

Women in Utilities: A Driving Force for Workforce Modernization

A Case Study of Three Utilities in the Danube Region

An increasing number of private and public companies are realizing that narrowing workplace gaps in both pay and at all levels of responsibility between men and women is good for business and development. A 2017 McKinsey study of more than 1,000 companies around the world found that those who ranked in the top quartile for gender diversity on their executive teams were 21 percent more likely to experience “above average profitability” than companies in the bottom quartile.¹

Diversity at the top of an organization can lead to better decision making and governance,² and gender-inclusive companies—including utilities—can better reflect the needs of a diverse set of consumers.³ An OECD study on the public sector of 26 countries in the European Union found that workforce diversity can result in both economic and social gains, including improvements in efficiency, public service quality, policy effectiveness, and social mobility.⁴

In the Danube region, utilities often face a predominantly male and sometimes aging workforce. However, gender gaps in tertiary education are closing, including programs



in science, technology, engineering, and mathematics. For the water sector, creating an environment with equal opportunities for men and women at all levels of responsibility should therefore be an integral part of every utility's modernization process. At the same time, European Union member countries are adopting legislation to ensure diversity and equal pay; for example, Directive 2014/EU/95 requires companies with over 500 employees to report on diversity in their Board of Directors.

Beginning in 2017, the Danube Water Program and the World Bank Global Water Security and Sanitation Partnership collaborated with three pioneering utilities in the Danube region to take a closer look at gender equality in their workplace: Brasov Regional Water Utility in Romania (859 employees); the Prishtina Regional Water Utility in Kosovo (529 employees); and the Tirana Water Utility in Albania (1,181 employees).

These utilities participated in a comprehensive gender assessment survey using the Economic Dividends for Gender Equality (EDGE) methodology, which provides an international benchmark for gender equality and allows companies to obtain a global certification (<http://edge-cert.org>).⁵

The assessment focused on four areas that determine success in gender equality, including:

- 1) a gender balance at all levels of the organization;
- 2) a solid framework of effective policies and practices to ensure equitable career flows for both women and men;
- 3) an inclusive culture as reflected in employees' high ratings in terms of career development opportunities; and
- 4) equal pay for equivalent work for men and women (only for Brasov).

The results show that while all utilities have their individual strengths and weaknesses, there is wide scope for improvement toward optimal performance through human resource practices that foster a more gender-inclusive workforce.

Main Findings

The Talent Pipeline

While women staff at all three utilities held more than a quarter—sometimes even over half—of junior management positions, the utilities all missed the benchmark for retaining women in top management positions, as per the EDGE international standard for gender equality (see figures 1 and 2).

None of the utilities had any women sitting on their governing boards.

At the upper and top management levels, Brasov and Prishtina showed low levels of female representation; Tirana did better, with women representing almost a quarter of its upper management staff. Tirana also demonstrated a promising pipeline of future women leaders thanks to a middle management team made up of more than 50 percent women.

In terms of career trajectory at the operational level, male staff were more likely to be promoted than female staff at all three utilities, (see figure 2) and men were more likely to be recruited to junior management positions. Men were systematically more likely than women to be promoted at all levels. In general, few career transitions occurred during the assessment year, and in fact not a single promotion occurred at Prishtina and Tirana to middle, upper, and top management positions.

Effectiveness of Policies and Practices

While all three utilities demonstrate some degree of proactiveness when it comes to equal pay for equivalent work, there is still room for improvement in this area. In particular, the assessment found that none of the three companies had formulated a specific policy on the issue of “equal pay for equivalent work.” No gender pay gap assessment is routinely done by the utilities, although this measure was introduced by Brasov for the first time as a result of the employee perception survey's findings. In addition, none of the three utilities had set targets or objectives for gender representation at any management level, and neither Brasov Water Company nor Prishtina Regional Water Company take gender into consideration in their success planning.

