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Gender and Ethical Practices

Creating a Framework for
Indian Manufacturing Industry

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Gender and Ethical Practices

Creating a Framework for
Indian Manufacturing Industry

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List of Abbreviations

ASEAN	Association of Southeast Asian Nations
ASI	Annual Survey of Industries
BRSR	Business Responsibility and Sustainability Reports
BSE	Bombay Stock Exchange
CII	Confederation of Indian Industry
D&I	Diversity and Inclusion
DEI	Diversity, Equity and Inclusion
DPIIT	Department for Promotion of Industry and Internal Trade
EBMOs	Employer and Business Membership Organizations
EY	Ernst & Young
FLFPR	Female Labour Force Participation Rate
G20 EMPOWER	G20 Alliance for the Empowerment and Progression of Women's Economic Representation
G7	Group of 7
GDP	Gross Domestic Product
GE	General Electric
ICC	Internal Complaints Committee
IIFT	Indian Institute of Foreign Trade
ILO	International Labour Organization
IWWAGE	Initiative for What Works to Advance Women and Girls in the Economy
MGI	McKinsey Global Institute
MSCI	Morgan Stanley Capital International
NARI	Northern Area Reduction Initiative
NSE	National Stock Exchange
OMQ	Ore, Mines & Quarries
POSH	Prevention of Sexual Harassment
RMG	Ready Made Garment
ROE	Return on Equity
SCIP	Second Careers. Inspiring Possibilities
SWE	Society of Women Engineers
UNDP	United Nations Development Programme
UNSDG	United Nations Sustainable Development Goal
USA	United States of America
W20	Women 20
WEF	World Economic Forum
WEPs	Women's Empowerment Principles
WOK	Women of Kellogg

Executive Summary

India's ranking in the World Economic Forum's (WEF) Global Gender Gap Index has improved from 135 in 2022 to 127 in 2023 amongst 146 countries, it ranked 142 in 2023 in Economic Participation and Opportunity subindex, which is a cause for concern.

Gender balance and ethical practices in manufacturing has become an important issue for policymakers and industry, globally and in India. Several studies have shown that gender balance and ethical practices have enhanced the performance, profits and revenue of the firms, globally, but the presence of women in manufacturing is still low and women face a number of issues ranging from lower wages to workplace discrimination. Under India's G20 Presidency, the G20 Leaders' Declaration of September 2023 encourages member-nations to promote equitable, effective, and meaningful participation of women in the workforce by (a) creating an enabling environment for women workers and (b) focussing on closing the gender gap, ensuring women's access to decent work and quality jobs, as well as by eliminating gender stereotypes and biases. More recently the trade agreements, such as the one that India is negotiating with trade partners like the European Union, or the Indo-Pacific Economic



Framework – Pillar 2 which India signed, have focused on decent work and gender and ethical practices. It implies that companies who adhere to gender and ethical practices will have an advantage over others in accessing key markets and can be part of the global initiatives of building resilient supply chains.

Focusing on India, the presence of women in manufacturing is low. The participation of women in overall manufacturing is between 3-12%, with variations across sectors. While India's ranking in the World Economic Forum's (WEF) Global Gender Gap Index has improved from 135 in 2022 to 127 in 2023 amongst 146 countries, it ranked 142 in 2023 in Economic Participation and Opportunity subindex, which is a cause for concern. Studies show that as compared to men, women are less employed in the formal sector and they face occupational hazards, work place discrimination and stereotyping.

Given this background, the objective of the report is to present a framework on gender and ethical practices for the Indian manufacturing sector; analyse the impact of existing policies for gender mainstreaming in the sector; explore gender differences in employee's perception about the ethical practices being followed by Indian manufacturing companies; analyse effectiveness of ethical practises measured through gender diversity and business performance; present issues and challenges faced by women at workplace; and provide recommendations to ensure diversity in corporate governance. The report is based on secondary information and data analysis and key informant interviews (KIIs).

Various measures have been taken by the government to reduce gender discrimination at workplace and encourage companies to have ethical practices. Companies, too, on their own initiative, have action plans and targets for promoting women across occupational categories, from management to the workers in the factory floor. They do internal surveys to collect information about gaps in the targets and try to address them. Out of the those surveyed, seventy-two percent of senior executives in manufacturing companies said that gender and ethical practices are very important to their businesses, while 20 percent said that they are important. While the respondents believe that gender and ethical practices have positive externalities, they said that it is difficult to attribute an exact percentage of rise in profits or business performance to only gender. Gender is addressed by firms under the overall objective of sustainable business practices. In certain areas like board membership, women do bring a different perspective and that has helped to enhance performance, transparency, launch new products, and better return to investments. Initiatives to retain women post-delivery and childcare benefits have helped to ensure a 100 percent retention of returning mothers within the organization. Many companies have adopted policies of zero wage discrimination, women led factories, work from home, training and upskilling initiatives for women, among others, some of which are highlighted in this report.

There are conscious efforts by companies to employ women even in sectors like mines and across all occupational categories.

Thus, there are company-level best practices, which can be emulated by others. Many companies have instituted an internal Diversity, Equity and Inclusion (DEI) body to promote gender diversity and ethical practices at all levels and across their supply chain. Given that sustainable business practices are a core requirement of modern trade agreements and for meeting the United National Sustainable Development Goals by 2030, global companies and multinationals have adopted such practices to build resilient value chains across countries, including India.

At the same time, there are variations across male and female employees in their perception of gender and ethical practices and their importance in their workplace and/or business. The presence of women in leadership position may be limited due to family and social responsibilities, their under-representation in science, technology, engineering and mathematics (STEM) education and lack of permanent jobs and social security in jobs. In India, major part of the employment of women is in the informal sector and in contractual jobs, even within the formal sector. The biggest issue in ensuring gender and ethical practices is the regulatory gap in enforcing the 4 new labour codes designed by the Centre uniformly across the states.

The implementation of progressive changes suggested under these codes like allowing women to do night shifts, fixed-term employment, and occupational and safety measures that must be ensured at the worksite, have now been put on hold till the election of 2024. Other issues raised during the KIIs includes skill mismatch, perception against women, lack of job flexibility, poor quality of jobs, equipment not being suitable for women, safety issues, etc.

The report concludes by putting forth certain recommendations for the government, companies and industry organisations to ensure gender and ethical practices are followed in the manufacturing sector.

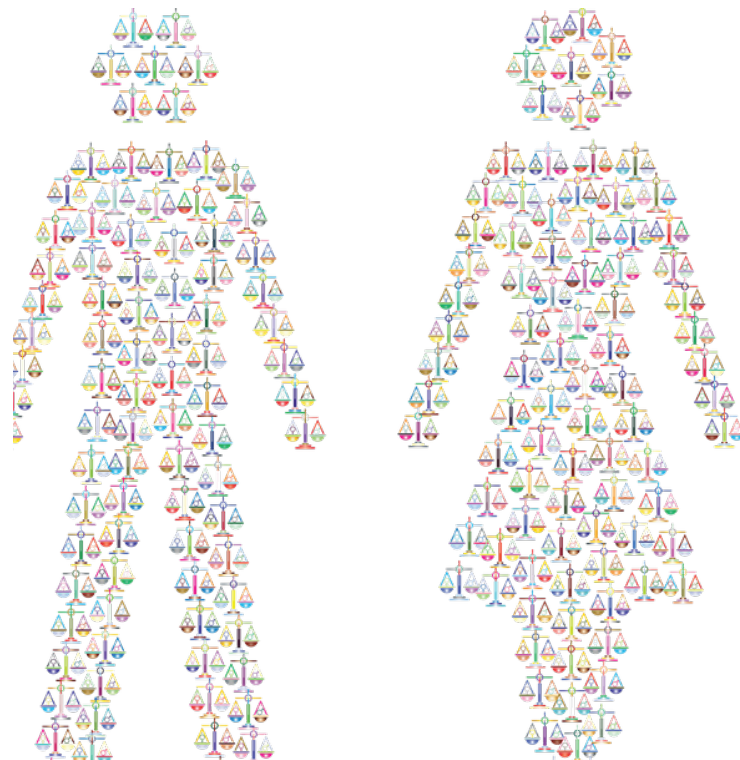
There is a need for the government to implement the four labour codes uniformly across all states to promote decent work, secure employment and ensure worker occupational safety. Engagement with the industry and their associations and making the employees aware of the benefits of the 4 codes may help to build consensus. In general, awareness must increase, on the issue, global best practices and benefits of adhering to the same.

The government can also incentivise and nudge the companies to follow best practices by linking fiscal benefits for companies to gender and ethical practices. For example, the Micro, Small and Medium Enterprises (MSMEs) can be encouraged through incentives to have Diversity, Equity and Inclusion policies and implement and monitor them with specific targets. Further, active steps are needed to promote women's participation in the STEM sectors by creating not just adequate educational opportunities but also appropriate occupation opportunities for them. The companies particularly need to monitor and take effective steps to implement existing policies like the POSH Act, Maternity Benefit Act, etc. They need to ensure that these are implemented across their supply chain and by their contract manufacturers.

The report presents a framework for Diversity, Equity and Inclusion (DEI) for the companies to help them to implement gender and ethical practice. This framework includes measures such as promotion of positive perceptions of women in workplace, ensuring equal pay for equal jobs, representation of women across all ladders and verticals, undertaking capacity building measures for women, creating provision of adequate infrastructure and equipment, implementing zero tolerance for sexual harassment and having provisions for gender-neutral parental leaves, amongst others. All such measures need to be taken with the help and support of industry organisations like the Confederation of Indian Industry (CII), which can help to do capacity-building and training, monitor targets, identify gaps and help members implement ethical business practices across their value chains.

There is need for third-party independent surveys and audits of companies to check whether they are practising gender inclusive policies. Such surveys/audits will help to bring in more transparency and accountability in the process.

Industry bodies can also help firms to showcase their best practices, through conferences and seminars, facilitating learning from each other. Large companies can partner with CII to train MSMEs, who account for 80 percent of the business in the country and are their key suppliers. Awards and prizes for the best performing companies can also incentivise others to bring in newer and more innovative ways for implementing gender and ethical practices and build a healthy competition amongst each other. The W20 recommendations can be jointly implemented by industry bodies and their members. Overall, there is significant scope for partnership within the manufacturing industry and between the industry, government and other stakeholders like non-government organisations and HR firms to ensure gender and ethical practices.





01

Introduction

Focus on gender issues in the manufacturing industry, such as employment of women across different positions, workplace discrimination, sexual harassment at work, and parity in wage payments, have become important in the context of ethical business practices, globally [General Electric (GE), 2021]. These issues are mentioned in the G20 New Delhi Leaders Declaration² released in September 2023. The declaration encourages G20 member-nations to promote equitable, effective, and meaningful participation of women in the workforce. It mentions that this has to be done by creating an enabling environment for women workers by focussing on closing the gender gap, ensuring women's access to decent work and quality jobs, as well as by eliminating gender stereotypes and biases. The recommendations are in line with the 'decent work' standards set by the International Labour Organization (ILO) and United Nations Sustainable Development Goals (UNSDGs).

