

Breaking the glass ceiling

Despite the government's best intentions, women remain under-represented at executive management and directorship levels

One of the lessons for survival that businesses learnt from the recent financial crisis is the need to be flexible and open to change. For stronger performances and healthier bottom lines, a study by consulting firm, McKinsey & Company, recommends that companies have gender parity with at least three female board members and more women in senior leadership roles.

"Women certainly think differently to men, and this alone can bring diversity to a management or executive team. Companies should be challenged to increase their female leadership, as this could be a good way for new business strategies to be developed through different points of view," says Colette Crichton of Empowerdex, the economic empowerment rating and research firm.

The Businesswomen's Association (BWA) "South African Women in Leadership Census 2011" noted that women chairs of state-owned enterprise (SOE) boards increased only marginally from 33.3% to 35% (representing seven women chairs) between 2009 and 2011. The percentage of SOE directorships held by women decreased from 39.9% in 2009 to 31.9% over the same period.

The private sector, by contrast, has been doing relatively well.

The BWA census, which is weighted toward companies listed on the Johannesburg Stock Exchange (JSE), shows that the total number of directorships – with several women sitting on many boards – has doubled from 574 to 1 127 between 2009 and 2011.

Even though the legislative framework with regard to black economic empowerment (BEE) and the advancement of women has had a significant impact in influencing companies to be more gender- and equity-sensitive, much work remains to be done. The BWA census indicated that the number of women chairs of JSE boards has actually decreased over the past two years, from 4.6% to 3.5% – representing only 11 women.

The good news is that South African listed companies with three or more female directors more than doubled from 17.1% in 2009 to 41.6% in 2011, representing 141 companies out of a total sample of 335. However, the percentage of female directorships remains relatively low at 15.8%, which is cause for concern.

The G8 countries do not seem to buy into this widely published school of thought. The latest Grant Thornton International Business Report indicates that these countries are lagging behind the global average (of 20%), with only 16% of senior roles being held by women.

While South Africa may be progressing faster than other countries, the actual numbers of women chief executives and board chairs remain low, and the rate of change is slow.

According to the BWA census, the number of companies with no female directors has dropped from 33.4% to 20.7% in two years.

This compares with the Fortune 500 where the figure of companies with no female directors is 12.3%, and with the FTSE100 attaining a high 25%.

"This can largely be attributed to new corporate governance requirements: The demand for shorter board tenures has led to a lowering of the average age of board members and an

increase in the number of board members," says Sandra Burmeister, the CEO of Landelahni Recruitment Group.

"In our experience, female executives have come to the fore as business leaders. In fact, more than 40% of the executive appointments made by Landelahni are black women."

The BWA statistics do not present any surprises: The results have largely remained the same over the years because many companies are complacent in their attitudes toward gender transformation.

The 2011 survey by consulting firm, Grant Thornton, revealed that South African women currently hold 27% of senior management positions (beating the global average of 20% by 7%). This figure is largely boosted by the government's record of having many women in senior positions.

Companies in the Eastern Cape have the highest proportion of women in senior management at 33%, followed by Gauteng (28%), Cape Town (27%) and Durban at 26%.

The survey found that most women employed in top jobs occupy posts in human resources, finance, and sales and marketing.

"Until businesses break out of the mindset that women are only suited for HR and finance positions, we will not be able to properly capture the value that women do add to the workplace," says Jeanette Hern, partner and head of corporate finance at Grant Thornton South Africa. "We need a shake-up if we are to make positive strides in this regard."

"In addition to government making it a requirement for companies to empower women and assist in their development, private companies need to change their attitude toward



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CEO of Landelahn Recruitment Group



Videsha Proothveerajh,
country manager at Intel



Khululiwe Mabaso, external relations
manager at Procter & Gamble

gender diversity and enable programmes and plans to ensure women are able to claim their rightful place in the work arena," says Videsha Proothveerajh, the country manager for information technology firm, Intel.

The BWA has launched an action plan to ensure gender transformation in the private sector is stepped up. The first action is a call for gender diversity to become a prerequisite for listing on the JSE.

"While this may be a long process, it is already creating awareness," says BWA's national vice president, Ferose Oaten. "We also intend to name and shame the listed companies who don't have women on their main boards."

Many countries internationally have implemented or are considering implementing legislation to enforce board quotas, but this may not be appropriate in South Africa where there are already several legislative instruments that have similar objectives.

"Many countries that have implemented gender regulations have not seen a sharp hike in women on boards," says Burmeister.

"Countries such as Finland, Sweden and Spain have shown mixed results.

