

# Board Effectiveness: The Question of Quotas

Presentation by:

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Wednesday, 11<sup>th</sup> July 2017

# CONTENT



Discuss the state of women leadership and Trigger for Board Quotas

Discuss strategies that have been put in place to address gaps

Present the business case for gender diversity on boards and the skills needed to influence change

## WOMEN IN TECHNOLOGY

Women in European digital sector  
**30%**  
(many in junior roles)

Presidents / chairpeople of large companies

Women

**3.2%**

Men

**96.8%**

Women on the boards of the largest publically-listed companies, 2010-2012:

**13.7%**

WOMEN ON COMPANY BOARDS

## WOMEN IN POLITICS

Number of women MEPs:  
**35%**



▲ FINLAND  
62%



▼ MALTA  
0%

# Kenya

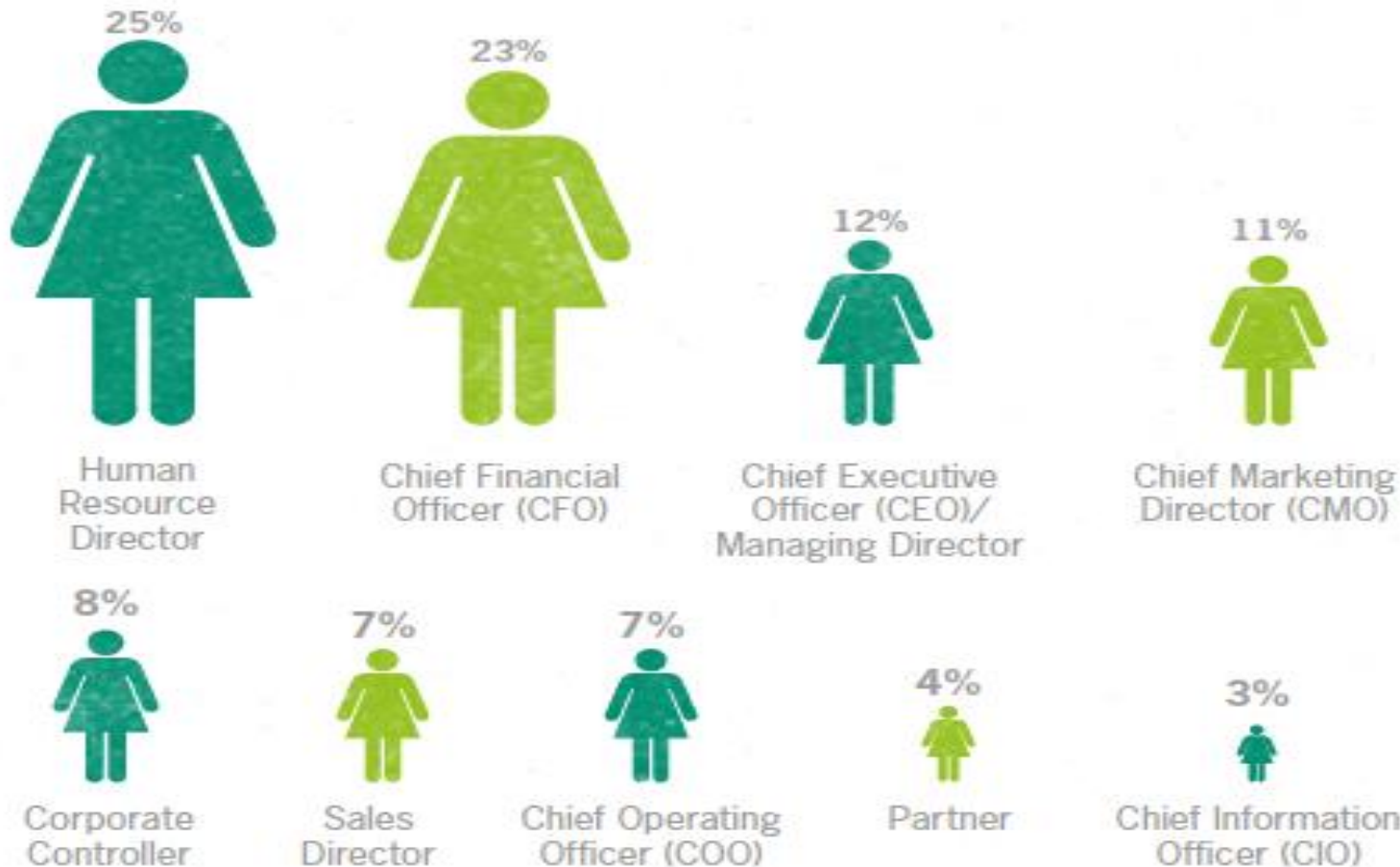


Boards of Professional Associations 26% Women  
Insurance Companies 15%  
Finance Institutions 26%  
Public Listed Companies 19%  
SOEs 26%