Global studies have shown the positive impact of gender diversity in manufacturing firms on both economic and ethical grounds. On economic grounds, it boosts the performance of firms by increasing productivity [Morgan Stanley Capital International (MSCI), 2015]. For example, in a study of 1069 firms across 35 countries and 24 industries, Zhang (2019) found that gender diversity is related to more productivity as measured by market value and revenue. A study by Frank Recruitment Group in the year 2022 found that 87 percent of the top 500 companies led by a female reported profits above the average. On the other hand, only 78 percent of companies without a female chief executive officer (CEO) achieved the same level of success (for details, see Mulla, 2023). A study by McKinsey (2008) found that companies which hire and retain more women gain a competitive edge, and can draw from a larger talent pool. Further, at the national level,

gender diversity also generates macroeconomic gains such as an increase in Gross Domestic Product (GDP) and labour market participation (Elborgh-Woytek et al., 2013).

On ethical grounds, gender diversity and equality promotes good corporate governance by leading to higher transparency and accountability, lesser chances of financial anomalies, and boosting innovation through higher number of patents and citations [Ernst & Young (EY, 2022); Hewlett et al., 2013]. Studies like that of Sastre (2014), have found that gender diversity significantly boosts product innovation. Based on interviews and discussions with 50 women directors, 12 CEOs, and seven corporate secretaries from Fortune 1000 companies, Kramer et al. (2006) show that a critical number of three or more women can cause a fundamental change in the boardroom and enhance corporate governance. With more women on the board, they are no longer seen as outsiders and are able to influence the content and process of board discussions more substantially. Further studies (Smith et al., 2002; Miller and Triana, 2009; Li and Chen, 2018) have also shown that a higher proportion of women in top management has positive impacts on firm performance, reputation and innovation. Recognising these benefits, countries like Norway have implemented a 40 percent participation for women on corporate boards.²

Thus, diversity, equity and inclusion (DEI) have assumed an important role in ethical practises of a business, globally. Implementation of ethical values in businesses can generate positive long-term gains for sustainability and reputation for the company (see KPMG, 2019). It also enhances consumer engagement³ as well as employee satisfaction⁴. Given these positive externalities, companies globally are implementing policies and initiatives to link gender with ethical practices.

¹ G20 New Delhi Leaders' Declaration is a joint statement given by the member countries of G20 in 2023 under India's presidency of the global grouping. It can be accessed from <https://mea.gov.in/Images/CPV/G20-New-Delhi-Leaders-Declaration.pdf> (last accessed on 25.11.2023)

² Source: <https://www.reuters.com/markets/europe/norway-proposes-40-gender-quota-large-mid-size-unlisted-firms-2023-06-19/#:~:text=The%20Nordic%20country%20was%20the,apply%20to%20large%20private%20companies>. (last accessed on 27.07.2023)

³ Source: <https://www.forbes.com/sites/forbesbusinesscouncil/2022/11/04/how-corporate-social-responsibility-appeals-to-your-customers/?sh=53c8ccc03610> (last accessed on 25.07.2023)

⁴ Source: <https://online.hbs.edu/blog/post/corporate-social-responsibility-statistics> (last accessed on 25.07.2023)

“The private sector, including employer and business membership organizations (EBMOs), plays a central role in fostering an enabling environment in which women can meaningfully participate and thrive in the economy through proactive, transformative and measurable workplace policies and practices. Company policies are key in complementing, strengthening and enhancing national laws and policies and help stimulate transformative change within societies.”

Source:
International Labour Organization
(ILO), 2020, page 2

From a cross-border business and trade perspective, sustainable trade can help to increase women's wages and economic equality, which leads to overall inclusive growth and development. Studies show that when developing nations double their manufacturing exports, women's share in total manufacturing wages rises by 5.8 percent, due to the combined effect of increased employment and higher salaries (World Bank and World Trade Organization, 2020). However, if there is sustainable trade with a focus on gender and ethical practices, the gains can be a lot more. Due to this, trade

agreements, such as the one that India is negotiating with trade partners like the European Union, or the Indo-Pacific Economic Framework – Pillar 2 (Resilient Supply Chain), which India signed recently, have focused on decent work and gender and ethical practices. It implies that companies who adhere to gender and ethical practices will have an advantage over others in accessing key markets and can be part of the global initiatives of building resilient supply chains.

Box 1.1 Nobel Prize in Economics, 2023

An example of the focus on gender and ethical practices in economic research is the award of the 2023 Nobel Prize in Economics to Dr. Claudia Goldin for her research on women's earnings and labour market participation.

Source:
<https://www.nobelprize.org/prizes/economic-sciences/2023/press-release/>
(last accessed on 25.11.2023)

For a country, addressing gender issues in manufacturing, can help in achieving the United Nations Sustainable Development Goal (UNSDG) 5 (Gender Equality) by 2030. Studies have pointed out that gender diversity in manufacturing sector requires participation of multiple stakeholders, including companies, industry organisations and the government. (For example, see the International Labour Organization (ILO, 2020).

While industries and countries have become more aware and the gender gap has reduced over the years, it is still a concern, even for the developed countries. For example, an ILO report found that while the Group of 7⁵ (G7) countries have performed well in ensuring safety at work, and training and development of employees and in recruitment of females, they continue to face huge gaps in transparency on gender equality, and gender pay.

⁵ Group of 7 (G7) is an informal grouping which includes Canada, France, Italy, Japan, the United Kingdom, and the United States of America. The European Union is a non-enumerated member.

Further, there exists wide variations in performance across companies in the private sector with companies in utilities and communication doing better than those in industrial (manufacturing) and the energy sector (Equileap, 2019). Studies have also shown that the spread of automation threatens to displace millions of female workers from their current jobs and there is a need for upskilling them rapidly [see McKinsey Global Institute (MGI, 2019)].

Given this scenario, multiple global bodies have taken steps to promote participation of women in the workplace and some have tried to create certain guiding principles for the same. For example, in 2010, UN Women and the UN Global Compact launched the Women's Empowerment Principles (WEPs)⁶ and the "WEPs Journey" as a guide for companies to achieve gender equality in workplace (see Box 1.2). The European Commission has published a Roadmap for Gender Equality between 2020-2025, enlisting actions and policy measures that are required for achieving a gender equal Europe⁷.

Box 1.2: The Women Empowerment's Principles

Principle 1: High-Level Corporate Leadership

Principle 2: Treat all Women and Men Fairly at Work without Discrimination

Principle 3: Employee Health, Well-Being, and Safety

Principle 4: Education and training for career advancement

Principle 5: Enterprise development, supply chain and marketing practices

Principle 6: Community initiatives and advocacy

Principle 7: Measurement and Reporting

The WEPs Journey

The Journeys WEPs guides signatory-companies through 6 stages, 1) gathering internal support for signing the WEPs (Consider); 2) collecting information required for a signature (Sign); 3) showing the company commitment to gender equality on the company profile page (EN, JP) and activating internal stakeholders with the help of industry-specific practices and recommendations (Activate); 4) engaging external stakeholders through the value chain (Engage); 5) gathering data against the WEPs Transparency and Accountability Framework (Sustain); and 6) reporting on eight key performance indicators on their WEPs company profile pages (Report).

Source:

The Women's Empowerment Principles at [weps.org](https://www.weps.org) (last accessed on 24.07.2023)

⁶ Source: <https://www.weps.org/about> (last accessed on 21.07.2023)

⁷ The key objectives of the Roadmap for Gender Equality between 2020-2025 are ending gender-based violence; challenging gender stereotypes; closing gender gaps in the labour market; achieving equal participation across different sectors of the economy; addressing the gender pay and pension gaps; closing the gender care gap and achieving gender balance in decision-making and in politics.

Focusing on India, while its ranking in the World Economic Forum's (WEF) Global Gender Gap Index⁸ has improved from 135 in 2022 to 127 in 2023 amongst 146 countries, it ranked 142 in 2023 in Economic Participation and Opportunity subindex (economic subindex, henceforth) which is a cause for concern. Figure 1.1 shows the reasons for the low rank. India is much below the global average in all five indicators, and its performance with respect to wage equality has been the most worrisome. Further, the country also lags behind most of its neighbouring countries in the South Asian region (see Table 1.1 for a cross country comparison). At the same time, the Global Gender Gap Report also shows that some developing countries like Liberia and Jamaica have performed better compared to many developed countries like Norway and

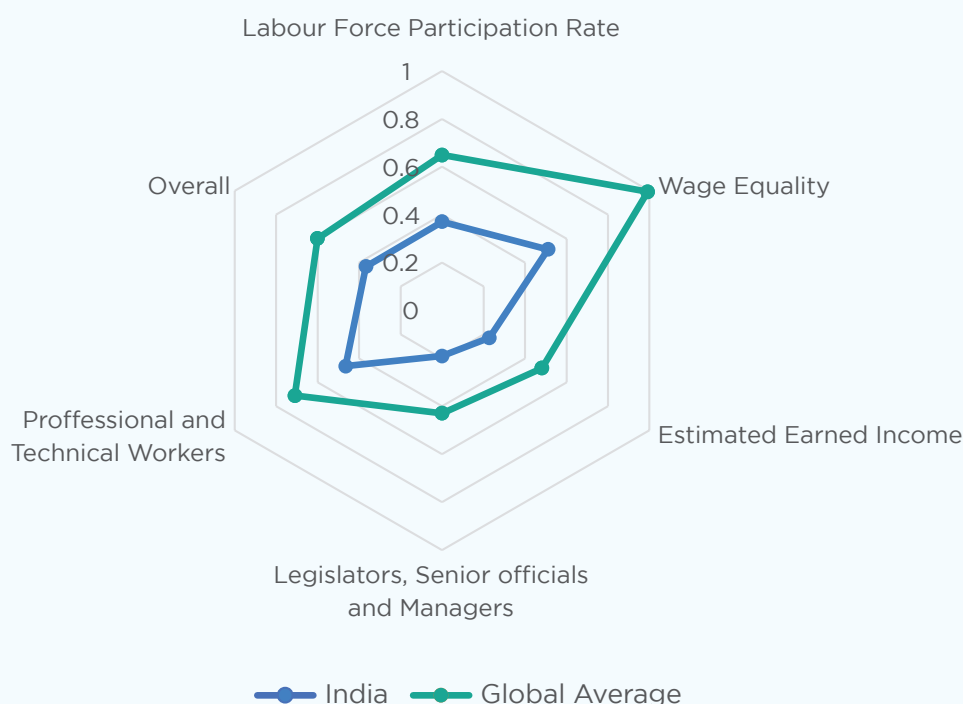
Iceland and even the United States of America (USA). This suggests that India, too, can achieve economic gender parity given its resource constraints as a developing nation.

