



Gender Diversity in Ghanaian Boardrooms

An Abridged Report on Women on Boards of Corporate and Public Institutions in Ghana



Creating Markets, Creating Opportunities

© 2018 International Finance Corporation. All rights reserved.

2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA
Internet: www.ifc.org

The material in this work is copyrighted. Copying and/or transmitting portions or all of this work without permission may be a violation of applicable law. IFC encourages dissemination of its work and will normally grant permission to reproduce portions of the work promptly, and when the reproduction is for educational and non-commercial purposes, without a fee, subject to such attributions and notices as we may reasonably require.

IFC does not guarantee the accuracy, reliability, or completeness of the content included in this work, or for the conclusions or judgments described herein, and accepts no responsibility or liability for any omissions or errors (including, without limitation, typographical errors and technical errors) in the content whatsoever or for reliance thereon. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of the World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries. The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent.

The contents of this work are intended for general informational purposes only and are not intended to constitute legal, securities, or investment advice, an opinion regarding the appropriateness of any investment, or a solicitation of any type. IFC or its affiliates may have an investment in, provide other advice or services to, or otherwise have a financial interest in, certain of the companies and parties (including named herein).

All other queries on rights and licenses, including subsidiary rights, should be addressed to IFC's Corporate Relations Department, 2121 Pennsylvania Avenue, NW, Washington, DC 20433 USA.

International Finance Corporation is an international organization established by Articles of Agreement among its member countries, and a member of the World Bank Group. All names, logos, and trademarks are the property of IFC, and you may not use any of such materials for any purpose without the express written consent of IFC. Additionally, "International Finance Corporation" and "IFC" are registered trademarks of IFC and are protected under international law.

Disclaimers

The study was limited to Ghana, which means that the specific demographic culture would have a major, but nonmeasurable, effect on the answers of participants. Therefore, there may be findings that are not relevant to companies in different countries. The study was further limited to companies in Accra, which may reduce the diversity of responses and possibly provide results not relevant to all the companies in the country.

Group photo on the cover: *Launching the research work in Accra in October 2016 with panelists (seated, from left) Pearl Esuah-Mensah, Adlaide Benneh, Joshua Abor, Florence Hope-Wudu, and Chinyere Almona.*



Gender Diversity in Ghanaian Boardrooms

An Abridged Report on Women on Boards of Corporate and Public Institutions in Ghana

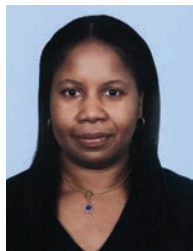
Contents

- Foreword v**
 - Acknowledgments..... v
- Executive Summary 1**
- 1. Background and Context for the Study 3**
 - 1.1. Global Trends in Gender Diversity 3
 - 1.2. State of Regulatory and Legal Framework on Gender Diversity in Ghana..... 4
 - 1.3 Purpose of the Study..... 4
 - 1.4. Significant Previous Studies 5
 - 1.5. Research Methodology 5
- 2. Findings and Discussions 7**
 - 2.1. Sampled Firms7
 - 2.2 The Nature of Boards and Gender Diversity in Ghanaian Boardrooms7
 - 2.3 Exploring Gender Dynamics within the Corporate Setting 8
- 3. Challenges, Prospects, and Experiences of Women on Boards..... 11**
- 4. Conclusions and Policy Recommendations 13**
 - 4.1. Conclusions 13
 - 4.2. Policy Recommendations..... 14
- References 17**

All photos in this report are by Tricolor Studios. | The table and all figures are from Field Data, 2017.

Foreword

Boards, that are diverse in experience, skills, gender, age, and qualifications, have a positive effect on the quality of governance, and such boards often present a good indication of a well-run company. The conversation on diversity focuses mostly on gender because of the positive impact that gender parity has been found to have on performance.



**Ronke-Amoni
Ogunsulire**

At IFC, we have found that addressing gender parity and increasing participation of women on corporate boards and in other decision-making positions adds value socially and economically and has the capacity to play a significant role in institutional capacity building and private sector development. Therefore, a few years ago, we took a hard look at the boards of our investee companies and made the decision to promote gender diversity and inclusion on these boards. Currently, women make up 29 percent of the directors who sit on IFC investee company boards around the world—up from only 11 percent in 2011, and heading toward a goal of 40 percent by 2019.

This report on Women on Boards in Ghana will contribute to the global advocacy for gender diversity and inclusion, especially within the country, as it provides real data on Ghana. The results of the survey show that, while most companies of the private and public sectors have female representation, the ratio of women to men is still low. The most common challenges women face, according to this report, relate directly to family responsibilities. These data provide statistics to advocate for more female inclusion in leadership and the need to address the issue at the policy, regulatory, and corporate levels.

Ronke-Amoni Ogunsulire,
IFC Country Manager,
Accra, Ghana

A number of factors may account for the failure or success of many companies, but arguably, corporate governance practices may top the charts. Fundamental to corporate governance is the selection and composition of boards. How much weight must be given to gender among the many qualifying considerations when composing a board?

Women on Boards is a bold attempt to dispassionately situate the discussion on the extent to which gender is and should be a factor in board composition. An absolutely refreshing, intellectually stimulating, and poignantly instructive piece of work.

Daniel Ogbarmey-Tetteh,
Director General,
Securities and Exchanges Commission

This is an informative study that brings to the forefront the need for adequate inclusion of qualified females in Ghanaian corporate governance. Gender diversity in the membership of boards and senior management of institutions could improve decision making. Despite the challenges that women face in the corporate world, they have enormous responsibilities in all aspects of the development of the nation.

Ekow-Afedzi,
Deputy Managing Director,
Ghana Stock Exchange



Research team members, media, and women advocates gather to mark the launch of the Women on Boards research in Accra in October 2016.

Acknowledgments

This study was an Initiative of the Ghana Corporate Governance Program of IFC, a member of the World Bank Group, in partnership with the Swiss Secretariat for Economic Affairs (SECO) and conducted by the University of Ghana Business School.

We would like to recognize the special role of the National Insurance Commission and the Security and Exchanges Commission for their support in the data-collection process.

Executive Summary

This publication provides a baseline exploration into gender diversity in the Ghanaian boardroom. It examines gender diversity—across sectors, ownership types, legal status, listing status, and a number of organizational and board-level characteristics—to provide empirical evidence to guide the development of organizational and national policy.

