

Hiring more women and better results – yes,

Some 60pc of New Zealand’s larger publicly listed companies don’t have any women directors at all

THE LATEST Census of Women’s Participation, published late last month, shows the continuing dearth of women on the boards of New Zealand’s major companies. Scarcely 9 per cent of NZSX100 directorships are held by women and 60 per cent of the publicly listed big corporates here have no women directors at all.

This contrasts sharply with Britain and the United States, where boards without women make up less than a quarter of the FTSE100 and less than an eighth of the *Fortune* 500.

Leaving aside arguments of fairness and “doing the right thing”, should our local corporates care?

The answer is a resounding yes. Quite simply, there is a business case to be made for more women at board level and for more women in senior line management.

Companies with the most women at the top perform notably better than those with the least women. Firms in the top quartile for women board directors significantly outperformed bottom-quartile firms across a range of financial return measures in 2007 research on US Fortune 500 companies conducted by Catalyst.

This pattern held across most industries and was most striking in the consumer staples group that encompassed supermarkets and regularly-purchased consumer goods.

As well as women board members, women in senior management roles also deliver positive financial effects, earlier research on the same corporate group shows.

Catalyst ran the analysis in reverse, as well, to see whether the highest-performing companies correlated with more women holding top roles in those firms. They did. The finding held for return on equity and total shareholder return. “Corporate performance and gender diversity are integral to each other,” concluded the report.

Positive results are not confined to the US, nor to financial performance. In Britain, companies with women directors scored significantly higher on corporate governance indicators than companies with all-male boards. Those with women directors achieved higher scores for process transparency, were more likely to report compliance on independence measures, and tended to have more board



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development processes in place. This research was undertaken by Cranfield Business School in its annual Female FTSE100 Index.

In a world where the echoes of Enron, Worldcom and Arthur Andersen still reverberate, good and improving governance is a highly valued asset.

What sits behind these results? We’re not suggesting that women are smarter or have stronger morals than their male colleagues. Instead, we’ve identified four factors that seem to underpin the commercial and governance value of women’s presence at the top of firms:

■ Increasing diversity. Women bring a

different perspective, shaped by their experiences, roles and values. New and potentially valuable ideas come from recombinations of old ideas, according to Frans Johansson in *The Medici Effect*. This suggests that more diverse input is crucial to successful innovation.

■ Closer reflection of companies’ consumers. Women’s ever-growing influence in purchasing decisions, ranging from household goods to healthcare and financial products, is no secret. Companies that can leverage the female viewpoint on a daily basis without resorting to the expense of market research must have an advantage. This factor extends to investor relations. While the presence of senior females may or may not encourage investment by other women, we know an absence of women board directors irritates and disappoints women investors.

■ Access to the shrinking talent pool. The presence of significant numbers of senior women sends an appealing message to today’s job seekers. For Gen Ys, these women suggest a work environment low on aggression and high on values and supportive leadership styles.

For young women in particular, the senior females also offer role models, mentoring opportunities and the reality of truly flexible career paths. This promises to reduce the high attrition rates of women mid-career and to reduce

there is a connection

recruiting and training costs. With talent ever harder to find, a cadre of senior women is becoming a valuable part of effective employment branding.

■ Improved boardroom dynamic. Women's ability to understand the "people piece" combines with their supportive style and search for win-win solutions to improve boardroom processes. In research published by the Wellesley Centres for Women, these factors add to the observation that women directors do not shy away from asking direct and demanding questions.

Companies shouldn't expect one woman on a board or senior team to be a miracle worker, however. Critical mass is important.

A lone woman will always sound like she's expressing "the female view". She may also suffer from unintentional but still exclusionary language, unwelcoming social events and dismissive boardroom behaviour. Two women can support each other — not always by agreeing but by encouraging the wider group to explore the issues the other raises. Three, however, is the magic number at which women's presence becomes normalised and their typically collaborative, yet probing, working style becomes part of "business as usual".

"One woman is the invisibility phase. Two is the conspiracy phase. Three

women is mainstream," said a US woman director interviewed in 2006 research published by the Wellesley Centres for Women. Similarly, 10 women directors interviewed for the female FTSE100 index in the same year said that having more than one woman on a board made a difference to the breadth of issues discussed, especially around corporate social responsibility and communications.

On the NZSX100, only one firm, Pumpkin Patch, has three women directors. Only two others, Kingfish and Barramundi, achieve gender balance with two women each.

Many local firms will likely say that it is hard to find suitably experienced women for their boards. Our experience is that professional women in their 30s and 40s are deeply interested in board roles. Directorships appear to offer an appealing combination of flexibility and challenging work.

If companies can become convinced of the business case for placing women in larger numbers into senior roles, the demand side of the equation will improve. ■

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