Box 1.3: Five Parameters of Economic Participation and Opportunity

- Female labour force participation rate
- Wage equality for similar work
- Estimated earned income
- Legislators, senior officers and managers
- Professional and technical workers

Source:
Global Gender Gap Report, 2023

Figure 1.1: Comparison of India's performance vis-a-vis Global Average on Economic Participation and Opportunity



Source:
WEF Global Gender Gap Report 2023 available at https://www3.weforum.org/docs/WEF_GGGR_2023.pdf (last accessed on 27.06.2023)

⁸ The Global Gender Gap Index published by WEF provides annual benchmarks of the current state and evolution of gender parity across countries. The index's four sub-indices are economic participation and opportunity, educational attainment, health and survival, and political empowerment. The economic participation and opportunity subindex (economic subindex, henceforth) covers gender issues in employment. These sub-indices are further divided into 14 indicators [for more information, refer to Global Gender Gap Report, 2023 available at https://www3.weforum.org/docs/WEF_GGGR_2023.pdf (last accessed on 23.07.2023)]

Table 1.1: Economic Participation and Opportunity Sub Index: Select Countries and India

Rank	Country	Score
1	Liberia	0.895
2	Jamaica	0.894
3	Republic of Moldova	0.863
11	Norway	0.8
14	Iceland	0.796
21	USA	0.78
45	China	0.727
59	Bhutan	0.708
81	South Africa	0.676
87	Indonesia	0.666
124	Sri Lanka	0.555
139	Bangladesh	0.438
142	India	0.367
143	Pakistan	0.362

Source:

WEF Global Gender Gap Report 2023 available at https://www3.weforum.org/docs/WEF_GGGR_2023.pdf (last accessed on 27.06.2023)

In case of India, while the reports of WEF 2023; Confederation of Indian Industries (CII) and United Nations Development Programme (UNDP) 2021; and GE, 2021, show the presence of gender gaps in employment, there are other studies which have tried to look at the positive impact of gender and ethical practices to reduce gender inequity in workplaces. These studies have focused on the impact of ethical business practices on employee performance (Krishnan, 2020), attractiveness for existing and prospective employees and business performance. Studies have shown the benefits arising out of the presence of women on the board on boosting corporate governance (Maji and Saha, 2021; Singhania et al., 2022), such as higher risk disclosure (Saggar et al, 2022) and lower risks (Nigam et al., 2021), as well as higher return on equity (Hassan and Racheal, 2018). A few studies focus on the gender differences in employees' perceptions of business ethics. (Kundu, 2004; Dahiya and Ragnekar, 2020; Goel, 2018; Gill, 2010). Reports such as GE, 2021 have been added which provide the industry's perspectives into the sector.

“India stands to increase its GDP by 27 percent if female participation rates match those of men.”

Source:

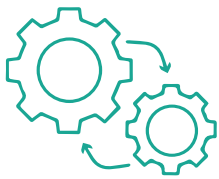
<https://www.weforum.org/agenda/2018/01/the-time-has-come-for-women-to-thrive-heres-how/> (last accessed on 21.07.2023)

Thus, as the manufacturing sector grows and sees an increasing participation of women, gender diversity and inclusion need to become fundamental aspects of promoting ethical business practises by all firms. This, in turn, creates a need to understand how gender diversity impacts firm performance and how the former can be promoted to capitalise on such benefits.



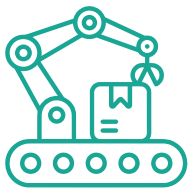
1.1 Objective

Given this background, the objective of the report is to a) create a framework on gender and ethical practices for the Indian manufacturing sector; b) analyse the impact of existing policies for gender mainstreaming in the sector; c) explore gender differences in employee's perception about the ethical practices being followed by Indian manufacturing companies; d) analyse effectiveness of ethical practises measured through gender diversity and business performance; e) present issues and challenges faced by women at workplace; and f) provide recommendations to ensure diversity in corporate governance.



1.2 Methodology

The report is based on (1) secondary data analysis, literature review and study of Annual Reports and website searches of leading manufacturing companies; and (2) primary survey and case studies to understand employee perceptions on various gender related practices in their workplace⁹.



1.3 Layout

Section 2 provides an overview of women's presence in India's manufacturing sector. Section 3 presents the policy measures by the government to encourage women to promote gender equality and ethical practices in manufacturing. Section 4 presents company best practices, and the evidence of positive impact of gender and ethical practices, as understood from interaction with industry players and supported by secondary literature. It also examines the positive externalities of ethical business practices related to gender. Section 5 analyses the perception and issues and challenges faced by employers and employees. Lastly, section 6 recommends a framework for ensuring business ethics and leadership to boost corporate governance.

⁹ This study builds on the interviews which were conducted by researchers at ICRIER of manufacturing firms under project titled FDI Reforms: Economic Impact and Implications on Sustainable Development, for Invest India and



02

An Overview of Women in the Manufacturing Sector in India

The participation of women in India's labour force has been a cause of concern for the country. It remains volatile with inter-regional and seasonal variations and often absorbs macroeconomic shocks, as seen during COVID. Despite women accounting for 49 percent of

India's population, the female labour force participation rate (FLFPR) has hardly matched that level. However, it has shown increasing trends recently, rising up to 32.8 percent, as quoted in the Periodic Labour Force Survey (2021-22) (also refer to Table 2.1 for trends in Female LFPR)

Table 2.1: Trends in Female Labour Force Participation Rate (principal status + subsidiary status)

Accounting Year	Female LFPR (rural+urban) (in %)
2017-18	23.3
2018-19	24.5
2019-20	30.0
2020-21	32.5
2021-22	32.8
2021-22 refers to the period July 2021 – June 2022 and likewise for 2020-21, 2019-20, 2018-19 and 2017-18	

Source:

Annual PLFS 2021-22, can be accessed at https://www.mospi.gov.in/sites/default/files/publication_reports/AnnualReportPLFS2021-22F1.pdf (last accessed on 21.09.2023)

At present, the participation of women in India in the manufacturing sector particularly, is low and it varies across different types of manufacturing sectors and states in which the manufacturing units are located.

The participation of women in overall manufacturing is between 3-12% compared to 27-40 percent in services (CII & UNDP, 2021; also see Table 2.2).

Table 2.2: Percentage Distribution of Workers in Usual Status Employment by Broad Industry Division (2021-22)

Industry Classification	Total Males (%)	Total Females (%)
Agriculture and other Primary activities (including mining and quarrying)	38.5	63.0
Manufacturing	11.8	11.2
Services (construction; water and elec.; trade, hotel & restaurant; transport, storage and communications; and other services)	49.7	25.6

Source:

PLFS (2021-22), available at https://www.mospi.gov.in/sites/default/files/publication_reports/AnnualReportPLFS2021-22F1.pdf (last accessed on 19.09.2023)

According to the Annual Survey of Industries (ASI) 2019-20, out of the 8 million workers employed in India's formal manufacturing sector, only 1.6 million were women (19.7 percent) and this share has remained largely unchanged for over two decades (Dhamija, 2023). Women are more likely to be in unorganised sector, facing wage and workplace discriminations.

“There are more women compared to men in the informal and unorganised manufacturing sector than the formal sector, increasing the vulnerabilities faced by them in their workplace environment.”

Source:
Initiative for What Works to Advance Women and Girls in the Economy (IWWAGE), 2020; Dhamija, 2023).

Studies also show that women's participation in manufacturing has been skewed towards only a few sectors. The traditional sectors such as textiles and apparels (comprising 44.7 per cent of total women in the work force) and leather and leather products (6.84 per cent) rank amongst the top five sectors employing women. Whereas non-traditional sectors such as steel and automobile and auto components employ less than 2 percent of women in the work force (CII and UNDP, 2021). Further, there are wide gender variations in employment across the different states and union territories in the country, which may be attributed to the variation in cultural and societal norms across the states. For example, in 2019-20, Tamil Nadu accounted for nearly 43 percent of all women workers in industries and nearly three-fourths (72 percent) of all were employed in the four southern states of Tamil Nadu, Karnataka, Andhra Pradesh and Kerala (Dhamija, 2023). Chhattisgarh fared the worst with the most gender skewed industrial workforce, followed by Delhi, Jammu and Kashmir and West Bengal (Dhamija, 2023).





03

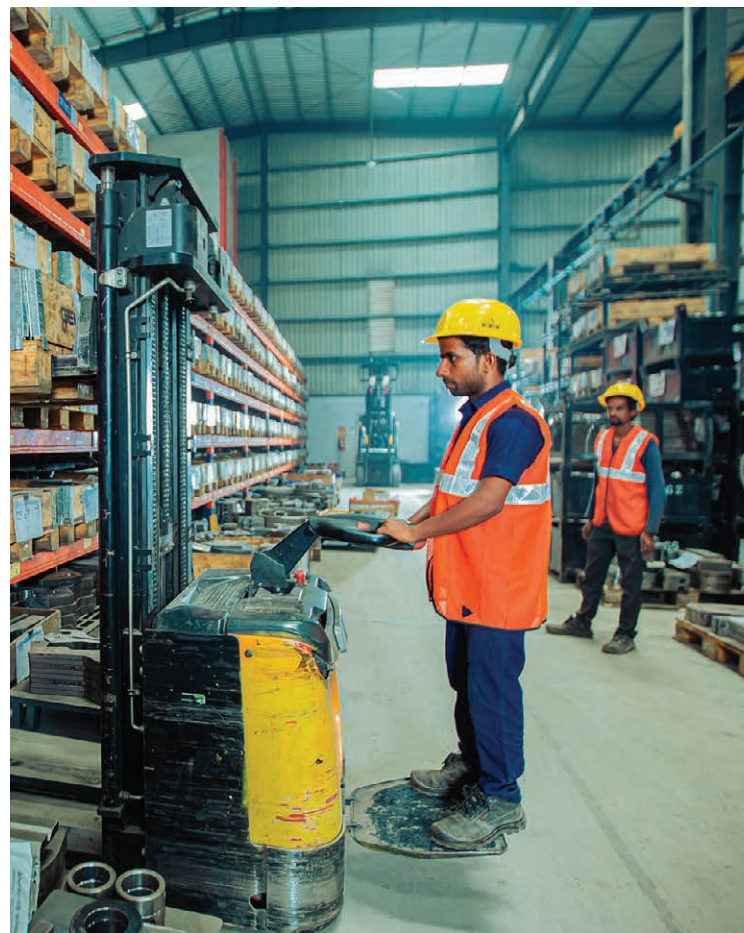
Policy Measures by
the Government of India

As labour falls into the concurrent list as per the Indian constitutional set up, both Central and State governments have formulated policies on it. The policies while aiming to boost participation of women in the manufacturing sector have also focussed on promoting gender and ethical practices to reap the benefits of gender diversity. At the Centre, the nodal ministries/departments involved include the Ministry of Women and Child Development, the Ministry of Skill Development and Entrepreneurship, the Department for Promotion of Industry and Internal Trade (DPIIT) under the Ministry of Commerce and Industry, the Ministry of Micro, Small and Medium Enterprises, and NITI Aayog. Sector-specific schemes are also designed and monitored by sector-specific ministries/departments such as the Ministry of Textiles, Ministry of Electronics and Information Technology and Ministry of Steel. For example, the Ministry of Textiles provides a 100 percent subsidy to women weavers to construct work-sheds under the National Handloom Development Programme¹⁰. At the state level schemes are implemented by the respective Departments of Labour and Employment. Some of the policies and initiatives are in Figure 3.1

In the context of international engagement, India committed to take the G20 Alliance for the Empowerment and Progression of Women's Economic Representation (G20 EMPOWER) forward, after it was launched by Japan in 2019¹¹. It is an initiative aiming at accelerating women's leadership and empowerment in the private sector.

A set of other international commitments are in form of ILO Conventions and Protocols¹², which are international labour standards

aiming to harmonise labour laws across countries/regions/markets. As of September 2023, India has ratified 47 conventions, which include six out of ten fundamental conventions, three out of four governance conventions and, 38 out of 177 technical conventions, and one protocol¹³. India has not yet ratified conventions related to freedom of association and occupational safety and health. This can have implications on informal labour and women workers as more than 90% of total female employment is in the informal sector¹⁴.