The study, launched in Accra in October 2016, mainly focused on generating a balanced and objective analysis of the issues surrounding women in the boardroom to ascertain the business case for having females on boards in Ghana. The objectives of the study were to examine the nature of gender diversity in public and private sector boards in Ghana, examine the determinants of board diversity in Ghanaian organizations, examine the relationship between gender diversity and organizational performance in Ghana, and to explore the experiences of women on boards.

The first section of this report provides context and background for the study, beginning with a summary of global trends in gender diversity and, more specifically, an overview of the regulatory and legal framework on gender diversity in Ghana. It also states the purpose of the study and cites significant previous studies. And it describes the



Joycel Aryee, with other members of the research team, announces a successful launch of the Women on Boards research.

research methodology used for this study.

The second section presents and discusses the study's findings, including a look at the firms sampled. It examines the nature of boards and gender diversity in Ghanaian boardrooms and explores gender dynamics within the corporate setting.

The final two sections consider the implications of the study's findings, particularly the challenges, prospects, and experiences of women on boards, followed by a presentation of conclusions and policy recommendations.

“THIS STUDY PROVIDES VERY INTERESTING INSIGHTS INTO THE INVOLVEMENT OF WOMEN ON BOARDS OF CORPORATE AND PUBLIC ORGANIZATIONS IN GHANA. THE FINDINGS SHOULD SERVE AS A GOOD BASIS FOR INTENSIFYING ADVOCACY FOR THE INCLUSION AND PARTICIPATION OF MORE WOMEN ON GHANAIAN BOARDS. THIS STUDY WILL SERVE AS A USEFUL RESOURCE FOR GOVERNMENT, REGULATORY AUTHORITIES, CORPORATE AND PUBLIC INSTITUTIONS, RESEARCHERS, AND STUDENTS.”

— JOSHUA YINDENABA ABOR, DEAN,
UNIVERSITY OF GHANA BUSINESS SCHOOL

1. Background and Context for the Study

The establishment of appropriate corporate governance principles directly influences firm performance and sustainability, and consequently improves economic development. However, most boards lack balance when it comes to female representation. Generally, educated women are mostly consigned to and clustered at the lower and supervisory management levels of employment. This situation is even worse in Africa, owing to cultural and traditional beliefs. Nevertheless, underusing the skills of highly qualified women leads to loss of economic growth potential (European Commission 2012).

Gender diversity benefits boards in several ways. For one, women can contribute special skills and expertise that complement those of men when deliberating on issues and making decisions that affect the progress of the company (Deloitte 2015). Also, gender balance improves the effectiveness of the board across its three main roles: monitoring, strategic direction, and the relational function. Board gender diversity also sends important signals to long-term, risk-averse corporate stakeholders—signals based on certain aspects of female leadership style, such as being more conscientious in performing tasks, more risk-averse in investing their own assets as well as in investing on behalf of others, and more other-oriented.

1.1. Global Trends in Gender Diversity

On average, Fortune 500 companies have more women on their boards of directors, which has translated into better financial performance than companies with fewer than three women board directors (Jackson 2009). This suggests a degree of correlation between the presence of women leaders and corporate performance. Globally, women constitute a small percentage in senior management positions as compared with their male counterparts. The percentage of women in senior positions ranges from 3 percent to 12 percent, and the percentage of men in senior management positions is relatively stable across regions (Ganguli et al. 2014;

Jackson 2009). In Sub-Saharan Africa and in Latin America and the Caribbean, one out of every twenty-six women makes it to a senior management position, whereas one out of every six to nine men in the workforce makes it to a senior management position (Jackson 2009).

“OVER THE LAST TWO DECADES, WOMEN’S LIVES HAVE IMPROVED IN AN UNPRECEDENTED WAY. WOMEN GAINED ACCESS TO RIGHTS, EDUCATION, SERVICES AND THE LABOR MARKET. HOWEVER, MANY WOMEN ALL OVER THE WORLD STILL DO NOT ENJOY EQUAL PARTICIPATION IN ECONOMIC, SOCIAL, AND POLITICAL LIFE.

“NOT ONLY IS THIS UNJUST, IT IS ALSO A TREMENDOUS ECONOMIC AND SOCIAL LOSS. EQUAL OPPORTUNITIES FOR WOMEN AND MEN IS ONE OF THE KEY CONCERNS OF SWITZERLAND’S DEVELOPMENT COOPERATION. FOR SECO, GENDER EQUALITY IS A KEY DEVELOPMENT ISSUE FOR INCLUSIVE GROWTH. IT IS NOT ONLY THE RIGHT THING TO DO, IT IS ALSO THE SMART THING TO DO.”

— MATTHIAS FELDMANN,
DEPUTY HEAD OF MISSION AND
HEAD OF COOPERATION,
EMBASSY OF SWITZERLAND IN GHANA

Recent studies have focused on whether the effect on performance of companies that have women on boards serves to justify implementation of boardroom gender policies. Several theories—such as the organizational demography, the resource-based theory of competitive advantage, tokenism theory, and agency theory—have been used to explain the relationship between board gender diversity and corporate performance and thus how the proportion of males and females influences the nature of social interaction (Pfeffer 1983).

Testing of the different propositions made by these theories has produced mixed results, as reported in a growing body of empirical literature on gender diversity and firm performance. Some studies have provided evidence suggesting a positive relationship between gender diversity and firm performance (Christiansen 2016; Ganguli et al. 2014; Jackson 2009). Yet other researchers have shown a negative relationship between gender diversity and firm performance (Boulouta 2013; Hammad et al. 2012; Rodriguez-Dominguez et al. 2012). However, some others found no relationship between the two variables (Webber and Donahue 2001).

Female representation on corporate boards is greatly influenced by political, social, and economic structures in their home countries (Terjesen and Singh 2008). Over the last two decades, various aspects of board diversity have been studied to ascertain the effect of culture and ethnicity on organizational performance, but the results have not yet been contextualized within the economic and socio-politico-cultural setting. Once that occurs, we may have a profound revelation regarding board gender diversity.

The presence of women in corporate and public leadership in Africa is limited, even though the male-to-female ratio is 1:1 (World Development Indicators 2016). But the interesting question to address is whether gender diversity on boards, especially those that make use of women's skills and expertise, is beneficial and pivotal to business growth in Africa. While some African countries, such as Kenya, Malawi, Nigeria, and South Africa, are spearheading the agenda on formally integrating gender diversity into principles of good governance, policy debate in Ghana is still ongoing.

