



# The ROI of Gender Diversity

Women Driving Business Success in Blue-Collar Roles

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# EXECUTIVE SUMMARY

In this white paper, we present a compelling case for dark stores, warehouses, and flexi-staffing companies to prioritize hiring more women in blue-collar roles, showing that it leads to measurable business benefits. These benefits include enhanced productivity and work culture, translating to significant cost savings and improvement in profit margin. While the benefits of gender diversity in white-collar roles in advanced economies have been well-documented, this white paper focuses specifically on blue-collar roles in a developing economy.

**FSG's** Growing Livelihood Opportunities for Women (**GLOW**) program analyzed data on more than 10,000 workers from two large warehousing companies, around 109,000 orders in two dark stores, and approximately 8,000 employees (~86% male and ~14% women) across 26 Indian states on a mid-sized flexi-staffing company's payroll. The flexi-staffing data set comprises associates across 70+ companies served by the flexi-staffing company, mostly in sectors like manufacturing (automobiles, automobile ancillaries, precision machinery), logistics, and retail. Based on this analysis, we have quantified the business impact of having more women in companies' entry-level workforce.

For the data set analyzed for dark stores, we found that, despite being paid the same, women's higher productivity, attendance, and order quality can result in an 11.83% reduction in per-worker cost, compared to men, for every woman added in a dark store. Our analysis of the warehouse dataset showed that, despite being paid the same women's superior performance in a number of parameters including retention, order quality, and ageing of parcels can result in a 3.59% reduction in per-worker cost, compared to men, for every woman added in a warehouse. Moreover, our analysis of the flexi-staffing dataset showed that hiring a woman can raise the flexi-staffing company's gross margin per person on payroll by 10.3%, compared to men, as women's lower attrition and longer tenures increase placement and payroll management revenues.

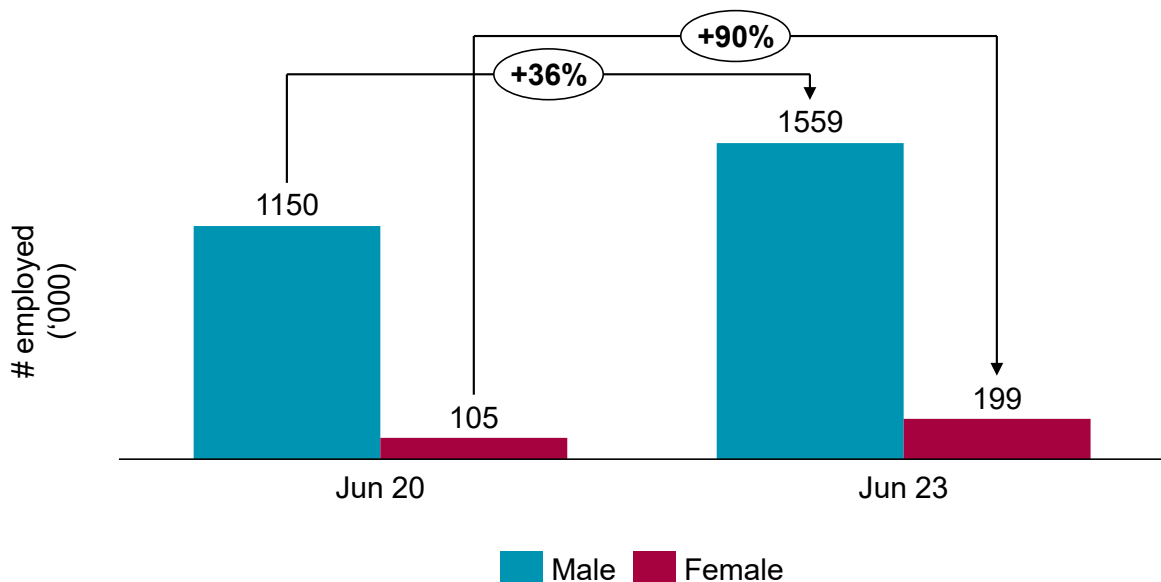
For managers dealing with blue-collar roles in dark stores, warehouses, and flexi-staffing companies, understanding the direct impact of hiring women on operational efficiency and cost reduction is crucial. Companies can leverage the insights presented in this white paper to define and test their own hypothesis on the potential benefits of hiring women. The white paper also provides recommendations for companies to support their gender-equity intentions with proactive action—for instance, by collecting and analyzing gender-disaggregated data on key performance metrics, and by analyzing, documenting, and sharing the business benefits of a gender diverse workforce internally and externally.