¹⁰ Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1568138> (last accessed on 25.07.2023)

¹¹ Source: <https://g20empower-india.org/en> (last accessed on 23.07.2023)

¹² International labour standards are mainly tools for governments that are seeking to draft and implement labour law and social policy in conformity with internationally accepted standards. Others ratify ILO Conventions fairly quickly and then work to bring their national law and practice into line after ratification (ILO, <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/international-labour-standards-use/lang--en/index.htm>) (last accessed on 18.09.2023).

¹³ The details are given in 'Ratifications for India', ILO, available at https://ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102691 (last accessed on 18.09.2023).

¹⁴ <https://idronline.org/article/gender/whats-going-on-with-indias-female-labour-force-participation/?amp> (last accessed on 21.09.2023)

Figure 3.1: Government Policies on Gender Equality and Ethical Practices in Manufacturing Sector



Equality in Wages

- The Equal Remuneration Act 1976 (now subsumed under Code on Wages, 2019) provides for equal remuneration for men and women workers as well as no discrimination in recruitment. Further, under the provisions of the Minimum Wages Act, 1948 (now subsumed under Code on Wages, 2019), the wages fixed by the appropriate Government are equally applicable to both male and female workers and the Act does not discriminate on the basis of gender.



Workplace Benefits specific to Female Employees

- The Maternity Benefit Act, 1961 (amended in 2017) ensures 26 weeks of paid maternity leave as well as provision of creche facilities for organisations with more than 50 employees. There also exists statutory provisions for childcare centres under laws like the Factories Act, 1948 (subsumed under Occupational Safety and Health Code, 2020).
- Menstrual leaves are provided by only two states of India, Bihar and Kerala. Since 1992, the Bihar government has granted two days of period leave to female employees. Women can choose which two days of the month they want to work without having to justify their choice. Recently, in 2023, Kerala announced menstrual leave for female students in all state universities under the Department of Higher Education.



Vocational Training

- In order to enhance the employability of female workers, the Government is providing training to them through a network of Women Industrial Training Institutes, National Vocational Training Institutes and Regional Vocational Training Institutes.



Improve Representation

- Securities Exchange Board of India (SEBI) came out with the SEBI (Listing Obligations and Disclosure requirements) Regulations (2015). In 2021, the SEBI regulations disclosure regulations were amended to introduce the broader Business Responsibility and Sustainability Reporting (BRSR) on the top 1000 listed companies. The BRSR format included aspects of gender representation at key managerial positions and board level, return to work and retention rate in case of maternity leaves, and (if any) paternity leaves, sex disaggregated data on minimum wage, and social security benefits provided to employees.
- The Companies Act, 2013 mandates that every listed company on NSE and every public company with a paid up capital of INR 1 billion and a turnover of more than INR 3 billion has to have at least one woman director on its board.

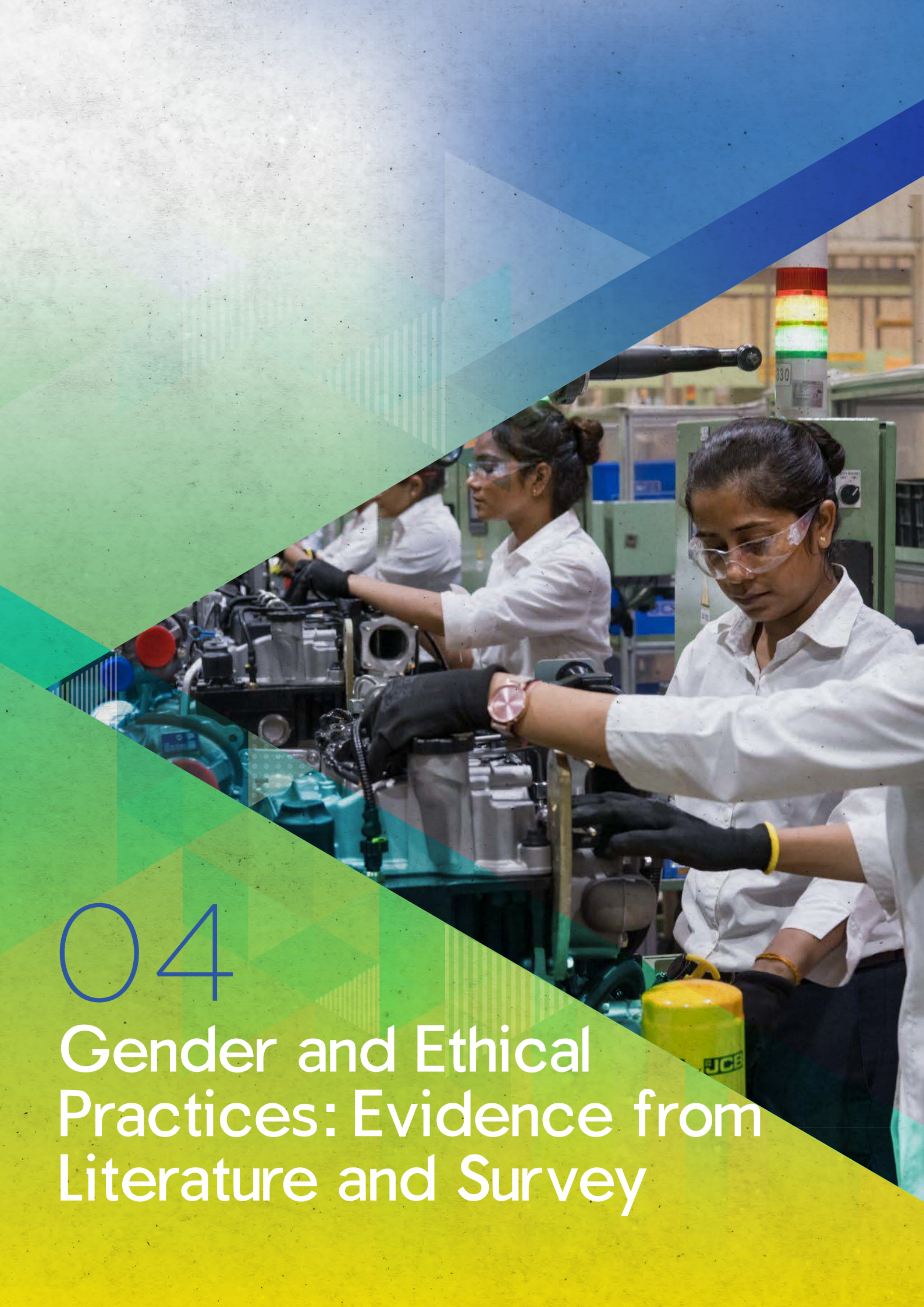


Health and Safety of Employees

- Under the Industrial Relations Code, 2020, women workers have been allowed to work in the night (7pm to 6 am) provided sufficient arrangement have been made by the employer regarding their safety and a written consent taken from them. Many states including Haryana, Uttar Pradesh, Karnataka, amongst others have brought this into effect.
- Section 22 (2) of the Factories Act, 1948 provides that no woman shall be allowed to clean, lubricate or adjust any part of a prime mover or of any transmission machinery while the prime mover or transmission machinery is in motion.
- Andhra Pradesh and Telangana are the only two states that allow women to work in all processes in all establishments.
- The most important law with respect to women in workplace is the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 or the POSH Act. The law aims to ensure safe working environment for women by requiring all companies (with more than 10 employees) to constitute an Internal Complaints Committee (ICC) in the prescribed manner and to address the workplace sexual harassment complaints from women in a time-bound and confidential manner

Source:

Compiled from https://labour.gov.in/sites/default/files/ar_2022_23_english.pdf;
<https://www.livemint.com/politics/policy/the-curious-case-of-indian-working-women-11646677021016.html>;
<https://pib.gov.in/Pressreleaseshare.aspx?PRID=1555658>



04

Gender and Ethical Practices: Evidence from Literature and Survey

To meet the objectives of the study, information about best practices, unique initiatives and perceptions of employees in the manufacturing sector were arrived at by interaction with industry players, and a thorough study of Annual Reports of selected companies. These can be summarised in the following heads, which are supported by secondary literature and examples of initiatives taken by companies to promote gender diversity and positive gender perceptions.

4.1 Ethical Values in Business have Generated Positive Externalities

All companies that were interviewed said that they do have targets for promoting women across occupational categories, from management to the factory floor. They also mentioned that they monitor and track their targets regarding the same. This is done through internal surveys to collect information about gaps in the targets and arrive at alternatives in measures to meet them.

The industry was asked questions whether they believe that inclusion of women is an ethical business practice or not, and 72% of senior executives in manufacturing companies said that this is very important to their businesses, while 20% said that it is important. The positive externalities that arise out of them in the form of financial gains are equally important. Many companies, such as Kellogg India Private Limited, a leading food manufacturing company, also shared their

own Diversity and Inclusion initiatives which improve gender ethical perceptions (see Box 4.1). However, in the same breath, the industry gave an essential insight on measuring such ethical practices' contribution to financial or business gains. They shared that it is very difficult to attribute performance to just one aspect, i.e., women's employment. A project's success is attributed to the entire team, and not necessarily to the women present. Therefore, while they agreed that employing more women is an ethical business practice, data quantifying their contribution is not per se collected.

Thus, given this lack of industry level data, the role of secondary literature becomes important. Research has clearly suggested that gender diversity in manufacturing leads to better business performance by generating positive externalities for firms in terms of higher profits, better productivity, enhanced competitiveness, higher risk disclosure, lower risks, higher return on equity, sustainability of the firms, greater employee commitments and satisfaction, lower attrition, greater trust and commitments of business partners, among others. Most of the papers, have focussed on analysing the impact of representation of women members in the board of a company on different aspects of business performance. For example, Maji and Saha (2021) find a significant positive impact of workforce gender diversity and board gender diversity on the financial performance of firms. Singhanian et al. (2022) suggest that gender diversity and presence of women on important board committees such as remuneration committee and nomination committee positively affect firms' financial performance when measured by the market-based performance measure. Furthermore, it is important to note that the benefits of gender diversity accrue to the firms only when women are part of such prominent committees and are engaged in governance mechanisms, rather than just being appointed on corporate boards as a means of tokenism.

Another aspect highlighted by Saggar et al. (2022) is that electing more than one female director on board has a higher positive impact on corporate risk disclosure as compared to firms engaging only one women director on board.

More women in the boardroom leads to higher transparency through the divulgence of risk information, which suffices the informational needs of investors. Based upon the data of the top 100 firms of the Bombay Stock Exchange-500 for FY 2009–2010 to FY 2018–2019, Nigam et al. (2021) conclude that firms with women directors on board face lower risks. This also results in a higher risk-adjusted return, creating a positive impact on a firm's performance. Further, based on research carried out on 21 female dominated companies (having more than 10% female directors) and 21 male dominated companies (having less than 10% female directors) listed on the Bombay Stock Exchange (BSE), Hassan and Racheal (2018) found an increasing number of female directors has a positive significant impact on return on equity (ROE).