1.2. State of Regulatory and Legal Framework on Gender Diversity in Ghana

Over the last two decades, the importance of gender diversity in the socioeconomic transformation of Ghana has received much attention. Hence attempts have been made to incorporate this into the laws of the country as well as to provide frameworks for addressing gender inequalities. For in-



Panelists Adelaide Benneh, Pearl Esuah-Mensah, and Joshua Abor participate in a session.

stance, Article 17 of the 1992 constitution prohibits discrimination on the basis of gender. Accordingly, the Affirmative Action Policy of 1998 requires a 40 percent quota of women's representation on all government and public boards. Also, creation of the Ministry of Gender, Children and Social Protection in 2013 has been a key step forward in Ghana's commitment to promote gender equity.

In 2015, the Ghanaian government developed a National Gender Policy to reemphasize its objective to support gender equality. These policy commitments move the country toward women's empowerment and livelihood, women's right and access to justice, women's leadership, and accountable governance, among others. However, the National Gender Policy does not specifically indicate the degree of gender diversity that corporate and public boards and management should attain. Besides, some corporate organizations have their own policy on gender representation regarding management and board composition.

1.3. Purpose of the Study

Considering the background, the study sought to provide some concrete information on women on corporate and public boards in Ghana under IFC's Ghana Corporate Governance Program. The study was to raise awareness of and inform the discourse about gender diversity. A second contribution is the possibility of providing a source for tailored policy

actions and business practices. Thus the study was intended to generate the relevant follow-up discussions needed for Ghana to establish policies regarding gender diversity in the boardroom.

The following were specific objectives of the study:

- To examine the nature of gender diversity in public and private sector boards in Ghana;
- To examine the determinants of board diversity in Ghanaian organizations;
- To examine the relationship between gender diversity and organizational performance in Ghana;
- To explore the experiences of women on boards.

1.4. Significant Previous Studies

Hammad et al. (2012) investigated the relationship between gender diversity and firm performance in Pakistan. That study focused on the impact of female directors on corporate performance, using a sample of 395 listed nonfinancial companies of the Karachi Stock Exchange from 2004 to 2009. The findings indicated that the ratio of female directors is negatively related to firm performance. The challenge with this study is that it did not cross-assess the various industries in the economy and thus may not apply in some industries.

Sanan (2016) investigated the impact of board gender diversity on financial performance of listed Indian firms in a dynamic modeling framework. Using a firm-year unit of analysis, Sanan studied a sample of 148 publicly listed firms across multiple industries over a period of five financial years. Using panel data analysis, the study took the percentage of women directors as the independent variable and measured firm performance by return on assets (ROA) and Tobin's Q as the dependent variables. The primary results of the study, using ordinary least squares and fixed-effects estimation models, point toward a positive and significant relationship between the percentage of independent women directors (IWDs) and firm performance. However, results are reversed when the theoretically superior Arellano Bond estimation was used. Findings of the study indicated that the number of companies with

no IWDs decreased across the five years of study. This may be due to external pressure created by stakeholders. Also, the number of companies with one IWD is increasing over the period of the study, while the number of companies with two or three or more directors is more or less the same. The number of two- or three-IWD companies remaining the same could arguably be due to lack of availability of independent directors who are women.

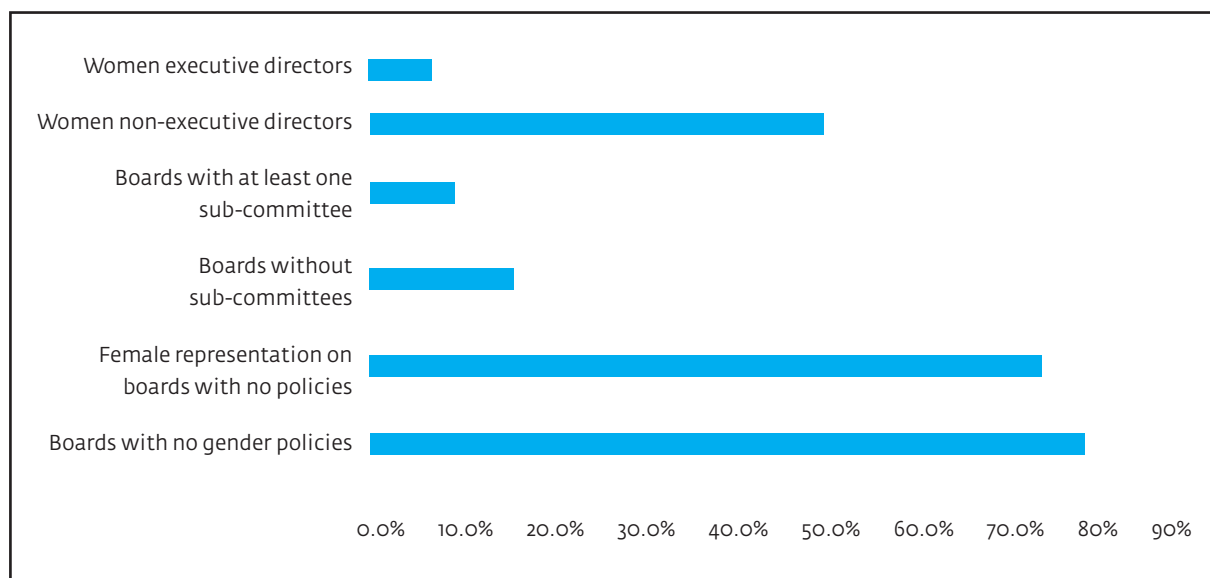
1.5. Research Methodology

This study applied a mixed-methods approach, adopting both qualitative and quantitative data collection and using both open-ended and closed-ended questionnaires. Information solicited from each organization included its age, size, ownership type, and legal and listing status, among others. We distributed 310 questionnaires to companies across all the sectors of the economy, and of those we received 162 completed questionnaires. State-owned enterprises (SOEs) were 11.39 percent of the sample.

We also collected data from online secondary sources (mainly on the financials and board structure of the listed companies in the sample) to augment the data from the survey. We used descriptive statistics, charts, and graphs to describe and explore the nature of gender diversity in Ghanaian firms. (See Figure 1.1 on the next page.) Correspondingly, the study used cross-tabulations to examine cross-cutting between various variables and gender diversity.

Interviews with 15 female board members provided a deeper understanding of the females on the board. These women happened to be from the banking, media, and hospitality industries. We also interviewed four male directors to gain an understanding of male perspectives on gender diversity. In addition, the final stages of the study included a focus-group discussion with five female board members, followed by another group discussion with three female and six male board members. This more heterogeneous group provided an opportunity for a more diverse discussion. The purpose of these focus-groups was to triangulate and augment some of the hard findings from the quantitative data analytics

Figure 1.1: Dynamics of Ghanaian Boards



2. Findings and Discussions

The 162 questionnaires retrieved spanned multiple sectors within the Ghanaian economy.