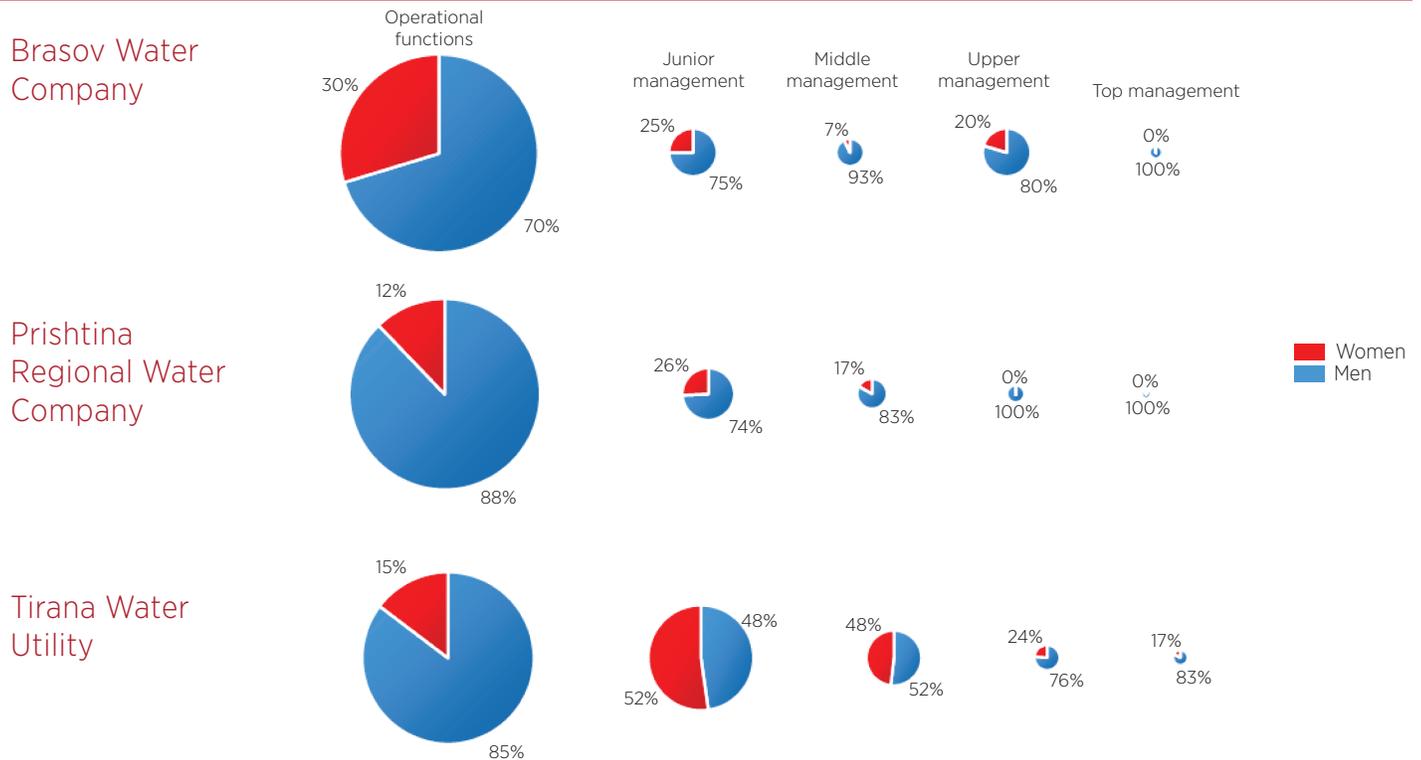
On the other hand, all three companies stated they have flexible promotion practices, do not require geographical mobility, and allow for career breaks; these are all practices that can support the retention and career transitions of women. Performance evaluation processes could be improved in all utilities, including mechanisms to identify high performing staff and provide them with leadership development training.

Because non-discrimination with regards to professional development is demanded by the law in Romania and Albania, neither Brasov nor Tirana had formulated a specific policy in this respect. When it comes to mentoring and

Figure 1. Breakdown of Staff Positions by Gender

TALENT PIPELINE

Gender composition



Source: World Bank-supported Edge Assessment 2018.

Figure 2. Tracking Promotions by Gender

CAREER TRANSITIONS

Promotions

Regarding promotions, men were systematically more likely to be promoted compared to women at all levels where promotions were made across all three utilities. At Brasov Water Company, men were more likely to be promoted from the first three levels of responsibility while at Prishtina Regional Water Company and Tirana Water Utility, promotions were only recorded from the operational level.