Pareek et al. (2021) found that the proportion of women directors plays a significant role in the decisions related to the sustainability performance of the company by studying a sample of 212 non-financial companies listed on the National Stock Exchange (NSE) from 2013–2014 to 2018–2019. This means that efficient participation of women director's lead to the company's enhanced environmental and social sustainability. It supports the idea that female directors are more sensitive and concerned about the social and ethical issues of the organisations. Therefore, they are more stakeholder-oriented in comparison to male directors. Also, the participation of women entrepreneurs in manufacturing can significantly boost to the sector by increasing the diversity and variety of products in the market. This is supported by a report by Bain and Company (2019), which mentions women entrepreneurs are pioneering new markets and fulfilling untapped customer needs through innovative businesses. It suggests that women can handle women-centric products better, such as beauty products, eco-friendly sanitary products and innovative kitchen products. Given that sustainable business practices is a core requirement of modern trade agreements, global companies and multinationals have adopted such practices to build resilient value chains across countries, including India.

4.2 Best Practices and Case Studies of Selected Manufacturing Companies

Companies in the manufacturing sector are committed to promoting gender equality through some unique initiatives they have taken that are worth emulating by other players. Many companies have instituted an internal Diversity, Equity and Inclusion (DEI) body to promote gender diversity and ethical practices at all levels and across all supply chains. Inspiration can be drawn from Tata Motors Tata Lead project, which is the Tata group's diversity and inclusion (D&I) initiative, launched in 2014¹⁵. It consists of a diversity council at apex and unit levels, which is tasked with increasing gender diversity in the organisation through various initiatives and actions. Leadership tracks the results of these activities to measure progress and take corrective action. Another example, "R-Aadya- Awaken the Senses", is Reliance's flagship mentoring programme designed to prepare women across the company for leadership positions. In this programme employees from different businesses are assigned internal mentors from senior leadership with other interventions and engagement sessions making this a wholesome learning experience¹⁶. The most crucial aspect to consider while looking at such steps is that they bear results in improving the employee performance as well as the culture of an organisation (refer to Box 4.1 for Kellogg's achievements in this regard)



¹⁵ Source: <https://joinus.tatamotors.com/diversity-and-inclusion/> (last accessed on 8.08.2023)

¹⁶ Source: <https://www.ril.com/Careers/WorkingatRelianceGroup.aspx> (last accessed on 18.08.2023)

Box 4.1: Kellogg India Private Limited's Efforts and Achievements in Improving Women's Participation

Kellogg's has become an exemplary player in the industry with unique initiatives to promote gender equity and inclusion. These include "Women of Kellogg" (WOK) ERG which was started in 2018 and has been renamed WOK & Allies. It also included men in its efforts of retention and inclusion of women. Leadership development programmes such as "WOK Bloom" include nominating key female talent in mid management roles to enable them with learning tools, mentoring, and coaching to allow them build strong careers as well as gain access to senior leadership. The company is working towards changing mindsets by cultivating a culture of inclusivity in 3 areas: Talent acquisition, Reward & Recognition and Capability Building. Further, in 2022, 100% of Kellogg's employees underwent a training called "Countering Unconscious Bias" and PoSH.

All such efforts have come to fruition. These have helped achieve a near 0% disparity among the salaried employees, where the current pay parity is at women-to-men ratio 1.2:1. 100% of the highest potential senior female talent have gone through the Kellogg Accelerated Leadership Program over 2020-22. These have resulted in the employees showing their support and belief in the company too, as seen through the following

- 93% employees said 'I would recommend Kellogg as a great place to work' as per Kellogg's Global Opinion Survey Scores (2022)
- 23% of the employees on the shop floor at Sricity are women – a major achievement in increasing gender parity at the plants
- The overall People Manager Effectiveness (KOACH) score (2023) is 85% - the highest across all Business Units in Kellogg across Asia, the Middle East and Africa regions.

Further, the company's commitment to providing a fair, equitable and inclusive work environment has been recognized through accolades, such as:

- Inclusion in the Avtar – Seramount 100 Best Company for Women in India listing for five years, including 2023 and
- Recognized as one of the top 3 companies in FMCG India for their ED&I best practices in DivHERsity Awards 2023

Source:

Industry inputs from Kellogg's key employees

It is heartening that such initiatives have been taken across manufacturing sectors. In the pharma sector, Dr. Reddy's Laboratories emerged as the "Best Organisation for Women 2023", an award presented by the Economic Times powered by Femina to spotlight businesses that have shown a commitment to advancing diversity and inclusion in corporate India (see Box 4.2) for other efforts by

Dr. Reddy's Laboratories. In the construction sector, J.C. Bamford Excavators Limited (JCB) has pioneered the integration of women in manufacturing in the earthmoving and construction equipment industry. Their Jaipur and Vadodara plant has over 34 percent and 50 percent women respectively, on the shop floor¹⁷. In the electrical and engineering sector, the Jakson group had shown a commitment to include more women in their workforce.

¹⁷ Source: <https://equipmenttimes.in/over-the-past-few-years-there-has-been-consistent-effort-to-make-all-roles-gender-neutral-at-jcb-india/> (last accessed on 28.09.2023)

Unbiased hiring practices, campus recruitments focussed on ensuring gender diversity, creating a safe and healthy work environment, and flexible working hours for all are some of the measures taken by this group. Through these, they have achieved a double-digit women workforce participation, and the mentorship and internship programmes continues to push this number even higher.

Box 4.2: Diversity & Inclusion Efforts by Dr. Reddy's Laboratories

Chrysalis: The flagship leadership programme for women in mid-management, Chrysalis upskills high-potential employees for senior roles. Each batch goes through rigorous training for nine months, including group projects, soft skills enhancement, real-time simulation exercises, mentoring by senior leaders and sessions on self-awareness and personal effectiveness.

Fantastic Five: Dr. Reddy's Laboratories Biologics division runs the 'Fantastic Five' programme to groom potential pathbreakers for lead roles. Over a year, five women employees undergo technical and behavioural training so that they are equipped to handle shift operations, compliance and documentation, inspections, investigations and people management.

Source:
<https://www.drreddys.com/LifeAtDrReddys#aspire-frame>
work (last accessed on 17.09.2023)

Many firms are championing gender rights by instituting parental leaves across the genders. For example, Tata Motors provides paid leave for 3 months even for adoption¹⁸ to women, men and transgenders. A 'new-born parent leave' permits an employee to take up to seven days off. Many companies give leaves to parents who have a child through surrogacy. In Kellogg's women employees can avail childcare benefits like travel with an infant, crèche and nanny reimbursement for up to three years. Such a robust support system aims to ensure a 100 percent retention of returning mothers within the organization.

Envisaging an all-women-led plant, Ola has announced the 'Ola Futurefactory' which will employ over 10,000 women when at total capacity, working alongside more than 3,000 AI-driven robots¹⁹. It will become the world's largest women-only factory and the only all-women automotive manufacturing facility globally. Ola has invested significantly in training and upskilling its all-women workforce in core manufacturing skills. They will be responsible for the entire production of every vehicle manufactured at Ola Futurefactory. While such measures are appreciated, they have the potential to be seen as only partially helping women, as they create an all-women place rather than an inclusive workplace where women are as empowered as men.

It is also important to study the best practices that foreign manufacturing companies have brought to India. These create positive externalities for the entire sector as Indian companies learn from them and employ similar initiatives. See Box 4.3 for the efforts by Cummins India Limited and the accolades it has won for the same.

¹⁸ Source: <https://joinus.tatamotors.com/diversity-and-inclusion/#::-:text=We%20encourage%20women%20employees%20to,their%20personal%20or%20professional%20growth>. (last accessed on 13.08.2023)

¹⁹ <https://www.livemint.com/companies/news/ola-futurefactory-10-things-to-know-about-world-s-largest-e-scooter-factory-11631527437150.html>

Pernod-Ricard India Private Limited, a global leader in the wines and spirits sector, which traditionally had limited presence of women, has aimed to have gender-balanced management team by 2030 and is committed to achieving SDG 5 of Gender Equality²⁰. Schindler India has adopted inclusive policies like work from home, remote working, and day care facilities for employees. A holistic approach for women employees aims to support expectant mothers with medical assistance during pregnancy and ensures safe travel amid an inclusive infrastructure²¹.

Box 4.3: Cummins India Limited

Cummins India received the Diversity and Inclusion Partner Award at the Society of Women Engineers (SWE) WE Local Awards in 2022. They received the award for improving women's representation in the country from 28% in 2010 to 36% in 2021 through structured interventions focused on attracting, developing, and retaining female talent. They also have focused development programmes for women to accelerate their careers, such as Women Leadership Development Program, Sponsored Higher Education Program in close collaboration with regional universities. Their efforts towards making their manufacturing units more gender friendly are noteworthy. They have made their workstations ergonomically neutral for women employees. The machinery and equipment are designed to ensure that women can perform as well as their male counterparts without compromising the functionality and quality of performance.

Source:

<https://www.cummins.com/news/2022/05/05/cummins-india-wins-diversity-and-inclusion-partner-and-outstanding-professional> (last accessed on 8.08.2023)

4.3 Distribution of Women across Different Organisational Levels

Efforts to ensure that women employees are present in different verticals, such as human resources, middle management, shop floor, etc., go a long way in promoting overall gender diversity. This breaks gender barriers around higher occupational levels which are perceived to be male dominated. Tata Steel became the first company in India to deploy women in all shifts in mines, and OMQ (Ore, Mines & Quarries) division becomes the first division in Tata Steel to deploy women in all shifts with effect from 2019²². Earlier, the company started two shifts at its Jamshedpur plant shopfloor for women employees from April 1, 2019. Jindal Steel Limited has initiated a pilot programme to train six batches, comprising 20-30 women per batch, in stainless steel application, including cutting, welding, polishing, packing, quality control and assurance at Rohad, Haryana in 2016 (CII, 2021). Companies like Dabur Limited have abided by the SEBI norms to publish Business Responsibility and Sustainability Reports (BRSR) with gender disaggregated data on employment in the firms. Believing that the future workforce should be equal, they have accelerated gender equality through targeted hiring, both laterally and from across campuses in India. They are committed to recruiting, retaining and advancing talent from across genders. Kellogg India Private Limited increased the number of women holding senior management roles from 16 percent in 2020 to 43 percent across all departments including supply chain, sales, finance, legal, information technology (IT), regulatory and HR. They aim to achieve a 50:50 gender ratio in mid to senior-level employees by 2025. They have also shown their commitment through their hiring process, which ensures at least a 50% slate of women candidates for over 80% of mid-senior roles, instituting diverse interview panels, and initiating proactive sourcing without diluting meritocracy.

²⁰ Source: <https://www.pernod-ricard.com/en/sustainability-responsibility/valuing-people> (last accessed on 23.09.2023)

²¹ Source: <https://www.ge.com/in/sites/www.ge.com.in/files/Whitepaper-GE-15-Nov-2021.pdf> (last accessed on 7.08.2023)

²² Source: <https://www.tatasteel.com/media/newsroom/press-releases/india/2019/tata-steel-takes-a-leap-to-boost-gender-diversity/> (last accessed on 8.08.2023)

Hindustan Unilever Limited strictly follows environment, social and governance (ESG) norms with an objective to achieve the UNSDGs by 2030. They have policies for equitable and inclusive growth and aim to eliminate bias and discrimination in their practices and policies, and accelerate diverse representation across all levels of leadership (see Box 4.4) Through its

SCIP (Second Careers Inspiring Possibilities) Policy established in 2008, Tata Motors enables women with good work experience to find their way back into the job market after a career break for any reason. With work options, such as working full-time basis, on a project basis, or as a consultant, the company aims to support ambitious women professionals.

