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ARTICLE

**GENDER DIVERSITY IN THE BOARDROOM**
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As South Africa heads toward National Women's Day -- which has been established as an annual public holiday to commemorate the role women have played in South Africa's democracy -- it is appropriate to focus on gender diversity in the boardroom and how South Africa is fairing against other developed and developing countries worldwide. Unlike a number of other business areas where South Africa may not be doing as well as its SADC or BRIC country counter-parts, South Africa is currently regarded as one of the top performers in boardroom gender diversity.

Besides the recommendations provided in the King Report on Governance for South Africa 2009 (King III) which calls upon organisations to consider their board's effectiveness in terms of its size and diversity; it would appear that local organisations have understood the importance of balancing their boards with women in representation. According to the GMI Ratings 2013 Women on Boards Survey, South Africa is leading the world on gender diversity in the boardroom in the developing countries with 17.9 percent of women occupying board positions whilst only 11 percent of women hold board positions at a global level. Placed at 5th position overall in the world, South African organisations are well above their BRIC counterparts who trail at 5.1% (Brazil), 4.8% (Russia), 6.5% (India) and 8.4% (China).

*"Countries and companies can be competitive only if they develop, attract and retain the best talent, both male and female. While governments have an important role to play in creating the right policy framework for improving women's access and opportunities, it is also the imperative of companies to create workplaces where the best talent can flourish. Civil society, educators and media also have an important role to play in both empowering women and engaging men in the process."*

***The Global Gender Gap Report 2013***

The business case for increasing the number of women on boards is clear, with evidence that shows gender-diverse boards have a positive impact upon organisational performance. Indeed, the International Corporate Governance Network (ICGN) provides that constructive debate and independence within the boardroom -- which allow boards to better fulfil their expansive oversight responsibilities -- can be accomplished more effectively by recruiting a board which is diverse in the broadest sense of gender, race, national origin, culture, expertise and thought leadership. That being said, the ICGN emphatically states that a gender diverse board established over the head of a non-gender diverse organisation is "unlikely to be wholly effective" and that "investors will certainly be somewhat cynical about gender diversity grafted on only at the very highest level of a company as this may appear somewhat cosmetic and management's ability to listen effectively to a full range of views may be in doubt."

Whilst South Africa is placed ahead of most countries in respect of gender diverse boards, it's interesting to note the Nordic countries currently lead the world with Norway, Sweden and Finland leading the developed countries with their female board directors at 36.1 percent, 27 percent and 26.8 percent respectively. Japan has the lowest percentage of female directors of all developed countries, with a mere 1.1 percent of women on boards; and South Korea is placed last at 1.9 percent of the developing countries.

Back home, in South Africa there has been a lot of criticism levelled against the Women Empowerment and Gender Equality Bill 2013 which -- amongst other -- imposes a minimum quota of women on boards and other decision making roles. This Bill, if brought into law in its current form, may have a profound impact on the composition of boardrooms across South Africa. The Bill contains one of the toughest gender quotas in the world where designated private and public organisations will be required to have a minimum of 50 percent women on boards and decision making structures.

Given the apparent successes of South Africa's ratings in respect of its gender empowered boards, and furthermore considering the additional SA legislation protecting women employees, there's no doubt that women in South Africa are being fast-tracked which will in all likelihood equate, or even exceed the Nordic successes. Interestingly, whilst the Norwegian Government has made significant strides toward gender diversity through their prescriptive legislation to enforce a 40:60 female-to-male gender quota, their requirements are only applied to listed companies and not to their smaller private companies and small family businesses.

The American non-profit organisation, Catalyst, is well known and respected for their competitive landscape studies. In their 2011 study with over 520 Fortune 500 companies, they concluded that companies with three or more female directors outperformed companies with all male directors by 40 percent on return on equity; 84 percent on return on sales, and 60 percent on return on invested capital. Their results between enhanced organisational performance and gender diversity are fairly consistent with similar gender studies conducted by the Conference Board of Canada in 2002 and McKinsey's in 2007/2012.

Following the overwhelming evidence and obvious rationale for the importance of non-discriminatory conduct against women; organisations that value gender equality are more likely to retain staff and have a far better competitive advantage in attracting not only the best available talent, but also locking into better and more sustainable business. Expectedly these are just some of the very good reasons to enhance women in business; and in so doing, organisations also embellish their corporate social and moral values that underpin their corporate governance structures.

**ENDS**

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**This article was reviewed by SA Board for People Practices (SABPP) for its accuracy only. SABPP have not furnished advice as regards the content of this article.**

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