↓ = New hire ↑ = Exit → = Promotion U = Stay in same position or lateral move

→ (Red) Women more likely than men to make this transition
 → (Black) Women and men equally likely to make this transition
 → (Blue) Men more likely than women to make this transition
 → (Grey) No transitions

Source: World Bank-supported Edge Assessment 2018.

sponsorship, however, none of the utilities reported formal mentoring programs for either men or women employees, and access to career-advancing opportunities tend to be handed out on an ad hoc basis.

The survey found that while flexible working practices were mostly used informally, there were some good examples of such practices, especially when initiated by staff themselves (for example, the organization of weekend shifts in Prishtina’s laboratory, a unit that employs a significant number of women). This highlights a need for more formal and transparent policies in addition to supportive measures allowing for flexible working patterns to fit the needs of different employees at different times in their careers. Both Brasov and Tirana, however, do offer childcare support, and Brasov also offers paternity leave. A summary of effective human resources policies and practices as assessed by the EDGE standard is included in figure 3.

Employees’ Perceptions of an Inclusive Culture

The analysis included employee perception surveys at all three utilities. Half or more of employees at all three utilities believe that women and men are given the same opportunities when it comes to hiring, though men are notably more positive about these opportunities than women (see

figure 4). Additionally, only 31 percent of women employees at Brasov believe those equal opportunities continue when it comes time to promote (versus 50 percent of men).

Female respondents in all three utilities were less optimistic than men when it comes to being given fair opportunities for promotion. When it comes to being paid fairly for the work that they do compared to others in the utilities, employees were slightly more negative across the surveyed utilities. In all cases, the assessment revealed a notable gender gap in perceptions, with men being more optimistic than women about questions concerning equality in pay and opportunity. In the case of Brasov, such negative perceptions led to the company carrying out a gender pay gap analysis. It turned out that perceptions about equal pay for equivalent work were actually unfounded, with the unexplained⁶ salary gap tilted 13 percent in favor of women, further reduced to 5 percent when bonuses were accounted for. This discrepancy between perception and reality highlights a need for clear, consistent, and transparent communication with employees.

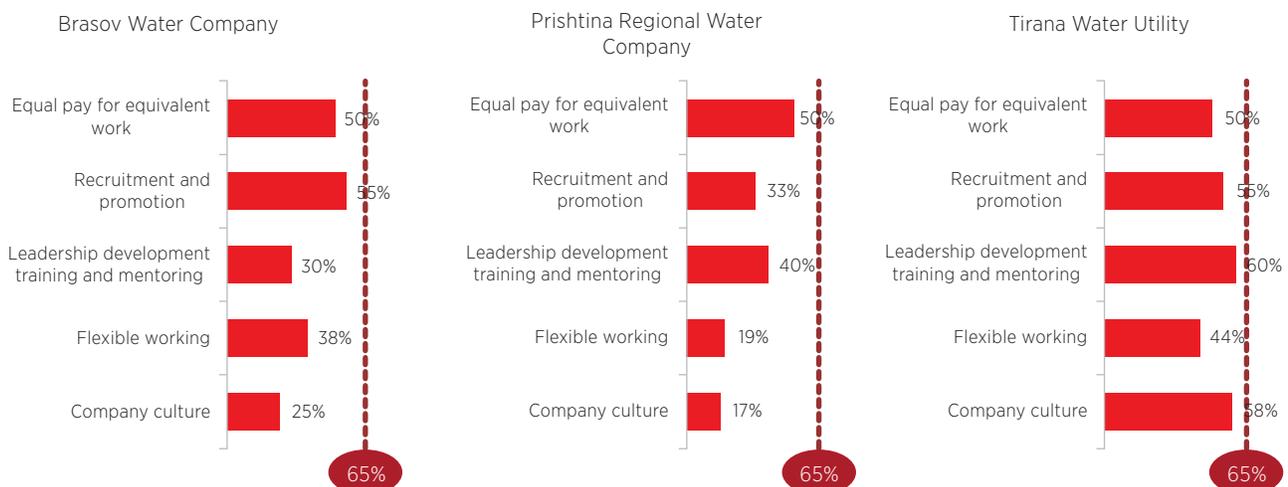
Perceptions of professional opportunities varied by age, with younger and older employees in all three utilities (under 28 and over 50) holding a more favorable view about their promotion opportunities. Younger employees were gener-

Figure 3. Measuring Human Resource Management Policies

THE EFFECTIVENESS OF POLICIES AND PRACTICES

Comparison across countries

Comparing the effectiveness of policies and practices, the utilities meet the EDGE standard in none of the five areas of analysis.