Box 4.4: Ethical Practices and Outcomes of Hindustan Unilever Limited through Gender Inclusion

- Achieved a 46% women representation at the managerial level and are working towards strengthening the same further.
- Added 650 women on shop floors and 1000 Ahilyas, women in the frontline in 2022.
- Worked with 16 suppliers owned mainly by women entrepreneurs, at an expense of INR 50.5 Cr.
- Developed a scorecard to track performance for Gender-based Un-stereotype Performance in our ads and are on their way to including other 'un-stereotype' matrices for tracking.
- Decisive steps taken to improve gender balance in our sales frontline and outer core (3rd party and distributor-led workforce).
- Efforts towards improving the representation of women on the factory shop floor with the addition of over 850 women across their factories.
- The first gender-balanced site in Sumerpur has made significant progress to build 40% women representation by this year.
- Established an inclusive working culture with systemic infrastructural investments in 3-shift working, gender sensitization workshops, hostels, creche, safe and clean hygienic washrooms, and safety systems, female shop-floor employees at our Haldia, Garden Reach, Gandhidham, Sumerpur, and Kidderpore factories.
- Published a "Global Women's Safety Framework in Rural Spaces" through our partnership with UN Women that works towards improving the safety of women in agriculture and tea supply chains in India.
- Instituted clear parental leave guidelines for maternity, paternity, surrogacy, adoption leave

Source:
<https://www.hul.co.in/files/aed8fec9-9ddb-481c-8dc7-e6ca936bf290/parental-leave-policy--abzdwg.pdf> (last accessed on 18.09.2023)



4.4 Employee Perception about Ethical and Gender Practice

While the impact on business performance is well-researched, there is limited literature in India focussing on the impact of gender diversity on employee performance per se. Krishnan (2020), using an empirical study, has explored the effects of workforce diversity in terms of gender on the performance of food processing industry employees in Kerala. Regression analysis has revealed that gender diversity of the workforce can predict the employees' performance in an organization. Work groups with diverse gender employees stimulate harmonious relations and favourable attitudes inside a company, which enables more contribution and enhances team performance to achieve the requirements in various market conditions.

Focussing on the issue of gender and ethical practises, a few qualitative studies analyse the interplay of gender dichotomy and perception of ethical conduct in the Indian context. For example, Kundu (2004) suggests that the perceptions of male and female employees regarding valuing diversity differ significantly on three gender-related variables in the workplace: it must hire and retain more women, gender diversity is essential, and it must develop opportunities for women. The study found that women in general attached more importance to value diversity than men, as women strongly believed that organizations must work towards hiring and retaining more women and ensuring development opportunities for women. Dahiya and Ragnekar (2020) use data collected from 404 full-time employees working in the manufacturing sector in India to show that male employees perceive higher life satisfaction than female employees working in the sector. Further, Goel (2018) provided interesting insights into gender perceptions in workplace by studying responses of 412 services sector respondents on seventeen questions on ethical practices. It highlights how patriarchy in society creeps into workplaces and manifests in differences in perceptions of both genders. While males are more concerned about rights and privileges, and are involved in social and environmental issues, female employees focus on the health and safety of employees and equality in pay. Gill (2010) studied the responses of 162

business students to provide evidence that female business students are more ethically predisposed than their male counterparts. She observed that females more readily invoked different ethical dimensions for different business scenarios than males, who were more rigid in their approach.

General Electric India (GE, 2021) conducted surveys of male and female employees in the manufacturing sector across India and did focused group discussions with women employed across different roles/occupations. It reported that 84 percent of male employees believe that the manufacturing sector would benefit from employing more women, and 51.2 percent believe that discriminatory business practices hurt the growth of female employees in the sector.

Interaction with industry leaders and their employees also revealed a positive perception about women employees and the need for their participation in Indian manufacturing. All respondents opined that there should be equal pay for the equal job irrespective of the of the worker's gender. They also agreed on the need for paternal leaves for both mothers (maternity leave) and fathers (paternity leaves) in promoting gender equality in the workplace. The employees also believed that an individual does not take more leaves than another just on account of their gender. Further, HR practices incorporating principles of non-discrimination and gender equality were seen to be a fundamental aspect of achieving a safe and secure workplace environment by the employees.

The questions on perception about gendered roles in the manufacturing sector brought out certain insightful and practical responses. While the statement that "male employees can meet deadlines and economic targets better than their female counterparts" was not endorsed by all respondents, they did mention that given women's social and family related responsibilities, they cannot give as much time to work as their male counterparts. The statement "female employees are better suited for jobs requiring client interactions" did not find many supporters as many stated that this

was far from the case and that both genders are equally capable for all jobs. It is often believed that female employees are not given important leadership positions because they are not seen as effective financial decision makers. Upon asking for comments from the industry on it, they denied such a case. They supported their stance by suggesting that there are good examples of women taking leadership roles in large financial institutions.

There is a perception that female employees are not given important leadership positions because they cannot give enough time to their professional work due to their familial responsibilities. The industry gave different perspectives on this idea. They pointed out that it is difficult to find many women in leadership position for three reasons- (a) they may leave the job to raise children, etc., or may prefer flexible work conditions to growth, (b)

under representation of women in science, technology, engineering and mathematics (STEM) fields reduces the pool of companies to recruit for such jobs (c) lack of permanent jobs and social security also discourage women from joining the workforce. The question of whether jobs are truly gender neutral and all jobs can be offered to women also generated a nuanced response. While the industry said they would aspire to achieve this level of equality, they also pointed out that there still exists hurdles and challenges in achieving the same.

The discussion with industry players brought out specific issues and challenges that different stakeholders (companies and employees) face while trying to improve gender diversity to promote ethical values in business. These are presented in Section 5.



A photograph of a male worker in a red polo shirt and grey gloves working on a large engine assembly in a factory. The background shows other industrial equipment and a blue wall. The image is overlaid with a green and blue geometric pattern.

05

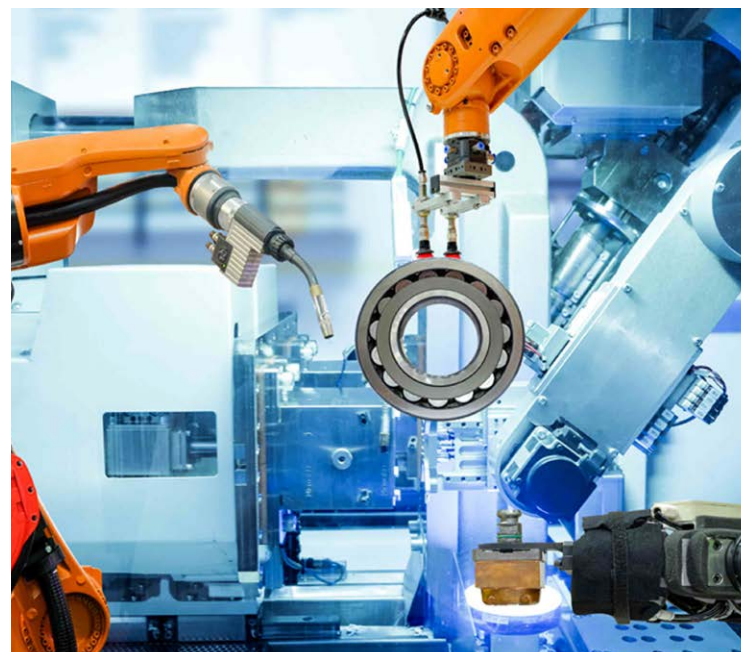
Issues and Challenges

This section presents some of the challenges that arise in ensuring gender balance in the Indian manufacturing sector. While there are specific supply-side issues in the number and availability of women employees across all occupational categories in different types of manufacturing, with women more likely to be employed in some sectors like textile and apparel, there are also demand-side issues to the employment of women such as infrastructural and occupational barriers created by the firms. Thus, this section attempts to cover challenges faced by both the employers and the employees.

- **Gaps in Regulations and Implementations:**

A foremost problem that has an impact on the entire manufacturing sector is a regulatory gap in enforcing the labour codes. While the government has been successful in getting these four labour codes passed in the parliament, their implementation has been varying across the states. Some states such as West Bengal are yet to publish draft rules while others have published the draft rules but are yet to make them operational. The progressive changes like allowing women to do night shifts, fixed term employment, and occupational and safety measures that have to be ensured at the worksite, etc are not reaching all manufacturing plants. Since that there are no regulatory obligations on the firms, they do not take the additional financial burden of implementing these laws.

- **Company Level Gaps and Other Issues in Implementation of Government Policies:**
Companies sometime may have implementation gaps or face issues in implementing policies. For example, concerning POSH regulation, while an Internal Complaints Committee may have been instituted by the firm, it might not have a full quorum of all members or the external member might be missing, amongst other issues. Lower frequency of trainings in some companies and, many a times, a lack of such trainings for new joiners of policy like POSH remain an important issue. Lack of knowledge of their rights by women employees also makes the policy regulations unproductive. There are certain challenges faced by MSMEs and start-ups in implementation of the POSH Act as most of them lack resources for hiring an effective team and enforcing the policies in place (also see CII & UNDP, 2021). Constrained resources also affect the implementation of other laws, such as the Maternity Benefit Amendment Act, 2017 (now under the Code on Social Security, 2020), which places a substantial financial burden especially on SMEs on providing a 26-week paid maternity leave to women employees and the construction of creches for their children entirely on the employer.



To promote gender inclusion at higher levels, the Company's Act, 2013, requires all firms to have at least one-woman director on the board. To meet the criterion, the firms sometime end up appointing a member from the promoter's family without any basis of merit and gender inclusion becomes only a superficial achievement²³.

- **Inequality in Pay:** When asked about the top five issues that women employees are likely to face in workplace, most common answer was that there is an inequality in pay. Women employees at the factory floor level are the ones facing the greatest brunt of inequality in wages. The senior management mainly referred to the government data for measuring the extend of inequality and said that the company level information is confidential and cannot be shared. According to the Annual Survey of India (ASI) 2019-20, for every INR 100 a male industrial worker earned as wages in 2019-20, his female counterpart earned only INR 87.06. The consultations confirmed variations in gender wage gaps across India, with some states like Tamil Nadu and Rajasthan doing worse than others like Tripura and Uttar Pradesh (also see Dhamija, 2021). However, state-wise differences in cost of living and wages in India should also be considered while looking at these gaps. Sometimes, men are more willing to work long hours and overtime, which increases their take home salaries. Some interviewees also referred to the lack of data and evidence on wage gaps and said that detailed company survey across all occupational levels are needed to see if the gaps exists and, if it does then how to resolve it.
- **Mis-match between Job Requirements and Skills:** One of the core challenges faced by companies is to get the right women applicants with the requisite skills and experience for certain types of jobs. The surveyed companies shared the difficulties they face while finding the perfect fit for the jobs and the additional burden of

re-advertising for the vacancy upon not finding the right candidate. This can especially be seen in the case of specific qualification requirements like metallurgy engineering or for certain roles like a factory supervisor. The reasons for this can be manifold. In India, the share of women in STEM education and occupational fields is as low as 14%²⁴, which reduces the number of women available for manufacturing jobs.

