

Corporate Governance

Women on Boards

Good corporate governance helps firms improve performance, drive growth, manage risks, attract and retain investors, and weather financial crises. To be truly effective, a board requires a diversity of skills, cultures, and views to make smart decisions with lasting impact.

THE BUSINESS CASE

A growing body of research shows that a broad set of business benefits is associated with gender diversity on corporate boards. These include improved financial performance and shareholder value, increased customer and employee satisfaction, rising investor confidence, and greater market knowledge and reputation.

IFC'S RESPONSE

As part of our overall corporate governance work, IFC is building capacity, raising awareness, and expanding the discussion about gender diversity on boards in developing countries.

SELECTED REGIONAL EXAMPLES

In East Asia and the Pacific, as the importance of board diversity gains traction, IFC is helping to raise awareness and build a pipeline of qualified female candidates. Among the efforts are identifying board diversity as an indicator on our ASEAN Corporate Governance Scorecard—a methodology that assesses the corporate governance performance of publicly listed companies in the six participating ASEAN member countries. The scorecard provides foreign investors and external fund managers comparable information to help their investment decision-making process—to help companies improve their overall corporate governance and partnering with Women Corporate Directors on training and other events in countries throughout the region. Future plans include a regional survey of women on boards.

In Europe and Central Asia, IFC's Corporate Governance Program teamed with local organizations to offer board diversity workshops in several countries, including in Bosnia and Herzegovina, Serbia and Kosovo. The Kosovo six-month training and mentoring program was co-hosted by a woman-owned consulting firm. In Turkey, we partnered with Independent Women Directors to identify qualified female candidates for IFC nominee directors and already placed one candidate on the board of one of our equity clients.



BACKGROUND

Corporate governance is defined as the structures and processes by which companies are directed and controlled. Good corporate governance helps companies operate more efficiently, improve access to capital, mitigate risk and safeguard against mismanagement. It makes companies more accountable and transparent to investors and gives them the tools to respond to stakeholder concerns. Corporate governance also contributes to development. Increased access to capital encourages new investments, boosts economic growth, and provides employment opportunities.

IFC CORPORATE GOVERNANCE GROUP

The Group brings together staff from investment support and advisory operations into a single, global team. This unified team advises on all aspects of corporate governance and offers targeted client services in areas such as increasing board effectiveness, improving the control environment, and family business governance. The Group also helps support corporate governance improvements and reform efforts in emerging markets and developing countries, while leveraging and integrating knowledge tools, expertise, and networks at the global and regional levels.

In Latin America and the Caribbean, IFC's efforts to advance the board diversity agenda have ranged from arranging a keynote speaker for a session on board diversity at a major international corporate governance conference in Colombia, to discussing the subject in the media and supporting a new study that will quantify female representation on the boards of 7,000 non-listed Colombian companies. Other work includes participation in high-profile events such as the Fourth Latin American Congress on the Integration of Latin American Women Entrepreneurs.

In the Middle East and North Africa, our increase in activity reflects growing interest in board diversity. In Egypt and Iraq, we teamed with local universities and organizations as well as international partners on workshops tailored to unique local conditions to boost the skills of current and future female board members. In Jordan, the launch of our study on the link between gender diversity and economic performance highlighted the strong business case.

In South Asia, demand for qualified female directors has increased following regulatory changes in India that require companies to appoint at least one woman to their boards. IFC is helping to meet this demand by partnering on initiatives to identify and train female candidates, including the Women in Leadership Forum's training program and Confederation of Indian Industry. We also work with the India chapter of Women Corporate Directors, which has helped identify board candidates for IFC's investee companies. In Sri Lanka IFC, works with the Sri Lankan Institute of Directors to help raise awareness regarding the benefits of gender diversity on boards, highlighting the business case and building skills of women to serve on boards.

In Sub-Saharan Africa, IFC is taking a pro-active role to encourage more gender parity in Africa's corporate boardrooms by highlighting new research and studies that demonstrate the business case for diversity. One such study, the recently published [Women's Representation on Boards in Kenya](#) report, showed that firms tend to perform better and benefit when there is a critical mass of women at the board level.

Globally, IFC promotes diversity on boards and supports women in the senior executive ranks in developing and emerging markets around the world. In our own investee companies, we have nearly reached a 2015 target of 30 percent female representation for IFC-nominated director positions and we aim for full parity in the near future. Several of our IFC offices are partnering with their local stock exchanges in the Ring the Bell for Gender Equality initiative to highlight the business advantages of a gender-balanced board to sustainable development. We actively support organizations such as Women Corporate Directors, which has set up local chapters in countries such as Kenya, Nigeria, Mongolia, South Africa, and Vietnam, with our help.

ifc.org/corporategovernance

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IFC ENCOURAGES BOARD DIVERSITY BY:

- Building capacity
- Raising awareness
- Reporting on the benefits of women serving on boards in emerging markets and developing countries
- Training female corporate-governance trainers
- Preparing women for management and leadership positions

In FY 2015:

- Over 10,000 participants at training events and conferences, including 3,000 women
- Over 5,000 participants trained by partners, including 1,000 women

SELECTED RESOURCES:

- [Gender Diversity in Jordan](#)
- [Myths and Facts about Female Directors](#)
- [Women on Corporate Boards in Bosnia and Herzegovina, FYR Macedonia and Serbia](#)
- [Women on Boards: A Conversation with Male Directors](#)
- [Optimizing Board Effectiveness with Gender Diversity: Are Quotas the Answer?](#)
- [Diversity at the Head Table: Bringing Complementary Skills and Experiences to the Board](#)

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