Note: The dotted line at 65% indicates the minimum percentage to be reached in each area, in order to meet the EDGE Standard. The color of the horizontal bars indicates whether your score is below 65% (red bars) or above 65% (yellow bars).

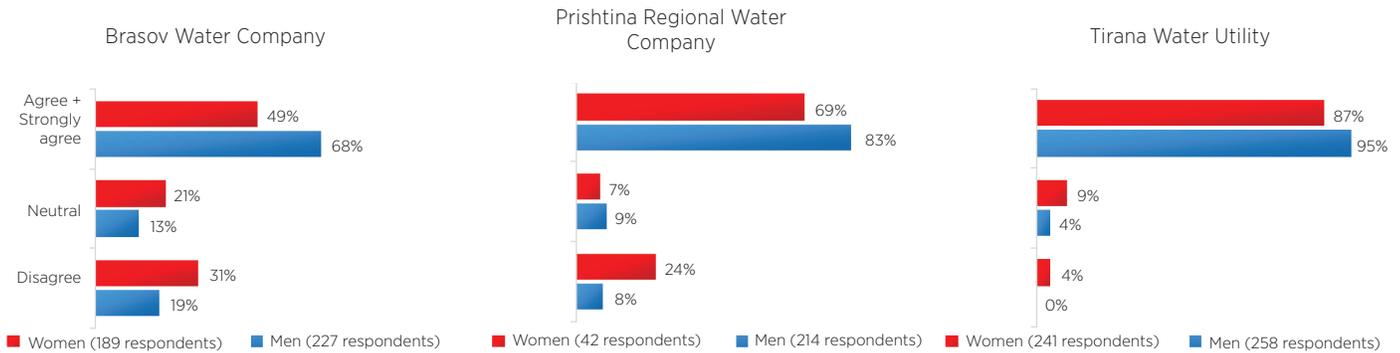
Source: World Bank-supported Edge Assessment 2018.

Figure 4. Breakdown of How Staff Perceive Hiring Opportunities by Gender

INCLUSIVE CULTURE

I believe that women and men are given the same opportunities to be hired by this company

More than 50% of men and women across all three utilities consider that women and men are given the same opportunities to be hired with the exception of women at Brasov Water Company where 49% of women answered positively. A notable gender gap in perceptions is to be noted across all three utilities with men being more optimistic than women on this question.



Source: World Bank-supported Edge Assessment 2018.

ally more optimistic than their older counterparts when asked if women and men are given equal opportunities to be hired by their utility. In Brasov Water Company, for example, three quarters of younger employees surveyed agreed that both men and women are given equal opportunities, while only half of those aged 39-48 shared that view.

There were differences in perceptions about opportunities for promotion, with those under 28 again being more optimistic than older, mid-career employees. On the other hand, younger people were less inclined to believe that they are being paid fairly compared to others doing a similar job in the utility. Satisfaction with perceived pay equity rose with age in all three utilities. In Tirana Water Utility, for example, 64 percent of younger employees thought their pay was fair, compared to 88 percent of employees 59 and older.

Going forward

The assessment concludes with several recommended actions, including three priorities identified by the utilities themselves in a peer-to-peer workshop (see table 2):

- 1) Conducting yearly gender pay gap assessments;
- 2) Improving the transparency of the promotion process and promotion criteria; and
- 3) implementing a systematic procedure to identify top talents.

In addition, they have been sharing their experience with other water utilities in the region through various knowledge exchange events, which always lead to lively debate and discussion. This is a topic of great relevance to utility staff and sector professionals.

Finally, the Danube Water Program's D-LeaP⁷ is planning to launch a course for utility managers that will include a module on diversity and gender equality within human resources management. This is reflecting a growing industry awareness that managing human assets is equally important as managing physical assets.

