

Women on boards: addressing the gender imbalance

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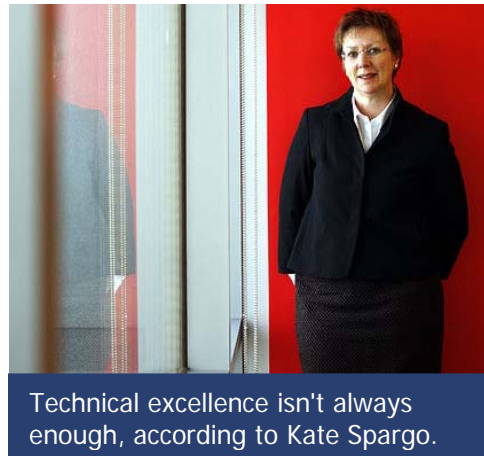
Author: Julianne Dowling

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With little change in recent years in the representation of women on boards, diversity advocates are concerned the gender momentum has stalled. Are quotas the answer or is there another way this gender imbalance can be addressed?

Noel Waite, AO, founder of the Waite Group, and the first female president of the Australian Institute of Management, has been a pioneer in mentoring women for board roles and feels frustrated by the lack of progress.

She feels that conferences on diversity, such as the one held in Sydney last week, consistently highlight the need for boards to boost the number of women directors, yet representation isn't improving.



According to Catalyst research in the US, companies with women on their boards are financially stronger by 35 per cent while a 2008 McKinsey & Company study said US women on executive teams contributed to a 48 per cent higher EBIT result than the industry norm.

"In the 1990s, [Australian] boards used to openly state they didn't want a woman," says Waite, who has served on the Leukaemia Foundation, Public Transport Corporation and State Training boards in Victoria.

"Women's search [recruitment companies searching specifically for female candidates] was formed, but some women saw that as segregation. Yet overall, women are still segregated in many ways. [There's a perception that] women still need extra training, and yet why do women need more training than a man to get on a board?"

In the public sector, almost 38 per cent of board members are women, and there are registers for potential female candidates. Waite's company developed a list for the Victorian State Government for a time; this is now handled in-house.

Lawyer and well-known company director Kate Spargo suggests women with board aspirations try the financially oriented and high profile not-for-profit organisations, and work harder on their collegiate relationships with men.

"Men do develop strong collegiate relationships, and while young bankers may have coffee together a lot and talk, I don't see women in those circles ... maybe they're the ones working hard in the office," Spargo said.

"That's fine but technical excellence isn't always enough."

Given that she's on several large boards, including Transfield Services Infrastructure and, until recently, IOOF, Spargo is well placed to know.

"By and large, women are entering boards and it's on male terms in the way things work," she said.

Spargo got her start in South Australia with the appointment to the board of HomeStart Finance, a mortgage finance body, and this progressed to a chairing role. She moved to Melbourne to look for opportunities in the private sector and built up a portfolio that has included Pacific Hydro, Perennial Investments and the Accounting Professional and Ethical Standards Board

"If you look at the proportions of men to women on boards, it's 8.3 per cent women directors in the ASX 200 [according to 2008 data from the Equal Opportunity for Women in the Workplace Agency] and whatever the measure, it's gone down marginally over the last three years," she said.

"So representation on boards by women is fairly static. But the big board positions don't come up that often and, of course, these boards are seeking particular characteristics of candidates.

"Once upon a time, boards weren't so specific in their search and maybe cast a wider net. These days, the brief is quite detailed and not gender-based.

"On average, a board of eight will have a set of characteristics, and that compounds the issue. However, the search people say it's also about an issue of supply."

When only half of the ASX200 companies have a woman on the executive team, let alone the board, compared with 85 per cent of US companies, many advocates of board diversity are worried that the gender momentum has stalled.

But recruiters in the industry believe this is not the case.

Tougher times may mean that boards are less interested in change, but some are willing to embrace the next generation and increase diversity, says consultant Stafford Bagot, of executive search group Heidrick & Struggles.

“Women and men need mentors, but it has to be the right mentor to steer them through. Women may lack the network and access required,” Bagot said.

“The best springboard for an aspiring non-executive director is to be either a CEO or operate in the C-suite space.

“You need board exposure and have a broad management experience of running a P&L, finance, sales and marketing - not a functional specialist.”

Sometimes, you can just be in the right place at the right time. Anna Booth was 32 when she was appointed to the board of CBA – a rare event at the time, Bagot says.

“Some people are misguided in thinking that once you focus on a non-executive director career, it will happen but it could take three years or more for a pedigree portfolio to develop,” he said.

Sport is a good example of an industry embracing change with the recent appointment of women to AFL and NRL club boards. Jenny Reynolds from ANZ Bank, and Denise Aldous were recently given the nod for the Cronulla Sharks board.

“Sport has been typically male dominated, but that's changing, and the board appointments will also be a lightning rod to the corporate world,” Bagot said.

Yasmin Allen, aged in her early 40s, is an investment banker and on the board of Macquarie Global Infrastructure fund and The Salvation Army. Her advice: choose an industry you love.

“Be passionate about corporate performance and about the industry you choose,” Allen advised.

"Board composition is unlikely to change too much with a short-term trend probably being to look for more sector specialists to add to the skills around the table."

While a recent paper by Ruth Medd, from the Women On Boards network, talks about the value of multiple women on boards, few boards in the top ASX200 companies have three women non-executive directors.

A white paper published by the Chief Executive Women network this year said that one woman on a board was not enough to make meaningful change. At this rate it would take 150 years for women to be fairly represented in senior leadership roles, the report stated.

So how can this gender imbalance be addressed?

Spargo says it's all important for women to be seen and to be known by recruiting boards. Networking and publicity are keys to this – even online exposure.

Naseema Sparks, national president of Chief Executive Women believes more drastic action is needed. She is a non-executive company director on the boards of Blackmores, Sydney Dance Company, Osteoporosis Australia and the Mitchell Group.

"I don't think we can give up," Sparks said.

"Senior women, who were around in the mid-1980s, believed that the pipeline was the answer and ask why haven't things improved.

"I don't believe there will be more options when this generation [of board directors] retires. Generation X is quite conservative, and maybe we will have to wait for Generation Y to shift it [the gender representation] along.

"Australia is behind the world, and it's possibly because of our culture of mateship. One plus is that we have [engagement of more women in] business ownership; the minus is that major companies don't get access to that talent."

Quotas, anyone?

Norway has implemented a system of quotas to improve female representation on boards. Is such a system necessary here?

Naseema Sparks: "I think quotas or KPIs [key performance indicators] need to be discussed. That's a sensitive position and nobody wants to feel that they're in a role to tick a box. We understand the problem and we're not anti the culture, but we need to have a debate about the issue."

Robyn Watts, on the board of the Australian School of Performing Arts: "There needs to be a greater effort to find good women on boards to get a gender balance, but I do believe in merit based appointments. Boards need to cast their nets wider."

Stafford Bagot: "People need to be appointed on merit, and the Norway situation, which dictated that 40 per cent of boards should have women, is crazy because some women are on 100 boards. I just don't agree with that."

Yvonne Butler, consultant and chairwoman of the Women's Housing Company: "Quotas impose an unnecessary tension and often reinforce the negative behaviour that they are endeavouring to remove. In many instances, women who have been given opportunities through a quota approach find themselves the subject of artificial scrutiny. An alternative to quotas might be to have the regulators include diversity. For example, the ASX Corporate Governance Principles could be modified to ensure that directors have an appropriate range of skills and experience with examples that include gender equality in board membership."