2.1. Sampled Firms

The investment banking/asset management industry constituted about 29.63 percent of the sample. Insurance, banking, and media constituted 14.20 percent, 11.73 percent, and 11.73 percent, respectively. Manufacturing organizations constituted 8.64 percent, and pensions and regulatory bodies constituted 3.7 percent each. Construction, oil and gas, and SOEs followed, at 3.09 percent, 2.47 percent, and 2.47 percent. Agribusiness, health, mining, microfinance, nongovernmental organizations, and IT/telecommunications organizations followed, with 1.85 percent, 1.85 percent, 1.85 percent, 1.23 percent, 0.89 percent, and 0.62 percent of the sample, respectively. (See Figure 2.1.)

Regarding ownership, 56.33 percent were private domestic organizations, 11.39 percent were state-owned companies, and public and foreign organizations (organizations with predominantly foreign ownership) accounted for 20.89 percent and 9.49 percent of the sample, respectively. Approximately 1.79 percent could not be immediately classified under any of the categories.

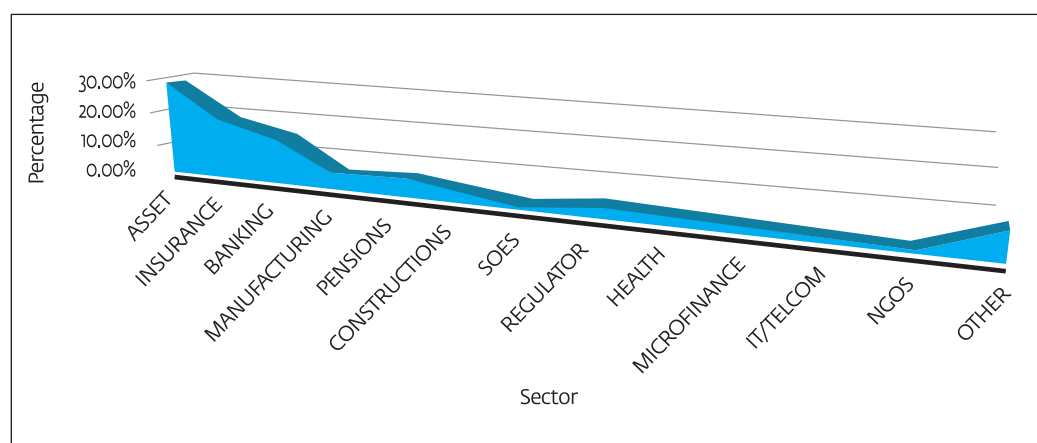


A session of the audience at the Women on Boards launch.

2.2 The Nature of Boards and Gender Diversity in Ghanaian Boardrooms

Findings from the study indicated that board size ranged from two to fourteen members, but the majority (81.24 percent) of firms had four to nine board members. The most common board size was four members (18.35 percent), followed by five (16.46 percent). Board sizes of two to five members accounted for 38.6 percent of the sample, and those with six to nine members accounted for 43.68 percent. Available literature has yet to reach a consensus on optimal board size, and what constitutes a large or small board is still in contention. However, the appropriate board size should

Figure 2.1: Sectoral Distribution of Sample

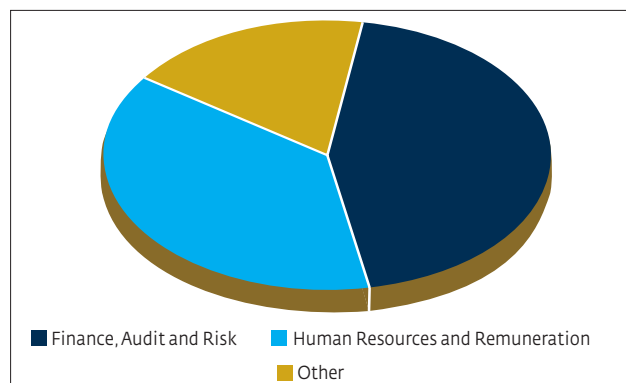


have enough members with expertise to diligently discharge the organization's responsibilities.

The question of executive and non-executive members has also been extensively studied. Some arguments promote the presence of executive members on the board, because they have in-depth organizational information that can facilitate better decision making. The contrary argument is that the presence of significant executive management on the board detracts from the objective and supervisory function of the board and consequently results in poor organization performance. Hence the best-practice position has been to have more non-executive members on the board. Across all the sectors sampled, about 42.3 percent of the organizations have boards with at least 60 percent non-executive directors.

The findings also revealed that board committees help the board execute its mandate, which enhances the governance within the organization. From the survey, the most frequently occurring board committees were finance, audit, risk, and compliance, followed by nominations, remuneration and human resources, and technical. Some organizations (14.85 percent) operated without board committees; others (approximately 81 percent) operate with two to six board committees. Very few committees were chaired by women. The findings revealed that, when women are on board committees, they tend to chair the human resources and remuneration committees and the audit and risk committees. (See Figure 2.2.)

Figure 2.2: Committees Chaired by Women



Regarding ownership type, SOEs exhibited the highest level of diversity, with a gender diversity ratio of 58.9 percent. Foreign companies, public companies, and private companies followed with diversity ratios of 14.3 percent, 12.2 percent, and 11.1 percent. (See Figure 2.3.)

2.3 Exploring Gender Dynamics within the Corporate Setting

In seeking to understand the nature of gender diversity in Ghana, the study explored the prevalence of gender policies among organizations. *Gender policy* simply refers to an established public policy for organizations for assessing the different implications for women and men of any planned policy action, including legislation and programs, in all areas and levels, with the aim of improving gender balance.

Even though the ideal is for organizations to have gender diversity, a majority (77.85 percent) of firms surveyed did not have policies on gender. Only 5.70 percent of organizations had policies on gender, and 16.46 percent did not respond. Notwithstanding the absence of policies, 72.15 percent of the boards had female representation, even though the ratio of females to males remained low, with diversity typically ranging from 20.00 percent to 30.00 percent.

Furthermore, only 6.33 percent had minimum thresholds for women on their boards, 75.95 percent did not have minimum thresholds, and 17.72 percent failed to provide valid responses. Only about 4.43 percent have a standard for female representation. (See Table 2.1.)