These developments mark an important transformation in the region's water and sanitation sector, from one where diversity considerations were not discussed to one where utilities are actively seeking a better understanding of how they measure up, and how an inclusive and gender-balanced workforce can lead to better utility management. With the transformation of utilities and a new, incoming workforce of younger men and women, there is real potential to enact substantive, lasting change. Such change, however, has to start with an in-depth understanding on gender dynamics in the workforce, awareness raising of these issues within top management, and a long-term focus on strengthening gender inclusive human resources practices. These objectives much become an essential part of a utility's vision and business plans.

Table 1. Gender Assessment Key Findings across Three Participating Utilities

Key Findings Utility-by-Utility comparison	Tirana Water Utility		
	Brasov Water Company	Pristina Regional Water Company	Tirana Water Utility
Underlying talent strategy	<ul style="list-style-type: none"> Most of the movements took place at the operational level but the numbers of recruitment, promotions and exits were very low at every management level 	<ul style="list-style-type: none"> Predominantly made use of external hires at the junior/entry level while there were no transitions at the middle, upper, and top management levels. 	<ul style="list-style-type: none"> Both buy and develop talent strategy, limited transitions at three highest levels
Gender representation	<ul style="list-style-type: none"> Underrepresentation of women at all levels of responsibility The share of women is the highest at the operational level with 30% but decreases to 25% at the junior/entry level, 7% in middle management, 20% in upper management, and to 0% at the top The share of women was only above the threshold for substantive representation, of 30%, at the operational functions level 	<ul style="list-style-type: none"> Underrepresentation of women at the operational functions, junior/entry, and middle management levels of the company and no women are represented in upper and top management The share of women was below the threshold for substantive representation, of 50% at all levels 	<ul style="list-style-type: none"> Underrepresentation of women at the operational functions level, upper management, and top management level Balanced representation of men and women at the junior/entry and middle management level Share of women meets threshold for substantive representation, or 30% only at the junior/entry and middle management level
Career gender dynamics	<ul style="list-style-type: none"> Women were more likely to be hired at the operational level and leave from the middle management level Men were more likely to be hired at the upper management and to leave from the junior and upper management level There were no hires into the junior management, middle management, and top management levels of the company during the year under review Men were more likely to get promoted at every single level of responsibility where promotions took place 	<ul style="list-style-type: none"> Women were more likely to be recruited into the operational functions level Men were more likely to be hired at the junior/entry level and to leave at the operational and junior/entry levels There were no hires into the middle, upper, or top management levels of the company during the period under review Men were more likely to be promoted from the operational function level, the only level at which promotions took place 	<ul style="list-style-type: none"> Women were more likely to be hired at the middle management level and junior/entry levels Men were more likely to be hired and to leave from the operational and junior/entry levels There were no hires at the upper management and top management levels during the year of reference Men were more likely than women to be promoted from the operational level, the only level at which promotions took place
Career accelerators	<ul style="list-style-type: none"> Top talent population was not identified Underrepresentation of women identified as part of the profit and loss population compared the overall share of men and women across levels 	<ul style="list-style-type: none"> Top talent population was not identified Overall good alignment between the identified P&L, compared with the overall representation of men and women at all levels 	<ul style="list-style-type: none"> Top talent population was not identified Underrepresentation of women identified as part of the profit and loss population compared to the overall share of women at the middle management level
Unexplained gender pay gap	<ul style="list-style-type: none"> Not part of the assessment 	<ul style="list-style-type: none"> Not part of the assessment 	<ul style="list-style-type: none"> Not part of the assessment
Effectiveness of policies & practices	<ul style="list-style-type: none"> Below EDGE Standard: in equal pay for equal work, recruitment and promotion, leadership development training and mentoring, flexible working, and company culture 	<ul style="list-style-type: none"> Below EDGE Standard: in equal pay for equal work, recruitment and promotion, leadership development training and mentoring, flexible working, and company culture 	<ul style="list-style-type: none"> Below EDGE Standard: in equal pay for equal work, recruitment and promotion, leadership development training and mentoring, flexible working, and company culture
Inclusiveness of the culture	<ul style="list-style-type: none"> Below EDGE Standard: fair opportunities to be hired, fair opportunities to be promoted, highly recommend working to male friends and colleagues, being paid fairly compared to others in similar roles 	<ul style="list-style-type: none"> Meets EDGE Standard: fair opportunities to be hired, fair opportunities to be promoted, highly recommend working to male friends and colleagues, being paid fairly compared to others in similar roles 	<ul style="list-style-type: none"> Meets EDGE Standard: fair opportunities to be hired, fair opportunities to be promoted, highly recommend working to male friends and colleagues, being paid fairly compared to others in similar roles
Survey participation rate	<ul style="list-style-type: none"> 48% overall participation rate 	<ul style="list-style-type: none"> 48% overall participation rate 	<ul style="list-style-type: none"> 42% overall participation rate
Areas for further investigation	<ul style="list-style-type: none"> If the concept of workplace gender equality resonates with the employees How the overall talent management practices can be strengthened and how the gender equality strategy could become an integral part of these practices Analyze if the average gross gender pay gap detected can be objectively explained 	<ul style="list-style-type: none"> If the concept of workplace gender equality resonates with the employees How the overall talent management practices can be understood and how the gender equality strategy could become an integral part of these practices Reasons for the very low number of transitions across the organization and for men to leave at the operational level 	<ul style="list-style-type: none"> Reasons for men to leave at operational and junior/entry level Reasons for the sizeable gap between men and women on the compatibility for men to have a career and family Reasons for low uptake of flexible working arrangements