## Introduction: Unpacking the context

At the heart of India's blue-collar economy, a quiet revolution is underway – reshaping the workforce and unlocking greater business success for companies. It's the story of women stepping into roles traditionally dominated by men, bringing with them a wave of change that is as impactful as it is inspiring.

The impact of this change is beginning to show in the logistics and flexi-staffing industries, two mainstays of blue-collar hiring in India, with both industries in prime position to cash in. These high-growth industries have significant potential to create more blue-collar jobs in which women workers can add value. And what's better, these jobs can offer women good pay, flexible working hours, and social acceptability, in line with the employment needs of women from low-income backgrounds.<sup>1</sup> Already, between 2020 and 2023, certain sectors within the logistics<sup>2</sup> and flexi-staffing<sup>3</sup> industries in India have nearly doubled the number of women in their workforce, from around 105,000 to approximately 200,000 women (See Figure 1), compared to a 36% increase in jobs for men.

**Figure 1: Between 2020 and 2023, ~94,000 additional women were added in jobs in logistics<sup>2</sup>, and flexi-staffing<sup>3</sup> industries**



- 1 Based on FSG GLOW's interviews with 6,600 working-age women from low-income households in 16 cities across 14 states in India
- 2 Comprising last-mile delivery and warehousing; PLFS report 2020,2021,2022, and 2023
- 3 Comprising retail, FMCG & FMCD, logistics & e-commerce, BFSI and industrials; workforce triangulated from ISF Annual Report- 2021, 2022 and 2023



## The opportunity: Improving India's workforce gender diversity

The journey begins with an important statistic: women's workforce participation in India stood at 41.7% in 2024, according to Period Labor Force Survey (PLFS) data.<sup>4</sup> This represents a significant opportunity to empower more women by getting them into the workforce, and to consequently boost India's GDP. The private sector can drive this change, but many companies remain unaware of the strong business value in hiring women. Gaining insight into these powerful, quantifiable business benefits can inspire companies to actively promote gender diversity.

The benefits of gender diversity have been well-documented in white-collar roles and advanced economies. For instance, according to research by the International Monetary Fund, "Greater involvement of women in senior management has been found to strengthen economic performance."<sup>5</sup> Further, an article published by the American Psychological Association says, "Decades of studies show women leaders help increase productivity, enhance collaboration, inspire organizational dedication, and improve fairness."<sup>6</sup>

But what about blue-collar jobs, especially in a developing economy like India?



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- 4 Government of India, Ministry of Statistical & Programmatic Implementation, Periodic Labor Force Survey (PLFS), 2023-24
  - 5 Gender, Technology, and the Future of Work, October 2018; IMF Staff Discussion Note
  - 6 'Women leaders make work better. Here's the science behind how to promote them', Amy Navotney, March 2023

## The lever: Potential to increase women's participation in high-growth industries

Although many entry-level jobs in India are created in high-growth industries like logistics and flexi-staffing, women's participation in these two industries is only 8%.<sup>7</sup> If women's participation increases to approximately 24% in these industries, over a million additional women could potentially be employed by 2030.<sup>8</sup>

Consider this: Many jobs in the logistics industry and in flexi-staffing (the provision of unskilled or semi-skilled off-payroll<sup>9</sup> employees), such as delivery agent, warehouse picker-packer, sorter, retail promoter, tele-calling agent, etc., could be a good fit for women with low education. These jobs require minimal training, and women too are interested in taking them up.

Based on analysis of data from two large warehousing companies, over 100,000 orders in two dark stores, and approximately 8,000 employees (~86% male and ~14% women)<sup>10</sup> across 26 Indian states on a mid-sized flexi-staffing company's payroll, we have quantified the business impact of having more women in dark store, warehousing, and flexi-staffing companies' entry-level workforce.

