatives. As companies "future proof" themselves, they need to understand not

just external challenges they will face in years to come, but the challenges created by the expectations of their own changing workforces.

Millennial women, in particular, are arriving on the job market in greater numbers and with greater ambitions than their elders. More than half of these women consider career opportunities as the most important factor in employer attractiveness. Companies consequently need to redefine their vision of gender diversity to make it coincide with that of the new generations, who think it should go beyond equal opportunity to include organizational collaboration and performance.

Women currently make up 60 percent of the student bodies of procurement and supply chain master's programs in major European countries. These functions are represented in nearly one in two executive committees. So, there is a very good chance that women will in the future occupy influential positions in procurement. Gender-neutral succession to strategic positions will ensure that, in time, women's role in procurement will no longer even be a subject for discussion.

# OVERVIEW OF RESPONDENTS

## GENDER



**41%**  
Female


**59%**  
Male

## INDUSTRY



  
Manufacturing



  
Retail and consumer goods



  
Communications and media



  
Healthcare



  
Financial services

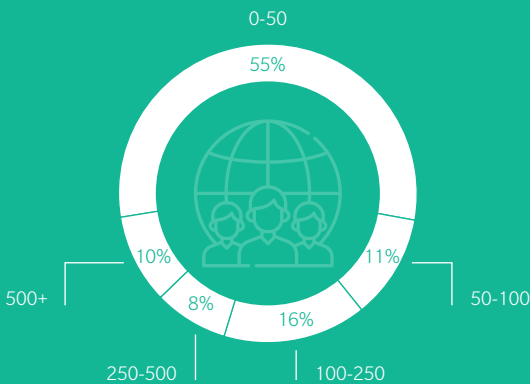


  
Public sector

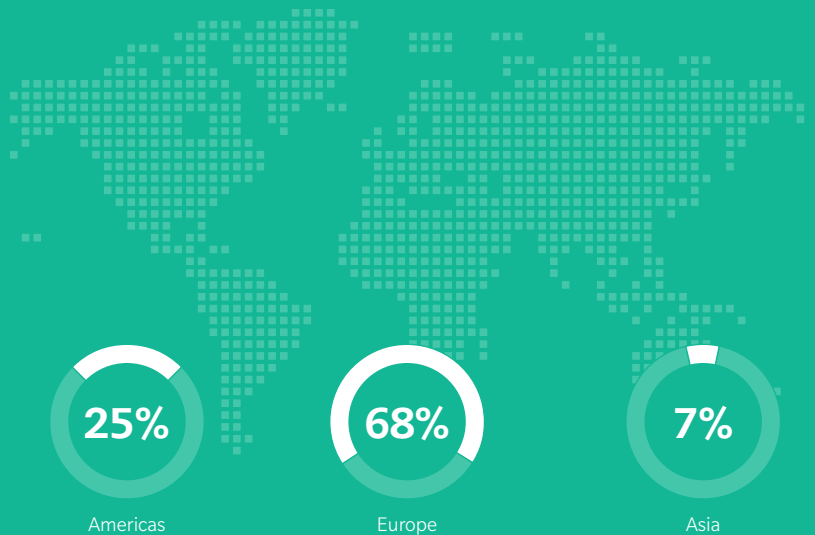


  
Other

## SIZE OF PROCUREMENT FUNCTION



## REGION OF ORIGIN



Source: Oliver Wyman women in procurement 2018 survey (n=307)



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## A NEW PARADIGM FOR COMPETITION: CLOCK SPEED

Digital disruptors have been a force in business for a decade or more, but their collective impact is now reaching an inflection point.



## DESIGNING THE PERFECT PROCUREMENT OPERATING MODEL

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Oliver Wyman is a global leader in management consulting that combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation.

Oliver Wyman's global Operations Practice specializes in end-to-end operations transformation capabilities to address costs, risks, efficiency, and effectiveness. Our global team offers a comprehensive and expert set of functional capabilities and high-impact solutions to address the key issues faced by Chief Operating Officers and Chief Procurement Officers across industries.

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