Figure 2.3: Gender Diversity by Ownership Type

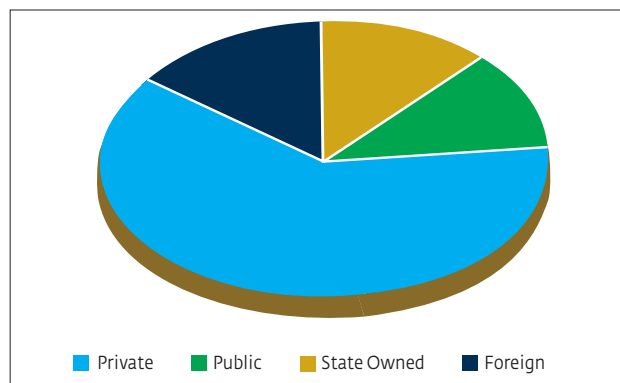


Table 2.1: Gender Policy Codes

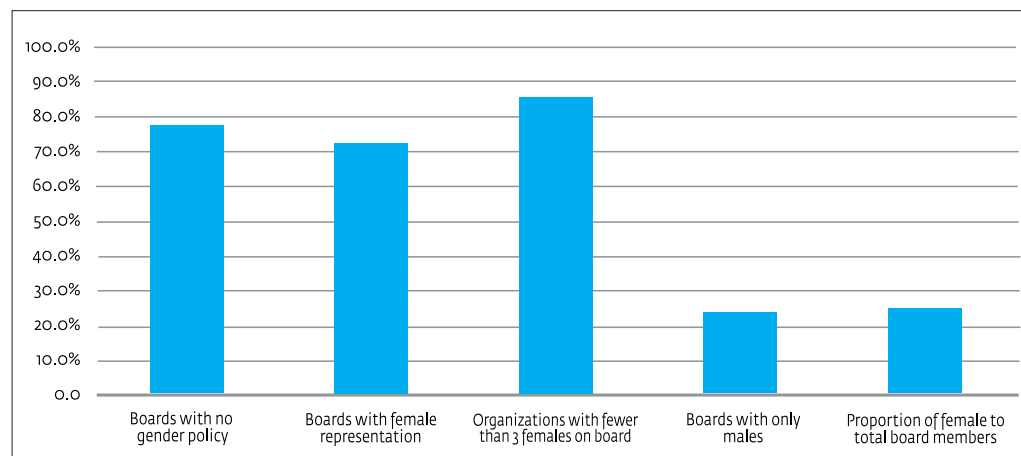
Description	Percentage
<i>Gender Policy for Organization</i>	
Yes	5.70
No	77.85
No response	16.46
<i>Minimum women on board</i>	
Yes	6.33
No	75.95
No response	17.72
<i>Minimum women in top management</i>	
Yes	4.43
No	77.85
No response	17.72

As noted above, results indicated that 77.85 percent of organizations responding did not have a policy on gender representation to guide selection of top management and board positions. Yet 72.15 percent of boards surveyed responded that they do have female representation on their boards. However, the results showed that approximately 86.00 percent of organizations have no more than two females on their boards.

Gender diversity (proportion of female to total board members) generally ranged from 7 percent to 25 percent. The number of women on boards ranged from one to six among the sampled firms,

with the most common number of women on boards being one. The findings further revealed that 24.05 percent of the sampled boards are composed of only males. Thus one out of every four boards has no female representation. Also, most women on boards (49.37 percent) were non-executive directors, and only 6.49 percent of organizations have females as board chairs. (See Figure 2.4.)

Further survey results on the issue of gender diversity revealed that smaller firms were more likely to have higher gender diversity compared with larger firms. In addition, younger firms were more likely to have high gender diversity compared with older

Figure 2.4: Results on Board Dynamics



A session of the audience at the Women on Boards launch.

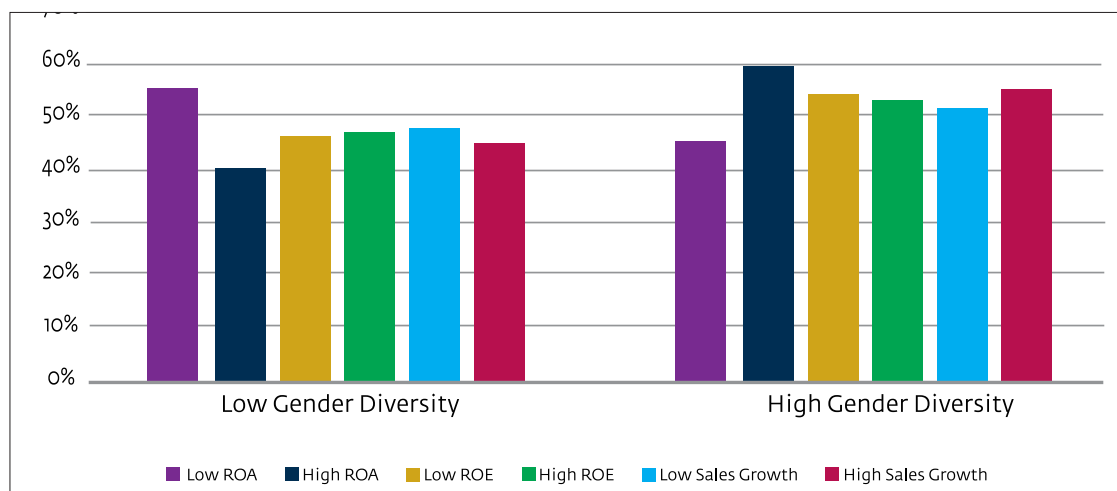
firms. Nongovernmental organizations and micro-finance firms appeared to have higher gender diversity than other organizations. Further, it appears that organizations in the financial services industry (banking and pensions), with the exception of the microfinance and the asset management industries, have low gender diversity. Unlisted firms exhibited higher gender diversity compared with listed firms. SOEs had higher gender diversity compared with other ownership types. Foreign firms did not score highly on gender diversity. Family-owned businesses showed higher gender diversity compared with non-family businesses.

Additional findings suggest that smaller boards have higher gender diversity than larger boards. Organizations that do not combine CEO and

board chair positions tend to have more women on their boards. More independent boards tend to have less gender diversity. Businesses with female CEOs tend to have more females on their boards than businesses with male CEOs. Businesses with female board chairs tend to have more females on their boards compared with businesses with male board chairs.

Overall, the findings suggest that there is a business case for having women on boards, because the cross-tabulations reveal that companies that perform better tend to have more gender-balanced boards. High-performing firms, based on return on assets (ROA), were associated with higher gender diversity than low-performing firms. However, low-performing firms, based on return on equity (ROE), exhibited higher gender diversity than high-performing firms, but the difference was not significant. In addition, a majority of the high-performing firms exhibited gender diversity. In sales growth, high-performing firms were associated with higher gender diversity than low-performing firms. (See Figure 2.5.) These findings provide support for the value-in-diversity or decision-making perspective that suggests a positive relationship between gender diversity and firm performance, taking into consideration the various factors that enhance decision making.

