

FACT SHEET: WOMEN ON BOARDS

Female Ambition

A global BCG study of over 200,000 respondents in April 2017 found that :

- Women start their careers with as much ambition as men—or more
- Having children does not make women less ambitious
- Ambition is influenced by company culture

A New Zealand report into Women's careers and aspirations by MPower and Massey University in June 2017 found that:

- Career advancement is also a major concern for a large majority of the respondents.
- Women with dependants and those without share similar profiles in terms of their aspirations to senior career roles

A McKinsey report found that:

- 79% of mid-or senior-level women want to reach top management compared with 81% men

Women on Boards

The global average representation of women on Boards is c.15% and varies widely. For example, Norway has c.47% female directors, but Japan has only 3.5%. NZX figures at 31 December 2017:

- show that 19% of board directors of NZX listed companies are women (up from 17% in 2016)
- This rises to 27% for companies listed in the NZX50 and 32% in the NZX10

As at April 2018, there were 29 companies listed on the NZX that had no

women on their boards.

Only 13 companies listed on the NZX have female chairs.

Boards of Crown commercial entities have 38% female directors and 28% have the same or more female directors than men.

Impact of greater gender diversity on boards

Performance

- Companies with at least one female director receive a better return on their investments compared with companies with all-male boardrooms.
- Insurance against group-think – having different perspectives on the board means board will benefit from fresh perspectives, new ideas, vigorous challenge and broad experience which leads to better business decisions.

'Had we had more diversity of thought, perspective, education, gender, colour, the [global financial] crisis would have been less severe.'

SALLIE KRAWCHECK, FORMER DIRECTOR OF CITIGROUP

- Companies with three or more women in senior management score higher in all dimensions of organisational effectiveness.
- Board diversity is a high priority for institutional investors – BlackRock, Arjuna Capital and State Street Global Advisors globally; Simplicity here

in NZ. They have all publicly stated that as board diversity is importance for the long-term success and sustainability of a business, it is a high priority in order for them to act in the best interests of their investors.

“Irrespective of a company’s industry, location or size, we believe that a lack of diversity on the board undermines its ability to make effective strategic decisions, That, in turn, inhibits the company’s capacity for long-term growth.”

MICHELLE EDKINS, GLOBAL HEAD OF INVESTMENT STEWARDSHIP, BLACKROCK

- HOWEVER - Existence of a diverse board doesn’t automatically lead to improved performance – it’s the role of chair to ensure respect for diverse views and room for robust conversations

Accessing widest talent pool – using the skills of all

- 58% of New Zealand university graduates are women
- 51% of the New Zealand population is female

Being more responsive to the market

- Women form 51% of NZ population
- Studies show that 80% of household purchasing decisions are made by women.
- Inclusive and diverse boards are more

likely to be better able to understand their customers and stakeholders and to respond to market trends.

Better corporate governance

- A Canadian study found that the more gender balanced boards were more likely to:
 - Identify criteria for measuring strategy and monitor its implementation
 - Follow conflict of interest guidelines
 - Adhere to a code of conduct.
- “Good governance” is increasingly becoming synonymous with diversity of perspectives.’
- Professor Aaron Dhir from York University’s Osgoode Hall Law School identified seven consequences of having a heterogeneous board:
 - Enhanced dialogue
 - Better decision making, including the value of dissent
 - More effective risk mitigation and crisis management, and a better balance between risk-welcoming and risk aversion behaviour
 - Higher quality monitoring of and guidance to management
 - Positive changes to the boardroom environment and culture
 - More orderly and systematic board work
 - Positive changes in the behaviour of men
- Globally, most directors believe gender diversity adds value to the board. The majority think it improves board performance (82%) and brings a unique perspective to the board (94%).

Sources and further reading

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- Deloitte Women in the boardroom, Fifth edition (2017)
- Challenging Boardroom Homogeneity Corporate Law, Governance, and Diversity, Aaron A. Dhir, Osgoode Hall Law School, York University, Toronto
- PwC, 2017 Annual Corporate Directors Survey, Oct 2017