# GLOBAL WOMEN IN SENIOR BUSINESS ROLES: STILL TOO LOW



## Percentage of roles held by women

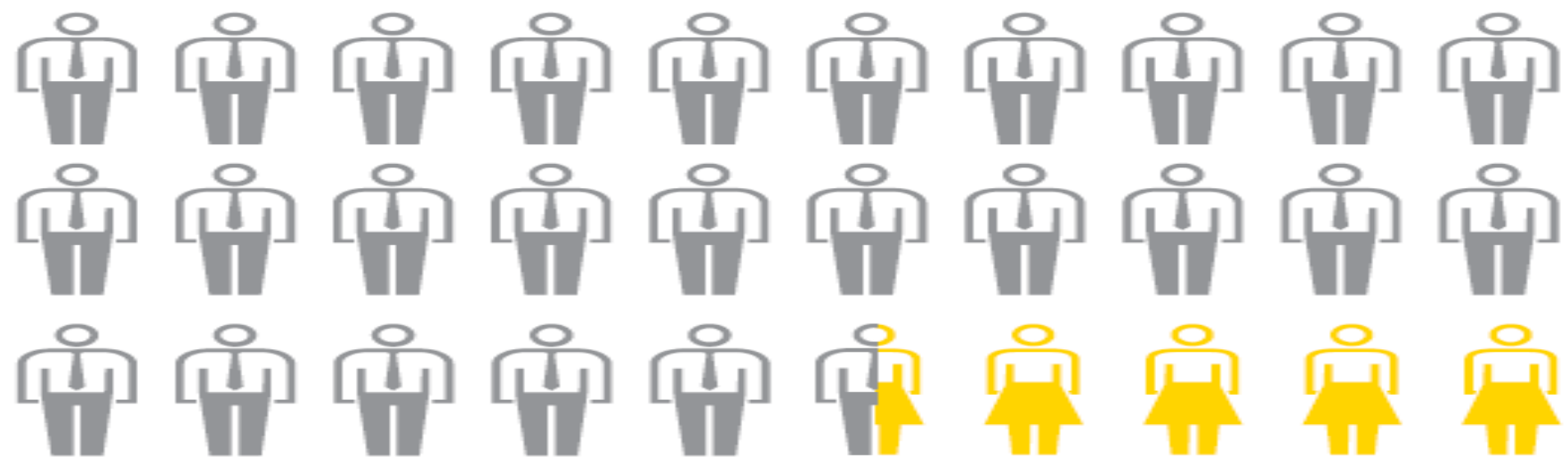


Source: Grant Thornton IBR 2014

# GLOBAL WOMEN IN SENIOR BUSINESS ROLES: STILL TOO