Publication: Weekend Post (Opinion)
Publication Date: 02 Feb 2019
Page: 12

AVE: 23013.41
Circulation: 16904
Part: 1 of 1

● Maria Ramos's exit from Absa shows dearth of women in SA's top jobs

# Gender transformation too slow

Saturday Insight

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The CEO of one of South Africa's top four banks – Absa – announced this week that she is retiring after 10 years in this role.

Employment equity at the bank improved under Maria Ramos's guidance. Both the number of black women and men in senior management positions increased during her period as CEO.

Given that she was the only female CEO of the Top 40 companies listed on the Johannesburg Stock Exchange (JSE), gender diversity has taken a knock as a result of her retirement.

There are now no female CEOs running any of the country's 40 largest listed companies. In addition, women make up only a fifth of the directors who serve on the boards of companies listed on the JSE.

Several locally listed companies still have no female board members while most who do diversify their boards tend to appoint only one female director at a time. Research shows that a critical mass of three women is required to really make a difference at board level.

A report last year on leadership in the private sector by the head-hunting firm Jack Hammer concluded that although positive changes are noted at board level, overall gender transformation is occurring at a slow pace. It went on to say: "Anecdotally, it is clear that companies want to appoint more women in senior positions. Placement data also shows that shifts are being made at executive level. However, only a limited number of females are appointed in top positions."

The country's King IV Report on corporate governance released in 2016 recommended that companies should set board gender diversity targets and annually report on their progress. As a result, new JSE listing requirements were put in place for listed companies to adopt their gender policies.

In the UK, female board gender targets have been prescribed for several years. The latest target entails 33% female board representation for large UK-based companies by 2020. In Norway, a mandatory 40% board gender quota applies.

There are several reasons for limited female board representation. Sourcing from exclusive networks (so-called old boys' clubs) might contribute to the problem.

**The current situation**

The 30% Club Southern Africa chapter – a lobby group that advocates for 30% female board gender representation – together with industry partners published a report in November 2018 on the state of gender in companies listed on the JSE.

Of the 267 companies considered, only 10% had gender parity (50% female board representation). Despite the amended JSE listing requirements, 50 companies did not specifically report on board gender diversity in their integrated reports.

Based on the gender policies published in the 2017 integrated reports, it was evident that there were no opportunities for women to be appointed as directors at 105 JSE companies. Some companies provided generic disclosures about diversity by stating that they acknowledged the requirement and were looking at how to increase board gender diversity.

South African companies should caution against the so-called "golden skirts" syndrome. This is a situation in which only a few well connected women are selected to serve on multiple boards.

Directors who sit on multiple boards run the risk of becoming too thinly stretched. Despite their considerable expertise, they might struggle to give sufficient attention to their respective board responsibilities. Executive search companies have a responsibility to expand their search for the available female talent in South Africa.

The issue of the diversity of boards is increasingly featuring on the agendas at annual general meetings. A growing number of shareholders are questioning the composition of boards globally and locally.

Individuals from different backgrounds, ages, experience levels, genders and races should be included on boards so that companies can benefit from the diversity of their skills and insights.

**Shifting mindsets**

Board members need to shift their mindsets if the local talent pipeline is to be grown.

Sufficient time and money should be invested to equip a diverse selection of people to apply for directorships. Realistic targets should be set to diversify boards. The necessary support, including flexibility for parents, is essential, as family-related responsibilities might prevent women and men from climbing the corporate ladder.

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