Before we dive in, a quick caveat: The trends we're about to explore are derived from our data analysis and serve as indicative insights. While these observed results showcase promising business gains, they are not intended to be taken as broad extrapolations for the entire industry. Moreover, while we have considered direct costs like transportation, sourcing cost (the actual cost incurred in finding and placing a candidate), etc., we have not included the initial investments that might be needed at an organizational level, such as managerial or leadership time investments, to design solutions and review progress.

## The impetus: The business case for gender diversity in the workforce

What we have found demonstrates that hiring more women in dark stores, warehousing, and flexi-staffing isn't just a matter of balancing the gender scale – there's a strong economic incentive involved. Our analyses have shown that women often outperform men on a number of key parameters, such as retention, order quality, and regular attendance. These findings reveal that by cultivating a gender-diverse entry-level workforce, businesses can potentially benefit significantly from improved overall performance and operational efficiency.

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7 Two sectors within logistics (warehousing, last-mile delivery) and five sectors within flexi-staffing (retail, FMCG / FMCD, logistics & e-commerce, BFSI, and industrials) employed ~1.2 million workers in 2020, of which ~8% were women; PLFS 2019-20, Indian Staffing Federation Report 2018, 2020, and 2021

8 Assuming logistics and flexi-staffing industries could employ ~3.8 million workers by 2030

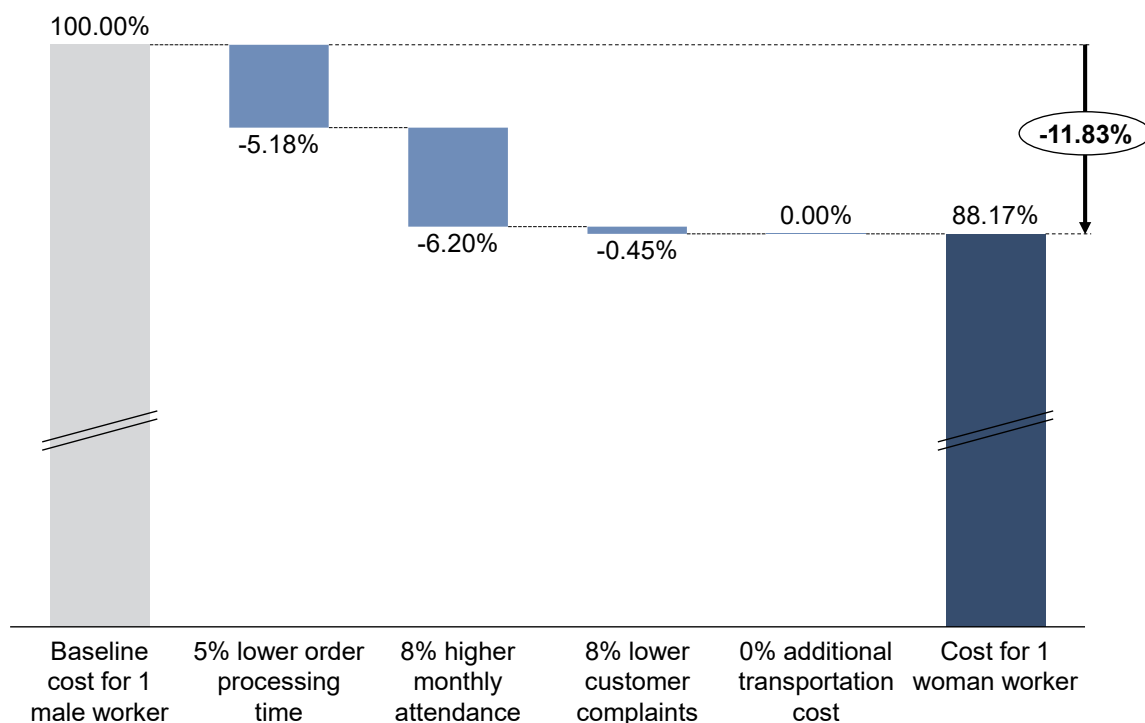
9 A payroll is a list of employees of a company with details such as their compensation as well as other work benefits. In the context of flexi-staffing, payroll employees are hired to work for a client, but their payroll is managed by the flexi-staffing company

10 The flexi-staffing dataset comprises associates across 70+ companies, mostly in sectors like manufacturing (automobiles, automobile ancillaries, precision machinery), logistics, and retail

## Unlocking cost savings: How women transform dark store operations

First, let's step into the world of dark stores, the unseen hubs of quick commerce and hyper-local delivery. A dark store is a retail outlet that is closed to consumers and used exclusively for fulfilling online orders. Our analysis of approximately 109,000 orders<sup>11</sup> reveals that the average monthly cost per woman in a dark store is around 12% lower than the average cost per male worker.<sup>12,13</sup> This cost saving in the case of women workers is due to their higher productivity, attendance, and order quality (See Figure 2). Adding more women in a dark store can also improve health and safety standards for workers.