Figure 2.5: Gender Diversity and Performance



3. Challenges, Prospects, and Experiences of Women on Boards

From the standpoint of the experiences and perspectives of gender diversity on board performance, the study supports the assertion that gender diversity influences board performance through different leadership styles (Druskat 1994; Gipson et al. 2017). Women generally tend to be more “emotionally intelligent”—to discern feelings—as compared with men, who possess the attributes that trigger *adventure* and lead to a higher propensity to take risks. Notwithstanding this, many boards in Africa are dominated by males because of gender nuances that are firmly embedded in the African culture. Indeed, the patriarchal nature of the African traditional customs—as well as laws—seems to be the underlying factor of male dominance in top positions. Respondents’ assertion on board composition indicated that men constitute more than 90 percent of the membership on most boards. Hence corporate bodies have a long way to go toward achieving gender balance on their boards.

The study also examined the nature of gender diversity on boards. The major considerations in appointing members to the boards were found to be competence, experience, connection with stakeholders (“whom you know”), and qualifications. Among these factors, qualifications was considered the most preferable. However, study results showed that the progression of women to boards in organizations was influenced—more than for their male counterparts—by the perception of their potential to deliver satisfactory work when they serve on boards. This reflects experiences and expectations about the abilities and skills needed to operate successfully on boards.

Organizations with female CEOs tended to have more females on their boards compared with those with male CEOs. In addition, organizations with female board chairs tended to have more females on their boards compared with those with male board chairs. The interviews also revealed that, when the CEO is a woman, more women are likely

to be represented on the board, because having female CEOs provides role models and pacesetters that younger females can look up to. Further, female CEOs and board chairs were more likely to seek out female directors when the need to appoint new directors arose.

In addition, the study sought to explore the contributions of women on boards. Female directors are seen to be understanding, cooperative, and cautious and to have integrity. Where they have expertise and qualifications, they make meaningful contributions at the board level. In the interviews with the 15 women on boards, we found that women enjoyed working on boards with men who respect their views. Interestingly, according to 80 percent of the female respondents, they are usually nominated for international assignments because of the respect given to them by their male colleagues.

Some respondents suggested that women were better trainers and also better at risk management issues. They also observed that women were more cautious when it came to taking decisions, which helped balance the aggressive tendencies of men. These respondents also said that women were better negotiators and more persuasive. Given all these attributes of women on boards, it is not surprising that most women serve on finance, audit, and risk committees. Another important finding was that most women on boards were older and did not have the responsibility of taking care of children.

Although they are few, the women on the boards feel proud of their performance and hence would want to see more women represented on boards. Generally, findings show that women who serve on boards were satisfied or happy with the board experience. Though there is male dominance on boards, these women do not experience discrimination. Indeed, most of these board members are older people and therefore show maturity when dealing with their colleagues.

Nonetheless, women are faced with many challenges on boards of organizations in Ghana. The majority (about 80 percent) of the respondents said that board activities affect their family responsibilities. Another challenge was the lack of recognition, which stems from male dominance on boards—sometimes, the male counterparts want their thoughts to overshadow those of the women. In the light of this, some women sometimes feel their views are not as respected as those of the men, and the men are sometimes overbearing.

Some women, although qualified to be on boards, deliberately shy away. This could be because some women do not want to be in the spotlight in the midst of males, as the Ghanaian cultural tends to tag assertive women as disrespectful. Also, from our interviews with male board members we learned that women appointed to boards tended to stereotype their female counterparts as having male behavioral traits, which discourages more females from accepting board positions.

4. Conclusions and Policy Recommendations

“GENDER DIVERSITY THROUGH THE PARTICIPATION OF FEMALES ON BOARDS IS WELL RECOGNIZED IN THE THEORY AND PRACTICE OF CORPORATE GOVERNANCE, AND THIS IS SEEN TO CONTRIBUTE TO IMPROVED ORGANIZATIONAL PERFORMANCE. WOMEN TEND TO HAVE DIFFERENT EXPERIENCES AND UNIQUE PERSPECTIVES THAT COULD BE BROUGHT TO BEAR IN BOARDROOM DELIBERATIONS TO ENHANCE EFFECTIVE BOARD GOVERNANCE. THE DISCUSSION REGARDING BOARD GENDER DIVERSITY NEEDS TO MOVE BEYOND THE NOTION OF JUST HAVING FEMALE REPRESENTATION ON THE BOARD, TO ASKING THE QUESTION, WHAT IS THE PROPORTION OF WOMEN ON THE BOARD? THE INCLUSION OF MORE WOMEN IN ACHIEVING A BALANCED BOARD SHOULD BE AN IMPORTANT CONSIDERATION IN DETERMINING BOARD STRUCTURE AND COMPOSITION.”

—JOSHUA YINDENABA ABOR

This study sought to examine various issues associated with female representation on Ghana’s corporate and public boards. Specifically, it sought to examine the factors that affect board gender diversity as well as to identify the link between board gender diversity and organizational performance. The study also allowed women on boards to share their experiences and sought the opinions of male directors regarding women on boards.

To achieve these objectives, the study used questionnaires to survey 162 organizations in Ghana for the years 2014 and 2015. These organizations represented different sectors and varied in age, size, ownership type, legal and listing status, and so on. Apart from the data obtained from the questionnaires, the study conducted interviews with 15 female board members to gain insights about their experiences serving on boards. The study team also interviewed four male directors, inviting them to discuss their thoughts on gender diversity. The study complemented the survey with secondary data, mainly for the listed companies. To affirm the findings and to obtain further insights on the ones we found difficult to explain, we conducted a focus-group discussion that included both male and female board members.

4.1. Conclusions

The majority of the organizations in the sample were private domestic, unlisted, and limited-liability companies. We found that board size for most companies was neither too large nor too small, with the majority having six to nine members on their boards. For most of the organizations, fewer than half of the board members were executive directors. Regarding gender diversity and firm-level characteristics, although we found that a vast number of organizations did not have a policy on gender and a threshold for the number of women to be included on their top management teams and board, most still had female representation on the board. Typically, however, the board had only one woman. This suggests that Ghanaian boards are most likely missing out on the rich experience a diverse board can provide.