- **Occupational, Infrastructure related and Safety Issues:** There are systemic issues of safety in workplace due to which women are unwilling to do night duties or work on the factory floor. In manufacturing, India is still behind many of its counterpart emerging economies in levels of automation in production. Many manufacturing units use heavy labour-intensive machineries, which are considered to be unsuitable for use by women and inadequate in ensuring their health and safety. Further, equipment and machinery designed according to the average Indian male height increasingly make it difficult for women to run those machineries (GE, 2021). This leads to the women being constrained to desk-based or administrative jobs. Hence, they may not be equally represented in all occupational groups. Employee surveys confirmed that there are specific infrastructure challenges faced by women. While companies are creating infrastructure like separate women's toilets to employ more women, however, there are problems like lack of availability of sanitary napkins at workplaces or dirty/unhygienic toilets. Sometimes, while large companies can provide adequate infrastructure facilities, medium and small companies do not have the financial wherewithal to have supporting facilities like childcare and crèches.

Further, since manufacturing plants are often located outside cities, lack of transport facilities, connectivity and safety and security issues while travelling at night create further hindrances.

²³Source: <https://economictimes.indiatimes.com/jobs/no-independent-woman-director-at-40-of-nse-companies/articleshow/61011676.cms?from=mdr> (last accessed on 8.08.2023).

²⁴Source: <https://niscpr.res.in/includes/images/eresources/women-in-STEM.pdf> (last accessed on 17.09.2023)

- **Lack of Flexibility in Work Hours:** Given their social roles and responsibilities, women may ask for more flexibility in working hours from their employers during the interview or after being employed again putting them at a disadvantage vis-a-vis a male candidate for the same post. Using long work hours to measure performance can be a disadvantage for women.
- **Job Descriptions do not favour Women:** Job descriptions using gendered words like “he”, or nouns like “aggressive”, “active”, “adventurous” which are typically associated with men, also discourage women from applying to the jobs. The family and social responsibilities also lead to many women quitting their jobs at the time of marriage and child birth, explaining the higher attrition rates of women than men. These gaps in their mid-level career become a hurdle in meeting the qualifications and ambitious criteria in job descriptions, which further deter them from entering the job market (also see LinkedIn, 2019).
- **Biased Perceptions:** Specific challenges with respect to perceptions about roles and jobs for women also persist, where it is perceived, that women are naturally better at specific categories of jobs and males at others (also see ILO, 2017)²⁵. Some employees feel that women displaying feminine characteristics like valuing social relationships or being compromising and negotiating in their problem-solving are likely to be seen as “ideal” frontline employees. Therefore, often in manufacturing, there is a higher percentage of women in HR roles²⁶. Men, on the other hand, are expected to exhibit masculine tendencies of being aggressive and forceful in solving problems, goal-oriented and giving high priority to their work and thus, are seen to be more suitable for positions of leadership. Such perceptions, work against the growth of women to occupy leadership roles.
- **Workplace related Verbal or Sexual Abuse:** The Prevention of Sexual Harassment (POSH) Act, 2013 has brought the issues of workplace harassment and sexism to the fore. Workplace harassment can range from verbal and physical abuse to sexual harassment and rape, and the POSH committee of companies across all types of manufacturing have faced such complaints at some points in time. Often, women workers choose not to report cases due to stigma, fear of retribution, embarrassment, lack of awareness of reporting policies, or lack of confidence in the complaints mechanism. There have been cases where women workers have reported rape cases 6 months after the incidence, making it difficult to collect and collate evidence. Some employees say that they would rather leave their jobs than report any case of sexual abuse. There are no studies in India that document the extent to which sexual harassment in the workplace contribute to women leaving their jobs. It is important to analyse the POSH committee reports and findings and discuss how actions are taken across industry. Most corporate and global firms have a policy of zero-tolerance for workplace sexual harassment. However, monitoring their contract manufacturing partners in implementing government policies and guidelines is a significant challenge.
- **Under-representation of Women at Higher Corporate Ladders:** This was highlighted by both employees and companies in our interactions. According to an Ernst and Young (EY) report, only 17 percent of women directors were present in the board of advanced manufacturing companies and while 21 percent of women were non-executive directors, only 4 percent were executive directors (EY, 2022). McKinsey (2022) terms this erosion of females as one moves up the corporate ladder as the “Leaking Pipeline”. It also reports that this lack of women in higher corporate ladder is the highest in India amongst its Asian neighbours.

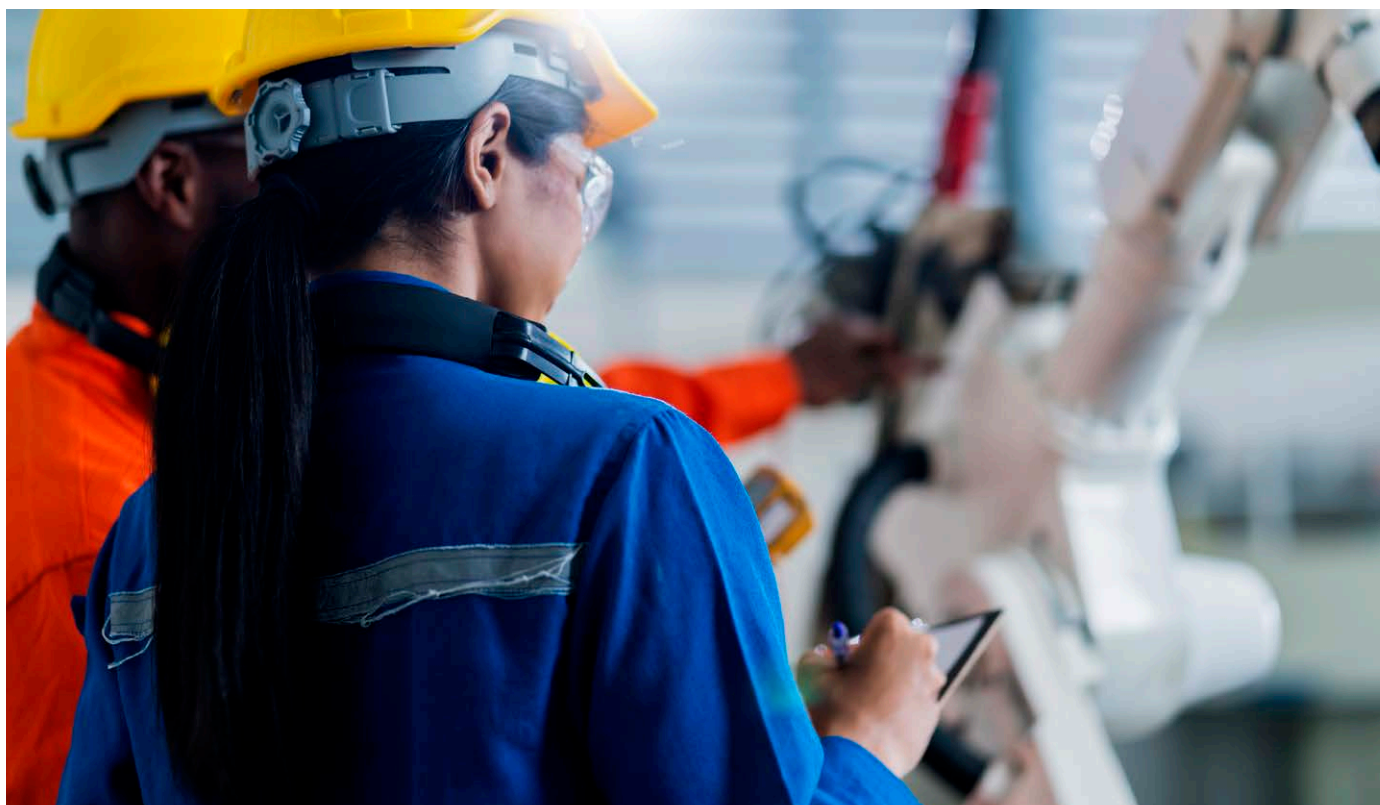
²⁵ Source: <https://ilostat.ilo.org/these-occupations-are-dominated-by-women/> last accessed on (13.09.2023).

²⁶ Source: <https://bwpeople.businessworld.in/article/Women-Professionals-Leading-HR-Hiring-Ratio-Of-40-60-Spectrum-Talent-Management/29-08-2022> (last accessed on 8.08.2023); and 444331/#:~:text=Spectrum%20Talent%20Management%2C%20recently%20released,ratio%20in%20favour%20of%20women. (last accessed on 8.08.2023)

Studies have raised concerns that while the leakage in other countries is high between the middle and senior-level positions, in India, this attrition occurs much earlier between junior and middle-level positions (Sarkar and Selarka, 2021). The lack of enough women at the top has negative ripple effects in an organisation. Reports such as CII & UNDP (2021) have found that there is a dearth of female role models and mentors who can advise, sponsor and build a case for other women in an organisation. Thus, this becomes a cyclical problem, where the lack of women further leads to their lower participation in the sector. Employee perceptions that female employees cannot do well in senior positions as they either lack the aptitude or cannot manage time between their professional and personal lives further lead to a smaller presence of women in leadership positions. Women in manufacturing face issues not just scaling the vertical ladder but also in their horizontal movement within the sector. The discussion with a representative from manufacturing industry suggest that women are also more likely to join as part-time, contractual/temporary workers.

When one examines gender and ethical practices in the entire value chain of a company, it is important to note that many of the large manufacturing firms in India outsource certain production stages to small or mid-size firms on contracts. Thus, while most companies large and medium sized companies are conscious of ensuring gender and ethical practices, the issues may persist with many of their MSME suppliers/contract manufacturers. It is difficult to monitor the tier 2 and 3 suppliers.

Only a few companies have published a vision/roadmap, and an established framework for promoting gender diversity and inclusion. They may have one, but such information is not available in public domain, and many employees are not aware of company goals and practices. Lack of information in the public domain makes it difficult for employees to share company level sensitive information during a survey or even refer to the best practices of their companies. This affects the overall aim of the manufacturing sector to become gender positive. There may be many good practices and/or initiatives, but most companies have not placed them in the public domain as compared to other sustainable development goals like addressing climate change issues.





06

Recommendations

The manufacturing sector requires a multi-stakeholder approach to ensure gender and ethical practices, with participation from the industry players, industry organisations, and the government. As India seeks to become a leading manufacturing hub, there is need to take steps to encourage more and more women to join the manufacturing sector and contribute positively to its growth. This section presents specific measures that the government, industry bodies and industry can take to promote gender and ethical practices in the workplace and create positive externalities, not just for the businesses but for the entire country.

- **The implementation of all four labour codes uniformly across all states requires urgent government action, both at the Centre and state levels.** These codes have positive impacts on women employment and wage equality and, therefore, the state governments should enact them and implement the provisions to promote decent work, secure employment and worker safety. The focus of governments (Centre and states) should be on implementation of ILO standards and especially on creating an environment for 'Decent Work'. Industry bodies like CII can work with ILO and other organisations to sensitise stakeholders (industry, policymakers, etc.) through conferences, seminar, etc., on the benefits of gender and ethical practices and implementation of policies to support those goals.