**Figure 2: Women's higher productivity, attendance, and order quality can result in a 11.83% reduction in per-worker cost, compared to men, for every woman added in the dark store<sup>14</sup>**



One of the standout findings is the speed and efficiency with which women handle orders. Women responded to orders approximately 16% faster and picked and billed items about 4% faster than their male counterparts. This results in an overall processing time that is about 5% faster than men<sup>15</sup>, translating to a ~5% reduction in cost per worker.

11 Based on data from two dark stores

12 Cost per dark store worker includes fixed salary, attendance bonus (typically paid for workers with  $\geq 25$  days monthly attendance), and shrinkage cost (loss of inventory due to factors such as damage, administrative errors, or theft) due to customer complaints. Estimated monthly cost per male worker is ~INR 14,200. Calculation for cost reduction is based on ~30% women in the dark store, and assumes there is no additional transportation cost involved as women can be hired only in day shifts

13 Employers pay the same sourcing fee to staffing vendors for male and women workers in a dark store

14 Applicable up to a 30% addition of women workers in the dark store workforce. Estimates based on dark store with ~40 workers

15 Order processing time involves four stages: (a) order assignment to acceptance (response time), (b) picking start to completion (picking time), (c) picking completion to billing start, and (d) billing start to completion (billing time). Picking completion to billing start time is not considered in the analysis; however, this time is negligible

But it's not just about speed; it's also about commitment. Women show up to work with an impressive 8% higher monthly attendance rate than men. Although it marginally increases the salary cost due to the higher amount of attendance bonuses paid out, this higher attendance contributes significantly to overall dark store productivity, translating to a net ~6% reduction in cost per worker.

Another noteworthy benefit of having more women in dark stores is the reduction in complaints. Orders handled by women had approximately 8% fewer complaints. This heightened diligence can lead to a ~0.5% decrease in shrinkage cost per worker<sup>16</sup> as the number of cases where a customer is reimbursed their payment due to incorrect or damaged items will reduce.

Contrary to common assumptions, hiring more women in dark stores in the day shift does not incur additional transportation costs. Dark stores are typically located within city limits, and transportation is not provided for either men or women employees.

Beyond the operational efficiencies, dark store managers have reported a marked improvement in overall cleanliness and hygiene standards after hiring more women. This contributes to improved health and safety, reducing the risk of incidents such as tripping and ensuring better compliance with regulatory standards, such as those enforced by the Food Safety and Standards Authority of India (FSSAI).

As one dark store manager put it, "Overall cleanliness and hygiene at our workplace improved after hiring women." This sentiment underscores the tangible benefits that women bring to the workplace, not just in terms of productivity and efficiency but also in creating a more pleasant and compliant working environment for all.



