



Boardroom Diversity a business imperative

by Sandra Burmeister, Chief Executive Officer, Landelahni Business Leaders

The boards of JSE Top 100 companies continue to be the preserve of white males, making up 70% of total directorships. But South African boards are far more diverse than those in the United Kingdom, where the FTSE Top 100 boards are 89% male and 98% white.

These are the findings of a survey carried out recently to evaluate employment and gender equity, along with other key corporate governance measures, among the JSE Top 100 companies. The aim of the survey was to develop guidelines for the evaluation and structuring of effective boards of directors to support business growth.

Boardroom diversity is about more than just hiring people with different race and

gender profiles. It's about establishing a diverse skills and experience base drawn from a variety of backgrounds, leadership styles and perspectives. And it is critical to success in today's increasingly competitive multinational and multicultural global markets. Corporate governance is best served when boards are composed of a mix of individuals with different backgrounds, knowledge, skills and experience.

Constraints on creating more diverse boards include the size of the board, lengthy existing board tenure, conflicts of interest and the increasing complexity and fiduciary risk attendant on board responsibilities. In addition, the primary criteria for non-executive director selection are previous board experience

and top management experience in a listed entity – all of which take time to develop.

According to Dr Val Singh of the Cranfield School of Management, in improving diversity, companies must address three areas:

- They must change the culture at board level so that the business case for and benefits of diversity become clear.
- They must review the appointment process to attract a wider range of candidates.
- They must manage the pipeline, treating it as a supply chain so that sustainable change can occur at executive levels ■