

Women on Governance Boards

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**To Include
Or Not**



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by Brenda Kelleher-Flight Ph.D.

Introduction

Increasing the number of women sitting on corporate boards is a global challenge. Many consider it a necessity to maintain and improve good business practices worldwide. If this is true, the question remains, “How can this be accomplished?” The resulting debate can be quite emotional.

The answers are varied. The first solution noted is to let boards bring their own gender balance. The second is to legislate the balance. We see this in countries which are enforcing regulations and quotas to ensure the increased presence of women on boards. The third is to include women in the discussion about diversity. Diversity is much more than a gender debate. This article focuses on women only.

It is clear that boardrooms need to be more diverse. There are more women sitting in boardroom chairs today than there were a decade ago. The numbers of women in boardrooms must continue to rise if it is essential to have a gender balance when making governance decisions.

Given that board governance is not a traditional role for women, it is vital that these women are prepared for the opportunities that await them. Increased education and specifically governance training for women is essential to ensure their preparedness for what is ahead.

Governance Training

Governance training for women is meant to increase their qualifications. Women are becoming more and more visible in today's business world and the benefits of women in the boardrooms have been proven. In order to increase the number of women sitting in boardroom chairs, there has to be an increase in the number of qualified women from which to choose. Awareness needs to be raised of the benefits of having women in the boardroom and the opportunities available to women.

Better-- But Not There Yet

It was not very many years ago that women would scarcely be seen in the business world and even less in positions of authority. With the numbers of women filling board room seats steadily increasing we are beginning to more fully understand the extensive benefits of women working alongside men at the highest levels in business. By continuing to reduce the gender-based barriers in business environments and increasing business skills training for women, we will continue to see improvements and forward motion with respect to diversity in the boardroom. Studies have shown that diverse boards have a positive effect on the company overall while improving profits and risk management. Women sitting on boards also broaden the board's market knowledge and effectiveness, improves representation of various views, and increases the board's profile.

A New Perspective

Increased gender diversity on corporate boards has been examined over the years from many different angles¹. The International Finance Corporation decided to affix a new viewpoint to this debate – the study was to seek out the men’s perspective. The study was to interview distinguished and experienced male directors of successful corporations around the world to get their perspective on women in the boardroom.

According to the Governance Metrics International, men comprise over 90 percent of directorships worldwide. With such a large number of men, it is only common sense that those men will greatly determine and effect the composition of the boardrooms.

Despite the countless studies on women in boardrooms, little has been said about how the men feel about the presence of women in the boardrooms. Do men acknowledge, agree with and concur with the results of the studies indicating the overall benefits of women sitting in our boardrooms?

Untapped Resource

The International Finance Corporation set out to determine the extent of the obstacles before us whether real or imagined in the effort to increase the number of women in the boardrooms of the world². What better resource to tap into than a wide range of prominent male chairpersons, CEO’s and directors of a variety of corporations all over the world to obtain their views on the subject.

What do they think about increasing the presence of women in the board rooms and women who currently hold positions of power in business? What effect do they think

¹ Takawira, Gertrude. (2011) *Women on Boards – Men Share their Opinions*. Africa News Service. Retrieved from:
https://api.turnitin.com/viewGale.asp?oid=83119629&key=7224ad74e3066fb69b02b7d22ccdf2c3&lang=en_us&output=json&session-id=d7667fac423d09ca8211b479da6e241e

² *Women on Boards: A Conversation with Male Directors*. Global Corporate Governance Forum. International Finance Corporation. Retrieved from:
http://www1.ifc.org/wps/wcm/connect/b51198804b07d3b2acabad77fcc2938e/Focus9_Women_on_Boards.pdf?MOD=AJPERES

increasing the presence of women will have on corporations and their bottom lines?
What do they feel could be done to encourage recruitment of women to the boardroom?

Result of the Effort

Women on Boards: A Conversation with Male Directors is a thought provoking publication. The International Finance Corporation states,

“We have seen that the inclusion of women at the leadership tier leads to stronger private sector. The increased visibility of women at the senior level plays a catalytic function with these women viewed as role models and cultural change agents that help empower women at all levels. We have found that ethical and professional boards, which are also diverse, are a strong indicator of a well-run company. In emerging markets, these companies help attract and retain investors, create much –needed sustainable jobs, provide steady sources of income for local citizens and contribute tax revenues to help address national development needs³.”