Source: World Bank-supported Edge Assessment 2018.

Table 2. Selected Actions Going Forward, by Utility

A. Tirana Water Utility

Rationale	Proposed actions
The company does not conduct any gender pay gap assessments	Conduct yearly gender pay gap assessments which cover base salaries, but also bonuses and other cash benefits by using a regression analysis, and proactively communicate on the company's commitment to ensure gender pay equity
The company has formal mentoring programmes for men and for women, but no employees took part in them	Set up formal sponsorship programmes for men and women and measure their effectiveness in terms of the rates of promotions of men and women mentees (sponsorship)
The company does not have a systematic approach to identify its top talent employees	Implement a systematic procedure to identify top talents and ensure that both men and women are equally represented in the top talent population at every level of responsibility in the company

B. Prishtina Regional Water Company

Rationale	Proposed actions
The company has limited options for flexible working, although a significant number of employees have declared to be given the flexibility they need	Design and promote flexible work options based on the specific needs of the employees in particular reaching out to department already requesting flexible work options
Despite the optimistic employees' perception, the company systematically communicates only on certain aspects of its promotion process and criteria	Improve the transparency of the promotion process and promotion criteria
The company does not have a systematic approach to identify its top talent employees	Implement a systematic procedure to identify top talents and ensure that both men and women are equally represented in the top talent population at every level of responsibility in the company

C. Brasov Water Company

Rationale	Proposed actions
The company does not conduct any gender pay gap assessments	Conduct yearly gender pay gap assessments which cover base salaries, but also bonuses and other cash benefits by using a regression analysis, and proactively communicate on the company's commitment to ensure gender pay equity
The company does not have a specific recruitment process in place	Implement a systematic interview system to promote and ensure a gender equitable process across the organization
The company does not have a systematic approach to identify its top talent employees	Implement a systematic procedure to identify top talents and ensure that both men and women are equally represented in the top talent population at every level of responsibility in the company

Source: World Bank-supported Edge Assessment 2018.

Notes

1. <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>
2. <https://hbr.org/2017/08/what-11-ceos-have-learned-about-championing-diversity>
3. <https://iwa-network.org/publications/untapped-resource-gender-diversity-water-workforce/>
4. <https://www.oecd.org/gov/2015-oecd-recommendation-of-the-council-on-gender-equality-in-public-life-9789264252820-en.htm>
5. In Brasov and Tirana the analysis also looked at the age profile of utility staff.
6. The unexplained gender pay gap means that pay differences are not explained by factors such as age, years with the company, management role, level of responsibility, type of job function, but are likely to be explained by gender.
7. <https://www.d-leap.org>.

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