LOW



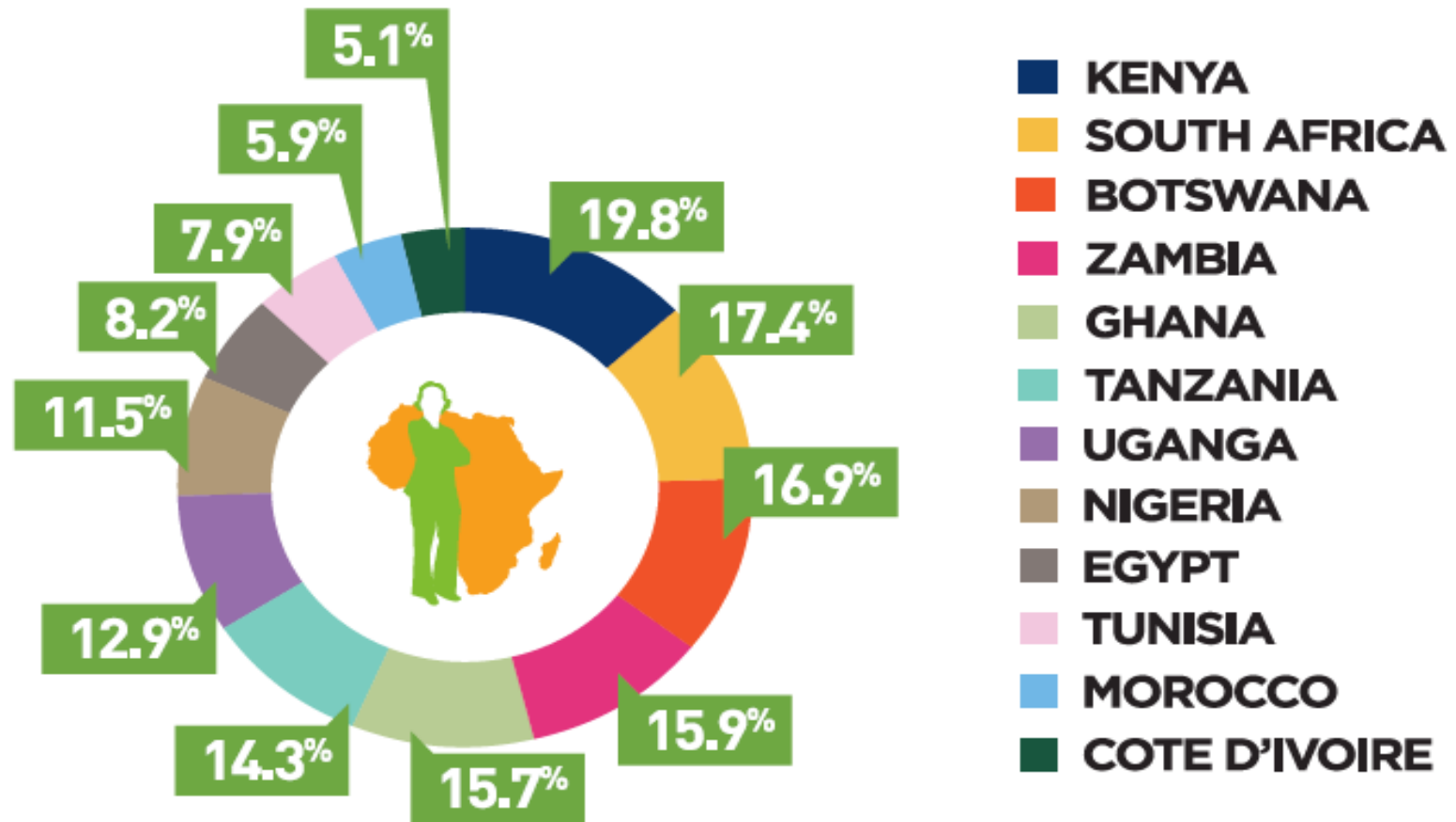
**85%** of board seats are held by men



**15%** of board seats are held by women

Less than the proportion of seats held by directors named John, Robert, William and James.