The Men Speak About Women

Patrick D. Chisanga Chief Executive and chairman of Muchanga Investments Ltd admits that it is rare to see a women sitting on a board in Zambia. He says *“the only women I can recall who sat with me on the same board was my wife – she was on the board when I was chairman”* He goes on to say *“We are moving in the right direction”*. *“Women on boards tend to bring to the table a new dimension and a positive perspective, I think women are more honest, they are accountable and feel responsible for the company.”*

³ *Women on Boards: A Conversation with Male Directors*. Global Corporate Governance Forum. International Finance Corporation. Retrieved from:
http://www1.ifc.org/wps/wcm/connect/b51198804b07d3b2acabad77fcc2938e/Focus9_Women_on_Boards.pdf?MOD=AJPERES

When asked does diversity lead to good corporate governance practises or does good corporate governance lead to more diversity he states

“Good governance practices lead to board diversity. I am a strong believer that every member on any board must consider themselves – and must be viewed as a useful member of the board and not be there merely to balance numbers. They must be properly qualified.”⁴

Peter Browning receipt of Boston University’s Gislason Award for leadership in Executive development says,

“I have definitely seen a change since the first generation of women began serving on boards”. He states, “The very first directorship I held, beginning in 1989, was on a board which included one woman. She was one of the first women in a senior position on Wall Street. Over 18 years she brought great wisdom and insight to the board. Since then I’ve had plenty of experience sitting on boards with women directors. In my opinion, whether the person is a positive or a negative influence has less to do with gender and more to do with the character of the person”. When asked what could be done to encourage better female representation on boards he says “ In the United States, the Securities and Exchange commission requires that publicly traded companies disclose their diversity policies among other disclosure rules, so we already have something in place. Shareholders and investors could more actively support board diversity”⁵.

John Plender a former London Stock Exchange advisory committee says “*The presence of women on a board is a rather civilizing influence for the men*” When asked about quotas he responds

“Indeed, if you look at Europe, the issue is whether there should be an enforced quota of women on boards or simply an aspiration target. In the United Kingdom, the current thinking among business leaders is that it’s better to have an aspirational target rather than a legal compulsion.”⁶

Lars H. Thunell of Sweden states, “*In addition to the moral imperative, there’s an overwhelming business case here. Women make up 50% of the global talent pool, and*

⁴ Ibid

⁵ Ibid

⁶ *Women on Boards: A Conversation with Male Directors*. Global Corporate Governance Forum. International Finance Corporation. Retrieved from: http://www1.ifc.org/wps/wcm/connect/b51198804b07d3b2acabad77fcc2938e/Focus9_Women_on_Boards.pdf?MOD=AJPERES

boards cannot afford to overlook female candidates". He also states, "If the Lehman Brothers were actually the Lehman Sisters, the company would never have gone under...Women directors are also important role models that can drive the diversity agenda at all levels."⁷

"Women in Pakistan entering the corporate world often have better academic grades than men. Now that many are seriously pursuing a career, we are bound to see them rise to board positions. This will transform Pakistan corporate for the better" Zaffar Khan President Engro Chemical Company (off shoot of ExxonMobil).⁸

Peter Dey Chairman of Paradigm Capital Inc states, *"The average number of women on Canadian boards is about 14% which reflects a complete failure to draw on the deep female talent pool that is out there."* When asked to offer some practical tips to help women get appointed to board he offers *"Mentoring programs help. Networking is important. If you demonstrate success in business, then you will make your way up the ladder and people will call on you. This applies equally to men and women."⁹*

Final Comment

Even with this synopsis of the article it is clear that women are a benefit to the board room. The more qualified women present themselves the more likely they will be to secure leadership positions in the board governance world. Securing high-level education and learning how to successfully navigate governance practises is essential. Women need to network to increase their sphere of influence while gaining this specialized knowledge.

⁷ Ibid

⁸ Ibid

⁹ Ibid