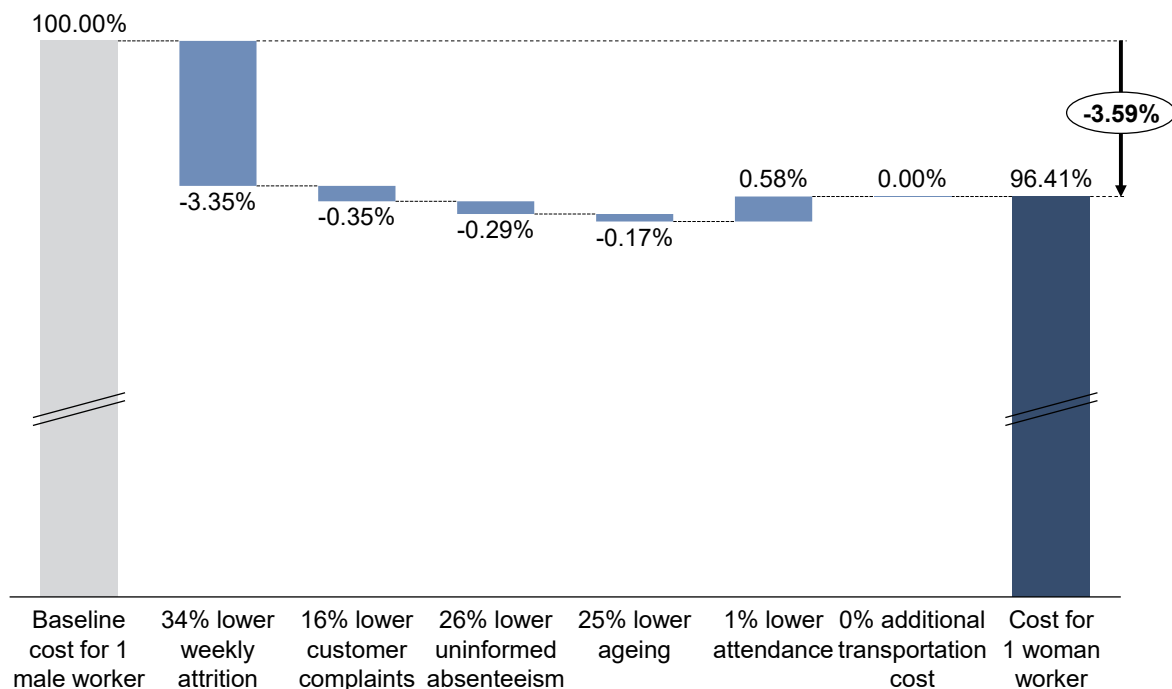
16 Shrinkage refers to the loss of inventory due to factors such as damage, administrative errors, or theft. Estimate of shrinkage cost per worker is based on the following assumptions: (a) ~60% complaints correspond to incorrect/ damaged items where the customer is reimbursed the entire item value, (b) average order value is INR 360, and (c) the number of items with complaint (per order) is ~1

## Women in Warehousing: Boosting the Bottomline

Next, let's take a peek at how women are impacting warehouse operations. Imagine a bustling warehouse filled with the sound of machines whirring and parcels being picked, packed, and sorted by workers. In the midst of this organized chaos, a discernable change is taking place, led by women who are making warehouse operations more efficient and profitable.

Our analysis of data from warehouse facilities reveals a powerful insight: Every additional woman worker hired results in a ~3.6% reduction in cost per worker compared to men, applicable up to a 30% addition of women in the warehouse workforce.<sup>17,18</sup> This cost saving is driven by women workers' superior performance in terms of retention, order quality, lower ageing of parcels, and lower uninformed absenteeism (See Figure 3).

**Figure 3: Women's superior performance in a number of parameters including retention, order quality, and ageing can result in a 3.59% reduction in per-worker cost, compared to men, for every woman added in the warehouse<sup>19</sup>**



Let's take a closer look at what's driving this transformation. For starters, weekly attrition is 3.4% for women, compared to 5.2% for men,<sup>20</sup> leading to a 3.3% reduction in cost per worker.<sup>21</sup> With more tenured workers, greater stability in the workforce increases productivity. Moreover, with fewer workers

17 Cost per warehouse worker includes fixed salary, attendance bonus (typically paid for workers with  $\geq 25$  days monthly attendance), overtime pay, and attrition cost (i.e., cost to replace workers who have left). Estimated monthly cost per male worker is ~INR 13,400. Calculation for cost reduction is based on ~15% women in the warehouse and assumes there is no additional transportation cost involved as women can be hired only in day shifts

18 Employers pay the same sourcing fee to staffing vendors for male and women workers in warehouse

19 Up to a 30% addition of women in the warehouse workforce. Estimates based on warehouse with ~500 workers

20 Based on data from ~3,000 male workers and ~220 female workers

21 Estimates based on the following assumptions: (a) new workers operate at ~55% productivity in their first month, (b) the sourcing fee paid to the staffing vendor is ~5% of worker salary, and the staffing vendor bears the sourcing fee in early attrition scenarios



leaving, sourcing fees come down. Additionally, less uniformed absenteeism translates to a 0.3% reduction in cost per worker, as it reduces unplanned overtime costs<sup>22</sup>, streamlines operations, and increases efficiency.