# WOMEN ON BOARDS IN AFRICA: INDICATORS

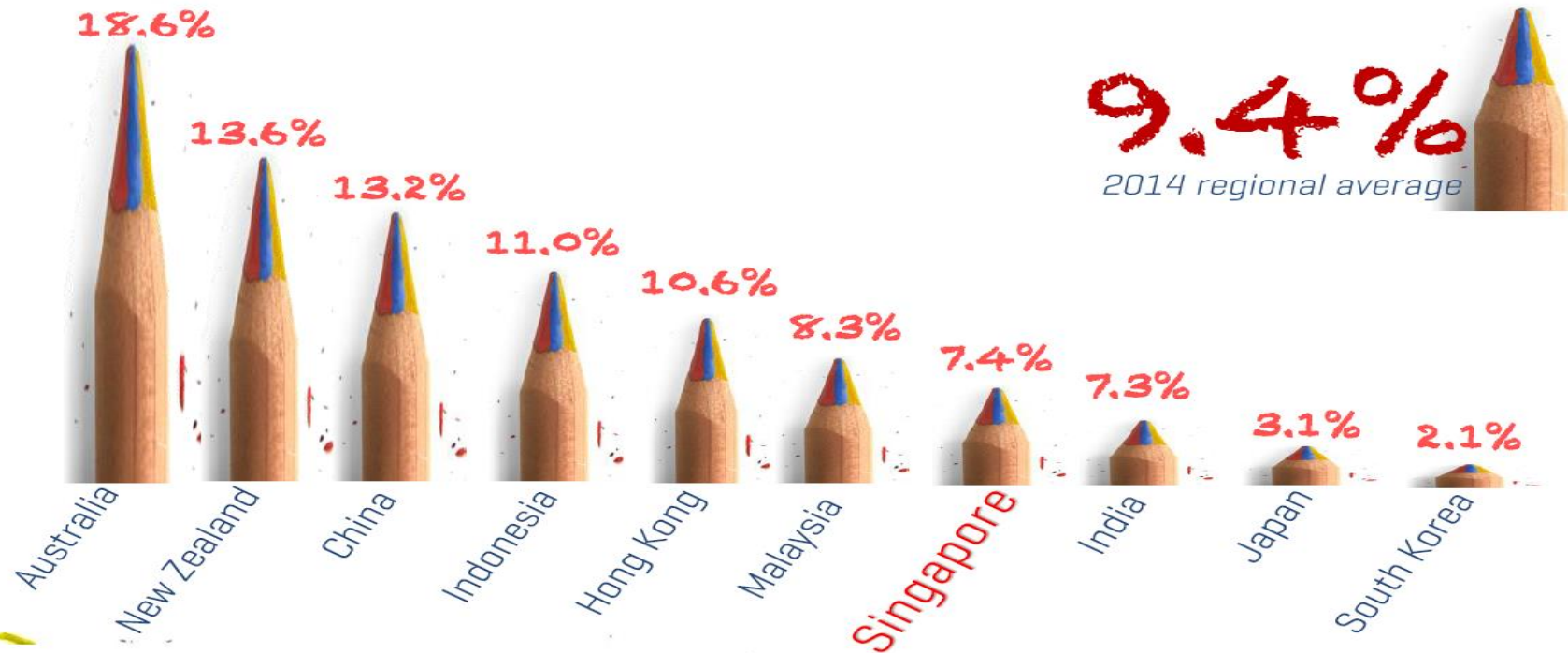


# WOMEN BOARD DIRECTORS IN ASIA-PACIFIC: STILL TOO LOW



DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

## Highlights: More Women on Boards



Source: Korn Ferry & CGIO Database

# SOME GLOBAL FACTS ABOUT WOMEN AT WORK



Based on a WB study:

- Women's labor force participation has stagnated - it decreased from 57% in 1990 to 55% in 2017.
- Women on average earn between 10 and 30% less than working men.
- Women are only half as likely as men to have a full-time wage jobs.
- Across developing countries, there is a 9% point gap between women and men in having an account at a formal financial institution.

Gender equality in emerging markets could result in 200 million jobs and produce \$1 trillion in additional annual income provided there are jobs.

Discuss some of the Strategies that have been Adopted to Address this Situation



# Strategies Adopted



- Legislation
- Campaigns
- Best Practice Benchmark
- Mentoring and Role Modelling



# Board Quotas



# Legal Support: Board Quotas



- ✓ In 2002 Norway introduced compulsory quotas requiring stock market-listed companies to give women at least 40% of their board seats (up from less than 8% ).
- ✓ In Belgium, Germany and France women make up 30-40% of board directors in large listed firms, three to five times the share of a decade ago.
- ✓ In America, which has no quotas, representation has inched up to 20%.

