

# Building Effective Boards

## THE GENDER & DIVERSITY FACTOR

**Women make up 51% of the Island population<sup>1</sup>** but are underrepresented in most decision-making bodies in PEI.

### HOW MANY ARE WOMEN IN 2018?



#### RESEARCH SHOWS:

Decision-making bodies need a "critical mass" of at least 30% women members to begin to improve results.<sup>2</sup> Many talented, capable women in the Island community are ready to make a difference.

## What are the benefits?

### BOARDS WITH MORE WOMEN DIRECTORS...

#### SHOW STRONG FINANCIAL PERFORMANCE

Companies with the most women directors outperform those with the least.<sup>3</sup>



- 16% higher return on sales<sup>4</sup>
- 26% higher return on capital<sup>5</sup>
- 16% higher return on equity<sup>6</sup>
- Fared better during the recession<sup>7</sup>
- Higher stock prices<sup>8</sup>

#### LEVERAGE MORE TALENT

Women have high rates of post-secondary education and Island women have a higher participation in the labour force than the Canadian average.

#### WOMEN MAKE UP... OF ISLANDERS WHO...

64% HAVE A COLLEGE, CEGEP, NON-UNIVERSITY CERTIFICATE OR DIPLOMA

56% HAVE A UNIVERSITY CERTIFICATE, DIPLOMA, OR DEGREE<sup>9</sup>

65% ARE PARTICIPANTS IN THE LABOUR FORCE

#### HAVE BETTER DECISION MAKING

When boards achieve gender parity, women and men tend to work more collaboratively, generate more creative ideas, draw from multiple perspectives and devise robust solutions to problems.<sup>10</sup>



#### RESEARCH SHOWS:

Boards with greater diversity are generally more effective than boards without. Diversity including gender balance, drives innovation, because board members have different ways of approaching challenges and finding solutions. Decision-making bodies that reflect the diversity of the Island population will get better results than boards whose members are all similar in gender, background, or ability.

#### ENJOY IMPROVED BOARD CULTURE

Boards with a mix of genders report greater engagement in strategic visioning, reinforcing accountability, expanding recruitment, providing orientation, implementing policies, and managing risk.<sup>11</sup>

#### BETTER MEET PEOPLE'S NEEDS

Increasingly, members of the public expect decision-making bodies to reflect the diversity of the Island population including gender, age, region, language, race, sexual orientation, and ability. Boards that more closely mirror the diversity of society have a better sense of the realities and needs of people's lives.

## How do we increase gender & diversity on our board?

### WHAT YOU AND YOUR BOARD CAN DO NOW!

Encourage women to apply to Engage PEI to be appointed to ABCs!

#### BOARD POLICIES

Adopting board policies related to gender and diversity signals that the organization values gender and diversity. Making these policies public also increases transparency and accountability.

"Gender equality on boards doesn't imply that the choice of a woman isn't based on merit. Smart qualified women aren't unicorns."

Arlene Dickinson<sup>12</sup>

#### MEASURABLE TARGETS

Setting clear goals, steps, and timelines towards greater gender parity and diversity and then measuring the results allows boards to monitor success and plan improvements.

#### NOMINATION COMMITTEES

Homogeneous committees tend to nominate members who are most like them. Diversity on nomination and selection committees increases the potential for diversity among candidates.

#### RECRUITMENT

Board recruitment processes may show unconscious bias. Reviewing recruiting practices allows boards to identify opportunities to improve and go beyond traditional methods to reach more diverse audiences.

#### TERM LIMITS

When boards have term limits for directors, this creates opportunities for board renewal and opens positions for women and diverse directors.

#### CHAMPIONS

Boards with leaders who champion women's participation and create diversity are more likely to increase the number of women on boards.



## How else can we increase gender and diversity?

### MORE IDEAS FOR YOUR BOARD...

#### What you can ask for from regulators!

Regulatory models use incentives or disincentives to increase gender parity and diversity; for example – "comply or explain" models ask boards to comply with rules or meet targets, but allow for an explanation if they fail.

#### What you can lobby for from government!

Legislated quotas are internationally proven as one of the most effective and efficient ways to increase the number of women on boards.

"Diversity doesn't just help the bottom line, it drives it. The formula is simple—a diverse and inclusive workforce and board makes a company successful... Embracing diversity and inclusion in our everyday practices has enabled FedEx to connect people with possibilities across Canada and around the world."

Lisa Lisson, President of FedEx Express Canada<sup>13</sup>

<sup>1</sup> Government of PEI. "Women in Prince Edward Island: Statistical Review 2015," [http://www.gov.pe.ca/photos/original/TIE\\_IMWS\\_StatR.pdf](http://www.gov.pe.ca/photos/original/TIE_IMWS_StatR.pdf)

<sup>2</sup> Jasmin Joeks, Kerstin Pull, Karin Vetter. (2013) "Gender Diversity in the Boardroom and Firm Performance: What Exactly Constitutes a 'Critical Mass'?" *J Bus Ethics*, 118: 61-72.

<sup>3</sup> "The Business Case for Women on Boards." Conference Board of Canada (2013), [http://www.conferenceboard.ca/documents/womenonboards\\_en.pdf](http://www.conferenceboard.ca/documents/womenonboards_en.pdf)

<sup>4</sup> Catalyst. *The Bottom Line: Corporate Performance and Women's Representation on Boards (2004-2008)* (2011).

<sup>5</sup> Catalyst. *The Bottom Line: Corporate Performance and Women's Representation on Boards (2004-2008)* (2011).

<sup>6</sup> Credit Suisse, *The CS Gender 3000: Women in Senior Management* (2014); p. 5.

<sup>7</sup> Credit Suisse, *Gender Diversity and Corporate Performance* (2012); 15.

<sup>8</sup> Credit Suisse, *Gender Diversity and Corporate Performance* (2012); 15.

<sup>9</sup> Government of PEI. "Women in Prince Edward Island: Statistical Review 2015," [http://www.gov.pe.ca/photos/original/TIE\\_IMWS\\_StatR.pdf](http://www.gov.pe.ca/photos/original/TIE_IMWS_StatR.pdf)

<sup>10</sup> Armour, Margaret-Ann. "Women in Leadership Today: How to Keep Moving Forward." A Bold Vision Conference, Brudenell PEI. 25 September 2014.

<sup>11</sup> "The Business Case for Women on Boards." Conference Board of Canada (2013), [http://www.conferenceboard.ca/documents/womenonboards\\_en.pdf](http://www.conferenceboard.ca/documents/womenonboards_en.pdf)

<sup>12</sup> Quoted from Twitter, June 12, 2017.

<sup>13</sup> Canadian Board Diversity Council, 2016 Annual Report Card (2016); 15. <https://www.boarddiversity.ca/sites/default/files/CBDC-Annual-Report-Card-2016.pdf>