The presence of women in warehouses also leads to lower customer complaints, reducing the cost per worker by 0.3% due to a higher number of orders processed in the same duration. We found that complaints regarding orders handled by women workers were 16% lower than for those handled by men.<sup>23</sup>

This reduction in customer complaints has a spillover effect across the entire value chain, and not just within the warehouse. Lower customer complaints in orders handled by women will reduce the number of returns that need to be shipped and re-processed, and improve customer satisfaction. This can result in cost savings in the value chain, equivalent to 0.12% of total warehouse cost.<sup>24</sup>

What's more, warehouse managers and senior staff paint a vivid picture of the positive impact women have had on warehouse operations. A senior manager noted, "Metrics such as ageing<sup>25</sup>, damages, and throughput<sup>26</sup> have improved significantly since we started employing more women." Another manager shared, "If a parcel falls off the crate, women pick it up then and there instead of thinking they'll do this later."

When all these elements fall into place, the result can be compelling – a potential 3.6% reduction in cost per worker (See Figure 3).

But that's not all. The impact of women in warehouses also goes beyond their direct contributions. Floor managers in warehouses attest to the fact that as more women join the workforce, men also start performing more sincerely, inspired by the dedication and work ethic of their women colleagues. "As men are seeing women perform sincerely, even they are becoming more sincere instead of having a casual attitude," said a floor manager. This enhanced commitment to work can result in a potential 0.2% reduction in total warehouse costs.<sup>27</sup>

And here's the best part: increasing the percentage of women in a warehouse to around 15% does not involve any additional transportation costs, as they can be hired only for day or general shifts. However, to increase the representation of women beyond 30%, companies may need to employ women for afternoon or night shifts, necessitating the provision of pick-up and drop services as mandated by the government. However, as per our analyses, the cost savings can easily offset these expenses.<sup>28</sup>

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22 Overtime pay assumed to be INR 120 per hour

23 Based on analysis of 4,200 orders processed in a warehouse

24 Assuming savings across the value chain (e.g., last mile delivery, returns processing, customer support) is 4 times the savings within the warehouse. Estimated warehouse cost includes worker costs, supervisor/ manager salaries, rent, and utilities

25 Ageing refers to the time duration for which an item resides in the warehouse. Warehouse managers qualitatively reported reduced ageing post hiring women. Cost savings calculation is based on the following assumptions: (a) % ageing of parcels is 0.75% for men, and (b) ageing in parcels handled by women is ~25% lower (i.e., 0.57%)

26 Throughput refers to the number of units processed in a given time interval

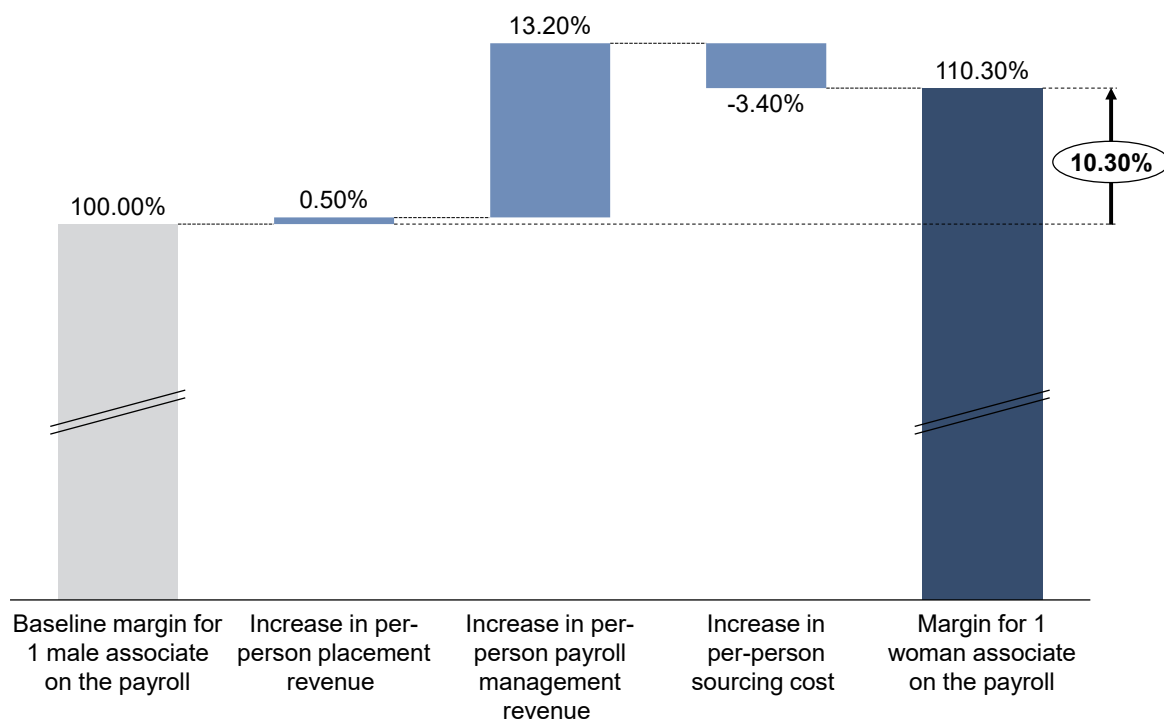
27 Assuming ~30% of male workers start doing ~8 minutes of extra work per day