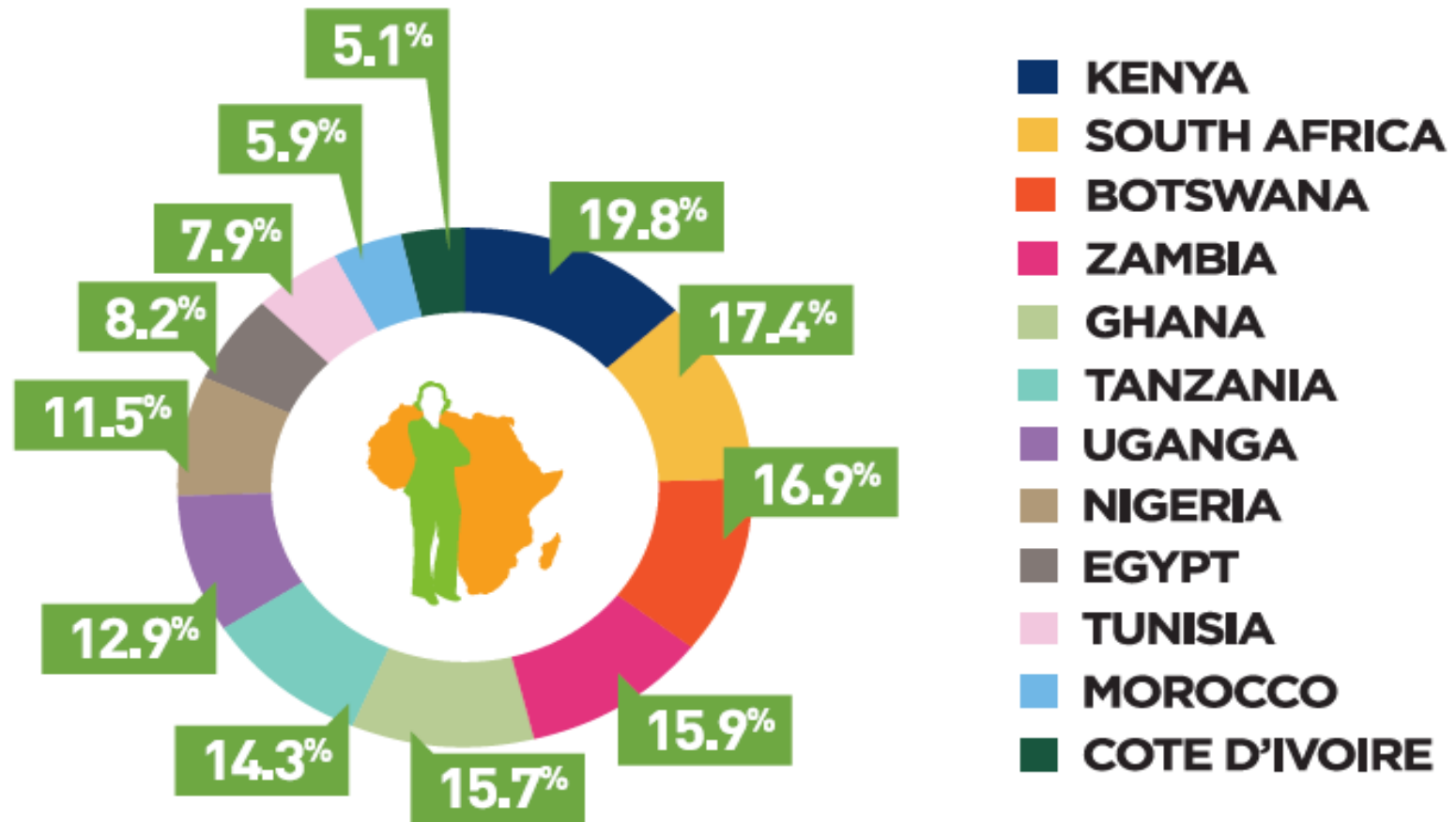
# Legal Support: Board Quotas



- ✓ Convention on Elimination of All forms of Discrimination against Women, UN General Assembly 1979
- ✓ 2010 Kenyan Constitution
- ✓ 2015 Code for Issuers of Securities to the Public



# Effect of Legal Support for Board Quotas



# Board Diversity as a Value Driver



Companies with **more than two women on board have been reported to outperform** others in their sector:

- return on equity (11.4% versus 10.3%)
- stock price growth (64% versus 47% from 2005-2007)
- operating result (11.1% versus 5.8% in earnings before interest & taxes).

# Quotas: Equality in Board Representation



- It is not about equality or equity
- It is not about women
- It is not about men
- .....It is about business sense
- ..... It is about Corporate Governance





# ACTIVITY

What are the barriers to women's appointment to the board?

What can be done?

