

# Corporate Governance

## Women on Boards and in Business Leadership

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 a range of business benefits associated with gender diversity on boards and in senior leadership—and with a robust pipeline of female management talent. Benefits include improved financial performance and shareholder value, reduced risk of fraud and corruption, increased customer and employee satisfaction, greater investor confidence, and enhanced market knowledge and reputation. Studies also point to the positive influence of gender-diverse management and boards on a company's sustainability profile.

### IFC'S CONTRIBUTIONS

The push toward greater diversity—and especially, gender diversity at the top—is already happening. It's driven by a growing number of qualified women, male champions, investors and shareholders, legislation and governance codes, and an overall awareness that companies must better reflect the markets they serve. IFC is contributing to this push by building capacity, raising awareness, and adding to the knowledge base on the value of gender-diverse boards and business leadership in emerging and frontier markets; part of its environment, social and governance work.

### SELECTED REGIONAL EXAMPLES

In **East Asia and the Pacific**, IFC launched [Board Gender Diversity in ASEAN](#) in partnership with Indonesia Business Coalition for Women Empowerment, Indonesia Global Compact Network, UN Women, and the Indonesia Stock Exchange. The first-ever such study of companies in the region, the report found that companies with boards that have more than 30 percent female representation are associated with higher returns on assets and returns on equity compared with companies that have all-male boards. A follow-up session focused on ways to raise awareness and catalyze change in Indonesia.

In **Europe and Central Asia**, IFC conducted its Women on Boards and in Business Leadership training in Georgia and Kazakhstan, with plans for additional workshops in the future. We continue to support a yearly conference at which researchers from the Independent Women Directors Project, Sabanci University and Egon Zehnder present their annual study of women on boards in Turkey.

In **Latin America and the Caribbean**, IFC offered its Women on Boards and in Business Leadership workshops, coordinating with our local partners and IFC industry colleagues, as in Colombia and Peru, where we partnered with our infrastructure industry colleagues on workshops featuring industry-specific content. Once again, IFC participated in the annual Ring the Bell for Gender Equality events with the stock exchanges of Argentina, Brazil, Colombia and Peru. We continue to contribute opinion pieces to business media, participate in conferences, and offer market-based programs designed to bring together qualified women and companies in search of new board members.



### 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, provides employment opportunities, and contributes to long-term sustainability.

### IFC CORPORATE GOVERNANCE GROUP

The IFC Corporate Governance Group is part of the Environment, Social and Governance Department. The 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 businesses governance. The Group also helps support corporate governance improvements and reform efforts in emerging and frontier markets, while leveraging and integrating knowledge tools, expertise, and networks at the global and regional levels.

In the **Middle East and North Africa**, IFC completed two studies of women on boards—in Egypt and Lebanon. The launch of these studies, accompanied by videos, attracted enormous attention across the region. With a combined research sample of more than 3,700 companies across both countries, the studies reached similar conclusions: Firms with gender-diverse boards outperformed those with all-male boards in most of the indicators. IFC also partnered with the American University in Cairo to coach female directors and senior managers on effective leadership, making use of specialized toolkits.

In **South Asia**, IFC has partnered with local institutions to train more than 400 women for board directorships. In Sri Lanka, IFC's Corporate Governance for Women project trains women directors, offers programs for women-led smaller businesses, and conducts [research](#) on obstacles to increased gender parity in the boardroom. IFC also partnered with the [Dhaka](#) and [Colombo](#) stock exchanges to create a database of female directors of listed company boards. In India, the results from the third year of a [corporate governance scorecard](#), co-developed by IFC, the Bombay Stock Exchange and Institutional Investor Advisory Services, indicates progress on gender diversity in the boardroom.

In **Sub-Saharan Africa**, IFC conducted its Women on Boards and in Business Leadership workshops in Ethiopia and Kenya and partnered with local institutions on events aimed at building a pool of board-ready female candidates. We also completed a study of women on boards in Nigeria, which revealed the challenges for women in ascending to board positions. In Sierra Leone, we support a diversity-in-leadership agenda across the business sectors, with the goal of 30 percent female representation on company boards. A similar effort in Liberia, which also saw the creation of the Women on Boards Network, aims for 33 percent female representation on company boards by 2023.

**Globally**, Accra, Ghana and Bogota, Colombia hosted regional launch events to showcase [Trailblazers: Profiles of Female Leadership in Emerging and Frontier Markets](#), a signature publication of the WBBL program that highlights how 20 female business leaders from around the world broke new ground, created new markets, and added strong business value for their organizations and their national economies.

Also under the program's thought leadership and knowledge generation component, we published [Public Sector Opinion 42](#), which offers comprehensive evidence of the link between more women in business leadership, stronger corporate environmental, social, and governance standards, and better company performance. In addition, the program oversaw the release of several new country and one regional study of women on boards, as noted above.

Once again, we helped coordinate global "Ring the Bell for Gender Equality" events to mark International Women's Day—celebrated this year at 85 stock exchanges around the world, with IFC leading or co-leading in 26 events. We partner with exchanges across emerging markets to encourage increased gender diversity in leadership positions as part of a broader emphasis on good environmental, social, and corporate governance practices. The program's training component continues to deliver strong results, with workshops delivered in 15 countries and reaching more than 350 participants. Demand is high for this training, and plans include more workshop delivery, including internally at IFC—as well as training-of-trainer programs—in the coming year. Other plans include collaborating with IFC industry counterparts to build the women's leadership pipeline in investee companies. In addition, we are ramping up our focus on female business leadership in fragile and conflict-affected countries and are planning to organize a roundtable to discuss challenges and opportunities and issue a report on findings and recommendations; we are also developing case studies of successful efforts to increase the number of female business leaders.

## IFC's WOMEN ON BOARDS AND IN BUSINESS LEADERSHIP

- Promotes the business case for increased female representation in boardrooms and C-suites through knowledge generation
- Helps grow the pipeline of female talent for boards and senior management through transformative training
- Encourages the mainstreaming of board and leadership diversity issues into our own and companies' operational contexts
- Provides thought leadership and generates knowledge on diversity and inclusion on boards and in senior management

## SELECTED RESOURCES

Women on Board: how gender-diverse boards bring value to companies  
[Egypt](#) || [Lebanon](#), 2019

[Board Gender Diversity in ASEAN](#), 2019

[Women on Boards in Nigeria](#), 2019

Realizing Sustainability Through Diversity: [The Case for Gender Diversity Among Sri Lanka's Business Leadership](#), 2019

[Gender Diversity in Ghanaian Boardrooms](#), 2018

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