

## Women on Boards

by John Egan

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*If you are a woman and aspire to a director role, it certainly pays to get onto the board of a Top 100 ASX Company, because this is where the opportunities for women are the greatest.*

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There has been much reporting and discussion on the issue of gender diversity on boards.

Egan Associates captures significant data on the composition and reward of boards and has found some interesting facts behind the story that only 10% of board members are women.

**Fact 1:** *The low rate of female participation on boards, widely reported at about 10%, is considered a poor effort in terms of gender diversity on the part of corporate Australia. In reality, the story is much worse, with even less female participation on boards in half of our top 400 companies in Australia.*

While the average percentage of women on boards is around 10%, the figures differ significantly relevant to company size. Our data (current as at November 1, 2010) shows that approximately 12% of board members for the top 100 ASX companies are women.

(Boards of 97 of the top 100 ASX companies which can be accurately analysed have a total of 651 directors, 570 of which are men, 81 of which are women). This number falls to 7% in the next 100 (i.e. the 101 – 200 ASX listed companies) and falls even further in the 201 - 400 ASX companies where women represent only 5% of board members.

The fact that women's representation on smaller company boards is significantly lower than on the larger boards raises the issue of how the goals of increasing female participation on larger boards will be met if women are not gaining experience on the smaller boards, which are potentially training grounds for larger boards.

**Fact 2:** *Women are just as likely to sit on multiple boards as men.*

Given that several board members sit on multiple boards, we explored whether women also sat on multiple boards. It appears that women are similarly positioned in terms of participating on one or more boards as their male colleagues.

This shows however that the challenge to have greater number of women on boards will be difficult as the pool of women is even more limited than the 10% or 12% number indicates.

There are in fact, not 81 individual women that could be called upon to either sit on other boards, or to mentor upcoming board members, but rather only 58 women who are active board members in the top 100 ASX companies and only 108 in total across our top 400 companies.

**Fact 3:** *Relative to their representation on boards, women are almost twice as likely as men to mentor other women in public programs aimed at improving gender diversity on boards.*

A review of the gender of current mentors in the ASX 200 Chairmen's Mentoring Program, shows that 21% of the mentors are women (12 out of the current 56). When it comes to developing female board members of the future, women are making a bigger contribution relative to their position on board tables.

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The debate about who will make the best mentors is one that is continuing, but the contribution one can make in impacting gender diversity on boards by participating in such programs is certainly something to be considered by all current board members.

**Fact 4:** *Once on boards, women are playing an active role in committees. But again it makes a difference which sized company you are a board member of.*

If we look at the ASX top 100 companies, 14% of committee members are women. For audit committees, often viewed as one of the most important committees, women in fact represent 15% of all committee members.

When we examine the smaller companies, those in second 100 (i.e. 101 – 200 ASX companies list), only 8% of committee members are women, and the number is even less in those in the Top 201 – 400 ASX companies list, where participation of women on committees falls away considerably to only 5%.

**Fact 5:** *Pay equity does exist at the board level – Egan Associates has reviewed the pay for directors on all top 400 ASX companies (where data is available) and no gender based pay variation exists.*

All directors are paid the same relative to their role and that includes committee fees. The issue for women is that on the smaller companies they are also less likely to sit on a committee which is where extra responsibility is assumed and committee experience gained along with a chance for extra fees. (It is worth noting though that paying separate fees for committee roles is less common in smaller companies.)

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