

What happened to Women in Boardroom

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Increased diversity leads to smarter decision-making, adds to the bottom line of an enterprise and, among other advantages, stimulates creativity. Boards must work on ensuring that there is diversity in the Board in terms of age, gender, skills and race. This kind of diversity ensures that the Board has diversity in opinions. Research has shown that more diverse boards tend to perform better than the less diversified boards.

Nearly all the executive boards of Fortune 500 now include at least one woman and many have two or more. The average board among these firms is composed of nine men and two women. This is double the number of female members of the board in 2006. Although those gains are exciting, they seem to slow down. The total number of female corporate directors in the Fortune 500 slightly dipped last year.

Women are still predominantly under-represented on global corporate boards, and progress toward changing that trend appears to be slow. That is the key finding in the boardroom report of the sixth edition of Deloitte Global's Women, which found that women hold only 16.9% of board seats worldwide.

Many people are confused about why the apparent flattening? It is not because women haven't performed well in their board roles. Many executives are convinced that having more women as directors improves performance. A.G. Lafley, who has served on several boards including Procter & Gamble (as chairman), General Electric, and Legendary Entertainment, tells us that in his experience, women add important perspective: "I believe the advantages of diversity and, more broadly, inclusion, are relatively well-known and for some of us confirmed by experience. More creativity, more innovation, more inquiry, more and broader experiences to draw on, better problem-solving, greater ability and willingness to suspend judgment and work together to find a better 'third way.' I have seen this not only on large public corporate boards but also in small private startups and not-for-profits."

One of the key barriers to global board diversity noted by Harvard Business Review is inconsistent efforts across countries. Their report "Women in the Boardroom" report shows that there is no one size fits all solution — progress can be driven through different approaches. In some markets, gender quotas have driven greater board diversity, while other countries like Australia, New Zealand, and the UK have driven change through setting targets and corporate governance recommendations. The countries that seem to lag, though, with less than 10% of board seats occupied by women, do not have any targets or quotas in place.

A range of consultants and academics have demonstrated that boards with more gender diversity are more innovative, more strategically minded, and generally more effective. A 2012 study by McKinsey & Co. of 180 publicly traded companies in France, Germany, the United Kingdom, and the United States found that companies in the top quartile of board diversity (with diversity defined in terms of both

gender and nationality) saw a return on shareholder equity that averaged 53% higher than that of companies in the bottom quartile. Their margins were also 14% higher than those of the companies with the least diverse boards.

A research by Harvard Business Review shows that organisations with women in top leadership positions have almost double the number of board seats held by women. The inverse is also true, as gender-diverse boards are more likely to appoint women to leadership positions, like CEO and board chair. This suggests that some diversity spurs more diversity. But it also implies that homogeneity spurs homogeneity — and that without intensive efforts to provide women with more opportunities to climb the ranks within their organizations, women will continue to be underrepresented in the C-suite and boardroom.

Any initiative to address diversity in the boardroom must go hand in hand with efforts to address diversity more broadly throughout an organization. One without the other isn't just inconsistent and insincere — it's also ineffective.

Encourage women to mentor other women. Women's networks exist at every level of management — why not at the board level? Stephanie Burns, now a director at HP Inc., observes that “it would be great to have forums where directors could share experiences and talk about business/governance challenges.” Some such forums do exist, and with corporate support, they could expand.

Women's advocates have been fighting to increase gender diversity on boards for decades. Progress has been made, but there is a long way to go. Human Resources people already know what's preventing women from progressing, so we know where to target our solutions. As Deloitte research has shown, organizations must aim to reduce bias in recruitment and development processes and roll out mentorship and sponsorship initiatives to support women. To encourage the retention and ascension of more women in the workplace, organisations should also implement programs to increase flexibility for working parents returning from parental leave, and establish programs to smoothly transition those re-entering the workforce from a career gap.

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