- **Government incentives can be linked to gender and ethical practices:** MSMEs face financial constraints in complying with provisions of laws like the Maternity Act 2017. For this, the government can link fiscal incentives to the MSMEs, to gender and ethical practices. However, to avail such incentives companies have to put in Diversity, Equity and Inclusion (DEI) policy, target and work plan and keep record of their success and gaps. This will also help to make the supply chains in the industry more gender positive and sustainable. As large companies outsource phases of production to smaller firms through contracts, the government's handholding support will greatly benefit them and the overall sector.
- **Promote women in STEM and skilling of women:** To help women to get quality jobs in manufacturing there is need for more women participation in not just STEM education, but also creating related jobs for them. Government, training organisation, industry bodies and companies can work together to meet the identify the skill gaps and customise training modules to meet the gaps.
- **Companies need to monitor the implementation of policies and gender and ethical practices in their supply chains:** Industry bodies and companies should jointly work to ensure that government policies like POSH Act, 2010 is properly implemented across their supply chains. They can share their best practices with each other through a forum which industry bodies like CII can create. Companies can create a framework to monitor and help their Tier 2 and Tier 3 suppliers/contract manufacturers in implementing gender inclusive policies and best practices. Industry bodies and companies can work together to see how CSR funding on women empowerment projects are used to ensure decent work for women. There is a need to create formal sector jobs for women as 90 percent of women workforce in the manufacturing sector are employed in the unorganised sector. Overall, companies should have targets for ESGs, which includes gender and ethical practices and monitor them through third party audits, surveys, etc.

- **Develop a Framework for Diversity, Equity and Inclusion:** CII and its members can work together to develop a framework for diversity, equity and inclusion in workplace

to reap the benefits of better business performance and growth. The framework may cover the following (please see Figure 6.1 for a Framework for Diversity, Equity and Inclusion):



- a) **Promote positive perception about women in the workplace:** It has been understood that perceptions play a significant role in determining women's employment in all kinds of jobs and ensuring they feel valued at the workplace. Thus, steps like having gender-neutral job descriptions,

sensitisation workshops for all employees, employing women across all occupational levels and ladders, etc., go a long way in creating positive perceptions. There are several examples of best practices in the country, which have been presented in this report. There are also global examples (for example see Box 6.1).

Box 6.1: South Africa's Eskom Holding SOC Limited Takes Step to Ensure Gender Equality

In June 2016, Eskom committed itself to gender equalization, targeting 50% gender representation at all occupational levels by 2020. Through the He For She campaign, a solidarity campaign for the advancement of gender equality, initiated by the United Nations, Eskom Holding SOC Limited committed to encourage men and women to partake as change agents and take action against negative stereotypes and behaviours. It has undertaken unique programmes such as the Women Accelerator programme under which 40 women were promoted to executive level at a go to prepare them for leadership roles, etc. This resulted in 251 women being trained as mentors and 686 as coaches to support other women, 351 females participating in the middle management programme, representing 54% of participants and adjusting pay gaps of more than 7000 female workers.

Source:

https://www.weps.org/sites/default/files/2021-03/CASE_STUDY_ESKOM_SA.pdf (last accessed on 4.11.2023)

b) Enforce equal pay for equal jobs:

Companies need to promote economic gender parity in their organisations by ensuring that wages and salaries are strictly linked to merit and are not gender discriminatory in nature. The increments and bonuses given to employees must only be a function of performance-based measures. The companies can use technology to aid them in meeting these goals. For example, digitisation of wages can help in improving terms of employment via increased transparency in wage payments and disclosing the criteria they are based on. The performance evaluation team should be gender neutral. Decisions by companies can have ripple effects on the entire supply chain. If they can set conditions mandating suppliers and subcontractors to disclose wages paid to the workers in order to enforce minimum wage, they can help prevent gender wage gaps and bring transparency and accountability. There is a need for third party evaluation and audits (refer to Box 6.2).

Box 6.2: Natura & Co

To generate a positive ESG impact, Natura & Co (a global, purpose-driven, multichannel and multi-brand cosmetics group including Avon, Natura, The Body Shop and Aesop) in 2020, partnered with Mercer, a HR consulting firm, to conduct a comprehensive independent pay equity analysis. It brought out the gender pay gap present in the industry, which was analysed, and it helped the group to address the issues to achieve a 100% gender equity in wages/payrolls.

Source:

https://www.weps.org/sites/default/files/2021-04/CASE_STUDY_Natura.pdf (last accessed on 4.11.2023)

c) Promote participation of women across all ladders and verticals:

Company efforts to ensure representation and participation of women at different levels of corporate hierarchy from the shop floor to the board and across different verticals is a systematic approach to promote gender diversity in a manufacturing firm. This can be done by conducting training and capacity-building measures for women to transition from a lower level to a senior position. Companies can monitor the verticals where there are less presence of women and then have targeted measures to address the gaps. This report have listed many best practices of companies and how it has helped them in business growth and in getting recognitions. Companies should publish their initiatives related to gender and ethical practices in their websites and social media and this can create goodwill in the market and generate positive spillover impacts.

d) Undertake capacity building measures for women employees: Companies should take measures to reskill and upgrade the skills of women employees and conduct capacity-building workshops to enable them to come at par with the other male employees. This is to be done in line with the changing industry requirements, where upskilling to keep up with changing technologies is the need of the hour.



Women may need different type of skilling to re-enter the workforce after child birth and some companies are offering targeted support and capacity building for the same. While majority of the capacity building programme are targeted to generate self-employment opportunities, there is need to have programme to generate permanent employment opportunities and to help women move up the occupational ladder- for example, from a worker to a supervisor position. A women may need a variety of training and knowledge to be in a job market and a more holistic approach can lead to better women empowerment and employability. The need of women can differ by their location and those in remote regions, may need targeted support which can be given by organisations like CII and international bodies like the World Bank (see box 6.3 for an example).

Box 6.3: Bangladesh's Story of Empowering Women in the Textile Industry

In Bangladesh the northern area is among the poorest region of the country, and women specifically could not get jobs. Bangladesh's Northern Area Reduction of Poverty Initiative (NARI) project of the World Bank aimed to target poor and vulnerable women and has helped transform the lives of garment industry workers in the country where 85% of them are women. The project is not just limited to skilling women to join the ready-made garment (RMG) sector but ensures that the girls learn how to adjust to life outside their homes and villages and gain financial literacy by training them to open and manage bank accounts, as well as learn about their rights and responsibilities as workers. The project further provides information, skills, exposure and seed money (stipends) and enables the girls to make informed choices.

Source:
<https://blogs.worldbank.org/endpovertyinsouthasia/redefining-womens-empowerment-bangladesh> (last accessed on 2.11.2023)

- e) Provide supporting infrastructure and equipment:** Physical infrastructure like toilets can aid women employees in the manufacturing workplace in increasing their efficiency and productivity. For example, separate toilets for men and women, access to female hygiene products like sanitary napkins, transportation facilities and creche facilities for children of women employees, amongst others. The Indian manufacturing sector will achieve the goal of becoming gender positive only when such physical infrastructure is present. Firms that are exporting have been proactive in creating infrastructure as they are often monitored by their global buyers. Irrespective of that, creating a good work environment will increase employee performances and benefit a firm.
- f) Ensure zero tolerance for sexual harassment:** The companies need to take up the responsibility to comply with all provisions of the POSH Act, 2013, in its totality. This can be done by not only appointing an Internal Complaints Committee (ICC), but also ensuring it has a full quorum of at least four members, with half of them women. There should be an external member from a non-governmental organization, or an association committed to the cause of women, and one member must be a person familiar with the issues related to sexual harassment. Moreover, it should take efforts to ensure that all women employees are aware of the ICC members and the process to register a complaint. Sensitisation workshops should be held for all employees to prevent any acts of sexual harassment and to deliver the message that the company does not tolerate any such acts, and if committed, then it will not shy away from taking strict actions.
- g) Provide Benefits like Gender Neutral Parental Leaves:** The Indian law mandates all companies to provide paid parental leaves in the form of maternity leaves for up to a total of 26 weeks to all women employees.

However, to ensure that ideas of gender equality flow from the corporate workspace to even the household level, parity leaves in the form of paternity leaves, and leaves for parents who have a child through surrogacy may also be instituted. Such parental leaves have manifold benefits. At the onset, they reduce the barrier faced by women in getting employed by companies who prefer male employees citing compliance costs, and as well as creates a social externality. It gives recognition to the need that child rearing is a shared role between both the parents, and not just the mother.

Industry Bodies like CII can help their members to develop the framework for diversity, equity and inclusion and work with them to help monitor targets, identify gaps and implement ethical business practices. There is need for third-party independent surveys and audits of companies to check whether they are practising gender inclusive policies. Such surveys/audits will help to bring in more transparency and accountability in the process. However, industry members are concerned about sharing information with their industry bodies and competing companies, which needs to be considered.

Industry bodies can also help firms to showcase their best practices, through conferences and seminars, facilitating learning from each other. Large companies can partner with CII to train MSMEs, who account for 80 percent of the business in the country and are their key suppliers. Awards and prizes for the best performing companies can also incentivise others to bring in newer and more innovative ways for implementing gender and ethical practices and build a healthy competition amongst each other. The W20 recommendations can be jointly implemented by industry bodies and their members.

Box 6.4: W20 Recommendations, 2023

The Women 20 (W20), the official engagement group of G20 grouping focusing on gender issues, came out with a report recently which recommended the ways in which women can be promoted and enabled to work more with an emphasis on the need to make adequate and relevant data available for efficient policy making. The W20 communique highlights the need for a legislation to track gender pay gaps. Further, the Report mentioned these relevant calls for action:

1. Call for gender powered, instead of just gender-inclusive responses.
2. Mandating gender quotas in all organizations as well as gender audits with a ranking based on gender friendliness for all businesses.
3. Call for collection of qualitative data in addition to quantitative data for a comprehensive understanding of gender biases in the society.
4. Create a dashboard of gender-disaggregated data to measure economic development of women, and promoting government and the private sector to source from women-led enterprises.
5. Investment in care infrastructure so that the global gender pay gap can be reduced by 8.6% which will also reduce the gender employment gap

Source:
https://www.g20.org/content/dam/gtwenty/gtwenty_new/document/WOMEN_20.pdf ; <https://w20india.org/wp-content/uploads/2023/07/w20-summit-report-compressed.pdf> (last accessed on 2.11.2023)

Annexures

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In 2003, the Ministry of Corporate Affairs (MCA) led a unique PPP model to set up the National Foundation for Corporate Governance in partnership with the Confederation of Indian Industry, the Institute of Company Secretaries of India, and the Institute of Chartered Accountants of India.

Subsequently, the Institute of Cost Accountants of India, National Stock Exchange and the Indian Institute of Corporate Affairs also joined with an objective to promote good Corporate Governance practices both at the level of individual corporates and Industry as a whole.

NFCG endeavours to create a business environment that promotes voluntary adoption of good corporate governance practices.

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Be the Key Facilitator and Reference Point for highest standards of Corporate Governance in India.

Mission

- To foster a culture of good Corporate Governance
- To create a framework of best practices, structure, processes and Ethics
- To reduce the existing gap between Corporate Governance framework & actual compliance by corporates
- To facilitate effective participation of different stakeholders
- To catalyse capacity building in emerging areas of Corporate Governance