Another interesting finding from this study was that, in organizations where women were represented on the boards, most of these women were likely to be non-executives and were not likely to play leadership roles on the boards. That is, they were less likely to be board chairs or chairs of board committees. Most of the women served on more technical committees, such as the finance, audit and risk, and human resources and remuneration committees. Organizations with female CEOs tended to have

more women on their boards than those with male CEOs, and organizations with female board chairs tended to have more women on their boards than those with male board chairs. From the interviews we learned that the reason more women are likely to be represented on the board when the CEO or board chair is a woman is because female CEOs and chairs provide role models and pacesetters that younger females can look up to. Further, female CEOs and board chairs were more likely to seek out female directors when the need to appoint new directors arose.

Looking at how women get onto boards, we found that competence, links with stakeholders, experience, and qualifications were the main considerations. Examining issues relating to gender diversity and different groups of firms, we found that smaller, younger, welfare-oriented, unlisted organizations and SOEs tended to have more females on their boards compared with larger, older, commercial, and foreign firms.

In the interviews with the 15 women on boards, we found that women enjoyed working on boards if their views were respected. They described women on boards as understanding, cooperative, and cautious and as having integrity. According to them, where women had expertise and qualifications, they made meaningful contributions in the boardroom. Some respondents suggested that women were better trainers and also better at risk management issues. They also said that women were more cautious when it came to taking decisions, which helped balance the aggressive tendencies of men when taking decisions. Further, these respondents indicated that women were better negotiators and also more persuasive. Given all these attributes of women shared by women on boards, it is not surprising that most women serve on finance, audit, and risk committees. Another important finding was that most women on boards were older and did not have to take care of children.

Interestingly, most of the respondents reported that they faced little or no discrimination. Sharing their challenges as women on boards, most of them said that boardroom responsibilities conflicted with their family responsibilities. They also argued that,

because males dominate boards, their opinions as women were sometimes not considered. The findings obtained from interviewing the males suggested that women appointed to boards were stereotyped by their female counterparts as having male behavioral traits, which discourages more females from accepting board positions.

Regarding whether there is a business case for having women on corporate boards, our findings showed that organizations that perform better tend to have more gender-balanced boards. These findings provide support for the value-in-diversity or decision-making perspective. High-performing firms (based on ROA) were associated with higher gender diversity compared with low-performing firms. Comparatively, low-performing firms (based on ROE) exhibited higher gender diversity than high-performing firms; however, the difference was not significant. In addition, a majority of the high-performing firms exhibited gender diversity. In sales growth, high-performing firms were associated with higher gender diversity compared with low-performing firms.

4.2. Policy Recommendations

Our findings provide useful pointers for regulators, policymakers, and companies. Appointing female CEOs and board chairs can go a long way toward improving the presence of females on boards, because it provides role models and pacesetters that younger females can look up to. The findings suggest that it makes economic sense for businesses to seek out female directors, because businesses that have a more gender-diverse board tend to have higher performance. In this regard, organizations should aim to develop gender policies for top-management and board-level positions that ensure a good balance between males and females.

The following are specific recommendations resulting from the findings of the study:

- The Institute of Directors should consider establishing a pool of talented directors (male and female) who have the requisite skills to serve on corporate and public boards in Ghana.

- The Institute also needs to intensify training of women to prepare them to take up board appointments.
- Women who are serving and have served on boards can play a key role in mentoring the next generation of women who will serve as leaders in business.
- It is important for policy advocacy to create more opportunities for females to serve on boards.
- The Securities and Exchanges Commission and the Ghana Stock Exchange should provide a relevant framework for companies to comply with generally accepted principles of corporate governance. The findings from this research suggests that nonlisted companies are doing better in having a gender-balanced board. It would be useful to develop a system that rates companies based on their corporate governance practices.
- The establishment of family-friendly policies, such as the provision of childcare facilities onsite or offsite, could encourage women to serve on corporate boards. This has been proven to increase women's productivity.
- It is important to implement "returnship" policies to make it easier for women who have stepped off the career track (for reasons such as having a child) to return to work.



IFC Regional Corporate Governance Program Manager Chinyere Almona (left) exchanges pleasantries with Daniel Lauchenauer of SECO and IFC Corporate Governance Consultant Florence Hope-Wudu at the study launch.

- It is important to engage with male directors regarding the benefits of gender-balanced boards. This would make it easier for men to be part of any future solutions.
- Policymakers, regulators, and organizations should think about developing policies that encourage young women to serve on boards. Women who want to attain board positions should consider pursuing relevant qualifications, gaining experience, and establishing great networks.

“ACCORDING TO PETER SANDS, ‘WOMEN WHO ARE ECONOMICALLY EMPOWERED ARE AN INCREDIBLY POWERFUL SOURCE OF DEVELOPMENT.’

“STUDIES HAVE SHOWN THAT DIVERSE BOARDS FUNCTION AS WELL AS, IF NOT BETTER THAN, BOARDS THAT LACK GENDER DIVERSITY, YET THE PACE OF WOMEN JOINING BOARDS REMAINS SLOW. WITH THE GLOBAL ACKNOWLEDGMENT OF THE ROLE AND VALUE OF WOMEN ON BOARDS, THE BUSINESS CASE FOR EMPOWERING WOMEN IS CLEAR. ESSENTIALLY, IT BENEFITS FUTURE GENERATIONS, IT ENHANCES CORPORATE BRAND REPUTATION, IT IMPROVES THE RELATIONSHIP BETWEEN COMPANIES AND STAKEHOLDERS, AND IT IS A KEY DRIVER OF ECONOMIC GROWTH. WHAT IS THE STATUS OF WOMEN ON BOARDS IN GHANA? IT IS IMPORTANT TO THE ONGOING DIALOGUE TO EXPLORE THE STATE OF AFFAIRS REGARDING WOMEN’S INVOLVEMENT AT THE DECISION-MAKING TABLES.

“IFC IS COMMITTED TO ENCOURAGING CONVERSATIONS AND ACTIONS THAT EMPOWER WOMEN TO FULLY PARTICIPATE IN LEADERSHIP AT THE CORPORATE LEVEL AND IN THE WIDER SOCIO-POLITICAL TERRAIN, THROUGH THE GHANA CORPORATE GOVERNANCE PROGRAM, FUNDED BY THE STATE SECRETARIAT FOR ECONOMIC AFFAIRS (SECO), SWITZERLAND. THIS STUDY IS AN EFFORT TO PROVIDE BASELINE DATA ON THE STATUS OF WOMEN ON BOARDS IN GHANA, WHICH IS REQUIRED TO INFORM POLICIES TO PROMOTE BETTER REPRESENTATION. THIS IS A WAY TO FACILITATE ROBUST DIALOGUE AMONG ALL STAKEHOLDERS AT THE NATIONAL AND REGIONAL LEVELS.