# Expectations....



- “We can reduce gender inequality. We will use all we know about how the mind works, how biases influence decisions and outcomes, and how behavior design can alter these. We can effect this change not in a matter of decades but in a matter of years”
  - *Source: Iris Bohnet, What Works – Gender Equality by Design*
- **Do you agree?**

# THE ROLE OF THE BOARD



Why should gender diversity matter to a Board?



# WHY SHOULD GENDER DIVERSITY MATTER TO THE BOARD?



- **Diversity of Thought:** Women on boards bring different perspectives to the difficult issues facing today's corporations. Diversity of thought results in better decision making.
- **Stakeholder Representation:** The makeup of corporate boards of directors should be representative of the company in which it governs: shareholders, employees, and customers.
- **Competitive Advantage:** A diverse board is better positioned to thrive in today's global economy where the pace of change is accelerating and rapidly changing economic realities require nimble, strategic and well informed directors.
- **Availability of Essential Skills:** Senior women executives offer the skills and experience that most boards need, including industry knowledge, operational experience, and functional expertise. There is a huge, untapped pool of talent.

*Source: 2020 Women on Boards*

# What can Women do to take Advantage of the Quotas?



# Directors' Skills and Attributes



Take 3 minutes to individually list some leadership attributes that are required of a woman board director

On your tables review the individual lists and agree on 5 key attributes



# Needed Leadership Attributes



- Intellectual dimension (IQ)
- Critical analysis and judgment
- Vision and imagination
- Strategic perspective
- Managerial dimensions (MQ)
- Resource managing
- Engaging communicator
- Empowering
- Developing
- Achieving results
- Emotional and social dimensions (EQ)
- Self-awareness
- Emotional resilience
- Intuitiveness
- Interpersonal sensitivity
- Influence
- Motivation
- Conscientiousness

# Expectations....

The more you like yourself, the less you are like anyone else, which makes you unique.



- Walt Disney

As you become more clear  
about who you really are,  
you'll be better able to  
decide what is best for you  
- the first time around.

Oprah Winfrey



celeb  
quote

# CHANGING MIND-SETS - WHY CHANGE EFFORTS FAIL



- Unclear business case
- Resistance
- Insufficient executive support
- Unwillingness
- Ineffective leadership



# CHANGING MIND-SETS – WHAT DOESN'T WORK



- The hard sell.
- The lack of compromise
- Over-reliance on the appeal to “reason.”
- The assumption that persuasion is a one-shot effort



# WHAT DOES WORK



- Reason
- Research
- Preparedness
- Different Representations – Pictures, Stories
- Resources and Rewards – the consequences of not changing
- Real World Events



# The Ready Woman BD



- You must have an honest understanding of who you are, what you know, and what you can do.
- Seek self-improvement: continually strengthen your attributes through self-study, formal classes, reflection, and interacting with others.
- Be Technically Proficient: As a leader, you must know your job and have a solid familiarity with your tasks.
- Maintain a network of relationships at all levels of the organization.
- Be inclusive, open to diverse points of view, build consensus.

# The Ready Woman BD



- Excellent grasp of the economy's priorities.
- Makes tough decisions based on shared values.
- **seek responsibility and take responsibility for your actions:** Search for ways to guide your organization to new heights. And when things go wrong, as they often tend to do sooner or later — do not blame others. Analyze the situation, take corrective action, and move on to the next challenge

# ROLE PLAY

## CHANGING MINDS



The Chairman has approached you, the only woman director on the Board, and asked for advice on how he may be able to change the mind of the Majority Shareholders so that they agree to the following:

- To increase the size of the Board from five to seven

- To appoint two new women directors

Advise the chairman

**THE  
BEST PROJECT  
YOU WILL EVER  
WORK ON IS  
yOU!**





"THE **WOMAN** WHO FOLLOWS THE CROWD WILL USUALLY GO NO FURTHER THAN THE CROWD. THE **WOMAN** WHO WALKS ALONE IS LIKELY TO FIND HERSELF IN PLACES NO ONE HAS EVER BEEN BEFORE."

**-ALBERT EINSTEIN**

“Leadership  
*belongs to those*  
who take it.”

—Sheryl Sandberg,  
COO of Facebook

# THANK YOU!



- For more information:
- [www.ifc.org/corporategovernance](http://www.ifc.org/corporategovernance)