28 Assuming one bus can accommodate 40 workers, and costs ~INR 20,000 per month for providing pick-up and drop services, transportation cost can be offset by other gains for employing up to ~45% women

## Staffing for success: The business benefits of women in flexi-staffing

Finally, let's shift our focus to the world of flexi-staffing. Here, too, women are emerging as a driving force for positive change. A key metric that showcases this impact is the gross margin per person on the payroll – this is the total revenue contributed minus the total costs incurred to place and manage payroll for one employee. Our analysis of data for approximately 8,000 employees<sup>29</sup> on the payrolls of a mid-sized flexi-staffing company<sup>30</sup> shows that a woman contributes 10.3% more to the gross margin per person on the payroll than a man<sup>31</sup>. This is because women's lower attrition and longer average tenure increase placement and payroll management revenues for the company (See Figure 4). In fact, even in a worst-case scenario, where the sourcing cost for women workers in specific, difficult-to-place roles such as last mile delivery agents or field sales agents is estimated to be up to thrice that of men, there is still a net positive impact on the bottom line. Additionally, moving from 20% women to 30% women on the payroll can result in an approximate 1.2% improvement in margin for flexi-staffing companies. In an industry where companies operate on slim profit margins (the operating profit margin for one of the largest staffing companies in India ranges between 3% and 5%), such an uptick will be significant.

**Figure 4: Hiring a woman can raise the flexi-staffing company's gross margin per person on payroll by 10.3%, compared to men, as women's lower attrition and longer tenures increase placement and payroll management revenues**



One of the key drivers of this significant impact is the remarkably low attrition rate among women. Only 0.75% of women leave their jobs before completing 30 days, compared to 4.61% of men. This lower

29 The flexi-staffing dataset comprises ~86% male and ~14% women associates across 70+ companies, mostly in sectors like manufacturing (automobiles, automobile ancillaries, precision machinery), logistics, and retail

30 Across 26 states, from April to December in 2023

31 Assuming placement fee of INR 550 / payroll, sourcing cost of INR 300 for men and INR 450 for women (50% higher) and payroll management fee of 3.5% of salary

attrition rate translates to a 0.5% higher gross margin per person for staffing companies, thanks to increased placement revenue (the hiring fee paid to staffing vendors per person placed and retained for 30 days). Moreover, women stay in their jobs longer, with an average tenure of 275 days compared to the men's 251 days. This longer tenure can yield a 13.2% higher profit margin for staffing companies due to increased payroll management revenue, which refers to a percentage markup on the associate's salary paid to the staffing company to process payrolls each month. While there is a conservative assumption of a 50% higher sourcing cost for women, the impact of this increased sourcing cost on profit margin is a meagre -3.4%. The benefits of hiring more women far outweigh any additional costs.

Leaders in the flexi-staffing industry are recognizing the value that women bring to the table. The Chief Business Officer of a staffing company remarked, "Our clients want a higher proportion of women associates because they have lower attrition and higher productivity." This sentiment is echoed by a National Sales Manager who stated, "Clients look for diversity in the organization. They see higher productivity, lower absenteeism, and attrition."