“WE ARE OPTIMISTIC THAT THIS STUDY WILL CONTRIBUTE TO THE BODY OF KNOWLEDGE ON THE SUBJECT AND INCREASE UNDERSTANDING OF THE CURRENT BUSINESS PRACTICES WITH RECOMMENDATIONS FOR ACTION.”

—CHINYERE ALMONA,
REGIONAL PROGRAM MANAGER
AFRICA CORPORATE GOVERNANCE PROGRAM

References

- Adams, R. B. 2016. Women on boards: The superheroes of tomorrow? *The Leadership Quarterly* 27 (3): 371–86.
- Adams, R. B., J. Haan, S. Terjesen, and H. Ees. 2015. Board diversity: Moving the field forward. *Corporate Governance: An International Review* 23 (2): 77–82.
- Amidu, M., and J. Abor. 2006. Gender and the composition of corporate boards: A Ghanaian study. *Indian Journal of Gender Studies* 13 (1): 83–95.
- Blau, P. M. 1977. *Inequality and Heterogeneity: A Primitive Theory of Social Structure*. New York: Free Press.
- Boulouta, I. 2013. Hidden connections: The link between board gender diversity and corporate social performance. *Journal of Business Ethics* 113 (2): 185–97.
- Christiansen, S. M. 2016. *In Climate Conflicts—A Case of International Environmental and Humanitarian Law*. New York: Springer International Publishing.
- Credit Suisse. 2012. *Gender Diversity and Corporate Performance*. Zurich, Switzerland: Credit Suisse Research Institute.
- Deloitte. 2015. *Women in the Boardroom: A Global Perspective*. United Kingdom: Deloitte Touche Tohmatsu Limited.
- Druskat, V. U. 1994. Gender and leadership style: Transformational and transactional leadership in the Roman Catholic Church. *The Leadership Quarterly* 5 (2): 99–119.
- European Commission. 2012. Proposal for a Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of companies listed on the stock exchanges and related measures. Brussels: European Commission. ec.europa.eu/justice/newsroom/gender-equality/news/121114_en.htm or <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52012PC0614>.
- Ganguli, I., R. Hausmann, and M. Viarengo. 2014. Closing the gender gap in education: What is the state of gaps in labour force participation for women, wives and mothers? *International Labour Review* (August) 153 (2): 173–207.
- Gipson, A. N., D. L. Pfaff, D. B. Mendelsohn, L. T. Catenacci, and W. W. Burke. 2017. Women and leadership: Selection, development, leadership style, and performance. *The Journal of Applied Behavioral Science* 53 (1): 32–65.
- Hammad, H. M., S. Mahmood, S. Andleeb, and F. Ramzan. 2012. Gender diversity and firm performance: Evidence from Pakistan. *Journal of Social and Development Science* 3 (5): 161–66.
- Haslam, S. A., S. D. Reicher, and M. J. Platow. 2010. *The New Psychology of Leadership: Identity, Influence and Power*. East Sussex, England: Psychology Press.
- Jackson, L. W. 2009. *Educate the Women and You Change the World: Investing in the Education of Women is the Best Investment in a Country's Growth and Development*. Baton Rouge, Louisiana: Forum on Public Policy.
- Pfeffer, J. 1983. Organizational demography. *Research in Organizational Behavior* 5: 299–357.
- PwC. 2016. The swinging pendulum: Board governance in the age of shareholder empowerment. PwC's 2016 Annual Corporate Directors Survey. London: PricewaterhouseCoopers Governance Insights Center.
- Rodriguez-Dominguez, L., I. M. Garcia-Sanchez, and I. Gallego-Alvarez. 2012. Explanatory factors of the relationship between gender diversity and corporate performance. *European Journal of Law and Economics* 33 (3): 603–20.
- Sanan, N. K. 2016. Board gender diversity and firm performance: Evidence from India. *Asian Journal of Business Ethics* 5 (1–2): 1–18.
- Terjesen, S., and V. Singh. 2008. Female presence on corporate boards: A multi-country study of environmental context. *Journal of Business Ethics* 83 (1): 55–63.
- Terjesen, S., R. V. Aguilera, and R. Lorenz. 2015. Legislating a woman's seat on the board: Institutional factors driving gender quotas for boards of directors. *Journal of Business Ethics* 128 (2): 233–51.
- Webber, S. S., and L. M. Donahue. 2001. Impact of highly and less job-related diversity on work group cohesion and performance: A meta-analysis. *Journal of Management* 27: 141–62.
- World Bank. 2016. *World Development Indicators*. Washington, D.C.: World Bank Publications.

About IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence to create opportunity where it's needed most. Our long-term investments in developing countries help the private sector play an essential role in the global effort to end extreme poverty and boost shared prosperity. In promoting sustainable private sector investment in developing countries, IFC has identified a need for emphasis on improved corporate governance practices. For more information, visit www.ifc.org.

About SECO

SECO is Switzerland's competence center for all core issues relating to economic policy. SECO's economic development cooperation strives to achieve sustainable growth. Growth is sustainable if it creates jobs, helps increase productivity, and helps reduce poverty, inequalities, and global risks. For more information, visit www.seco-cooperation.ch.

About the Africa Corporate Governance Program

The Africa Corporate Governance Program, funded by SECO, is an initiative to promote corporate governance best practices and standards continent-wide, in line with regional priorities. IFC works

with the program to improve firm performance and increase the ability of markets and firms in the Sub-Saharan Africa region to attract and retain investment. The initiative spans socioeconomic strata and includes firms, investors, market intermediaries, and regulators. The focus is on enhancing the regulatory infrastructure and building the corporate governance capacity of institutions, with the expectation of increased awareness, knowledge, and capacity to adopt good governance practices.

Contacts for information about the content of this publication:

Roman Zyla
Corporate Governance Lead (Africa)
IFC Environment, Social, and Governance
Department
14 Fricker Road, Illovo
Johannesburg, South Africa
rzyla@ifc.org

Chinyere Peace Almona
Regional Program Manager
Africa Corporate Governance Program
IFC Environment, Social, and Governance
Department
7th Floor, Alliance Place,
33A Alfred Rewane Way, Ikoyi
Lagos, Nigeria
calmona@ifc.org

2121 Pennsylvania Avenue, NW
Washington, DC 20433 USA

Tel: +1 (202) 458-8097
www.ifc.org/corporategovernance
www.ifc.org/sustainability

May 2018