## A call to action: Embracing gender diversity for business success

For dark stores, warehousing, and flexi-staffing companies, the equation, therefore, is simple – more women in their blue-collar workforce translates to higher productivity and reduced costs.<sup>32</sup> Embracing gender diversity, therefore, isn't merely about social responsibility or fostering more inclusive, equitable, and vibrant organizational cultures; it's a wise business decision that yields tangible business benefits, potentially boosting the bottom line.

As India sets its sights on becoming a US\$ 5 trillion economy, one thing's clear – increasing women's participation in its workforce is crucial. While many companies want to make this change, they need to support their intentions with proactive actions.

Logistics and flexi-staffing companies can start by collecting and analyzing gender-disaggregated data on key performance metrics, such as those related to productivity and attendance, for both on-roll and outsourced employees. Analyzing, documenting, and sharing the business benefits of a gender diverse workforce internally and externally can help build buy-in among frontline managers in the company and in the wider industry for hiring more women. Such data is more compelling when supported by case studies that highlight how gender diversity helped achieve business goals like winning additional business from clients.

Transparency is key, and companies should regularly publish their workforce's gender distribution (for on-roll and outsourced workers) and gender pay gap data. Honestly acknowledging shortcomings and struggles in diversity efforts can demonstrate a genuine commitment to improvement, positively impacting the company's credibility and reputation.<sup>33</sup> For sustained progress, companies should ensure gender diversity in on-roll and outsourced roles is always on the agenda in leadership meetings. Ultimately, by hiring more women, companies in these industries are setting themselves up for long-term success and competitiveness.

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32 Based on FSG GLOW's analysis of data for 2 large warehousing companies, 109,000 orders in two dark stores, and approximately 8,000 employees across 26 states on a mid-sized flexi-staffing company's payroll

33 [Why Companies Should Disclose Their Lack of Progress on DEI](#) by Evan Apfelbaum and Eileen Suh, Harvard Business Review



## About FSG

FSG is a global, mission-driven consulting firm that partners with funders and corporations to create equitable systems change. We're working to create a world where everyone can live up to their full potential through customized consulting services, innovative thought leadership, and learning communities.

We believe real change requires an expert understanding of systems. As advisors and facilitators who blend rigorous data analysis with empathy, we are comfortable working in complex environments with clients, partners, and community members. We share the insights from our work on topics that range from equity and shaping markets to strategy, learning, and evaluation. With our partners, we develop initiatives to put some of those insights into practice. These efforts include Talent Rewire (engaging employers for equitable economic mobility), GLOW (empowering women in India), PIPE (supporting activity-based learning in India), the Shared Value Initiative, and the Collective Impact Forum.

Our Inclusive Markets approach leverages innovative business models to help provide households with low-income with beneficial products and services and better livelihoods. Projects range from market-building programs that involve direct engagement with entrepreneurs and households with low-income to research projects where we investigate important issues and publish cutting-edge content for a global audience.

To learn more, please visit: [www.fsg.org](http://www.fsg.org)

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## About GLOW

FSG's Growing Livelihood Opportunities for Women (GLOW) program aims to place over 1 million women from households with low-income in jobs by making companies' mindsets, policies and practices more gender equitable. In India, women's participation in high-growth industries (e.g., Logistics, Flexi-staffing) is only ~8%. Many jobs (e.g., warehouse packer, delivery agent) in these industries need minimal training and some women are interested in these jobs. Most companies do not employ women due to perceived risks (e.g., performance bias, safety bias, motivation bias—"A woman doesn't have to work"), unknown benefits (e.g., reduced turnaround time, lower absenteeism, more effective work culture), and gender inequitable hiring and retention practices (e.g., recruitment channels, recruitment messaging, on-boarding, and mentoring are optimized for men). GLOW plans to sign up companies as 'partners', and to demonstrate the business benefits of a gender-diverse workforce. GLOW has signed up 20 companies as partners. Partners have run pilots (e.g., effective channels to recruit women, remuneration policies better aligned to women's needs, gender-disaggregated data collected) leading to the development of effective practices. Between 2020 and 2023, GLOW industries have nearly doubled the number of women in jobs from ~105K to ~200K, compared to a 36% increase in jobs for men.

To learn more, please visit: <http://www.fsg.org/glow>

## PHOTO CREDITS

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