"Norway, which implemented a rigid quota system in 2003, has achieved success, virtually reaching its target of 40% female board membership," she adds.

The change in corporate governance regulations in South Africa presents the perfect time to make a shift toward gender equity.

However, developing the pool of candidates available for board positions is the starting point.

Accelerated development of high-potential board talent is essential for organisational sustainability and to support the appointment of independent non-executive directors in compliance with more stringent corporate governance requirements.

Nurturing the pipeline

Is the talent pipeline in South Africa as rich as it should be, and are women getting adequate grooming to take up senior positions in the public and private sectors?

"Because of our patriarchal society, I don't think there is an understanding of the importance of equity in terms of gender," says Sue van der Merwe, an ANC member of parliament. "Women make up more than 50% of the population and 45% of the workforce; and unless they are all empowered and performing to the best of their capabilities, we are not going to have a fully effective society.

"I believe many young girls are still directed toward careers that are traditionally for women but, of course, there are exceptions.

"We need to change mindsets – and it starts with how teachers and parents depict gender roles," she adds.

A research conducted by McKinsey, which focused on women in the United States economy, revealed a leaky and blocked corporate talent pipeline: Qualified women enter the workforce in sufficient numbers, but they begin to drop off just when they are eligible for their very first management positions.

McKinsey, however, reported a leverage point: women in middle-management.



"They are accumulating new skills and gaining expertise in how business works. And they are growing more confident and more ambitious," said Vikram Malhotra, chairperson of the Americas at McKinsey, at *The Wall Street Journal* Women in the Economy Conference 2011 in April.

"We must capture their minds and hearts before their ambitions turn sour. We know that their ambitions do turn sour before those of men, down the road."

His sentiments ring true for the BWA, which plans to create a pool of women from where companies can draw talent.

"We know what the problem is and we know why the statistics are what they are. There is consensus regarding historical, cultural and societal dynamics that perpetuate the position of women as the underdogs. So our 2011 advocacy efforts as BWA will focus on solutions," says Oaten.

Department of Labour data shows the number of women in mid-management across all companies in South Africa is about 40%.

In the BWA census, female executive managers have remained fairly constant over the past three years, at around 20%. This group is not broad enough to provide the pipeline required to provide tomorrow's top managers.

The BWA's proposed pool will need to be nurtured. Developing board talent takes time and, like developing executive talent, it needs to be done consistently. This requires a focused and ongoing succession plan to identify and develop board members with high potential.

"Having spent 20 years of my career in financial services in New York, London and now South Africa, I would say that regardless of location, to bring about effective change it is necessary to be proactive lower down the corporate ladder, as well as at the top," says Dabney Tonelli, managing partner of private equity firm, Chayton Capital LLP, and managing director of Chayton Africa Ltd.

"Preparing women for these important roles must occur earlier, by ensuring they have the proper educational foundation as well as practical opportunities to gain the necessary experience and qualifications, along with the acceptance, respect and support of their peers – regardless of gender."

Khululwe Mabaso, external relations manager at Procter & Gamble, feels there are opportunities available, in terms of education and early job openings; and that forward-thinking firms are consciously developing and mentoring young talent.

She says: "We still need deliberate systems and practice that fast-track women's advancement once they start their careers."

"The so-called 'old boys club' gives young men access to mentors who are willing to share their knowledge and experience. How can women create something that benefits them in a similar way?"

The lack of role models and sponsorships is one of the structural barriers holding back highly qualified women. Unfortunately, some female bosses still exhibit the 'queen bee syndrome', which tends to hold back the careers of fellow female employees when they should otherwise be mentoring them.

"The syndrome happens in South Africa frequently," says Crichton. "It is quite sad to see that those female executives who have 'made it' do not pave the way for other competent, deserving female subordinates. This is a form of discrimination, which should be taken very seriously within organisations."

Gains in politics

Since 2004, women's representation in politics has skyrocketed due to the ANC's proportional representation system that recognises women as a key constituency in the electoral system.

Women's representation in the Cabinet has increased from 27% in 1994 to 41%.

Are the gains for women in politics under threat? There have been worrying instances of women appointees having been replaced by men, for instance the posts of deputy president, Speaker of Parliament and ministers.

"We are determined, as the African National Congress and as a country, to have aspirations toward parity in gender and the empowerment of women," says Van der Merwe.

"I think the objective is that it leads to automatic fair treatment of men and women. But I don't think that has happened yet; and in that sense, I think the gains are under threat, and not the principle."

"In some areas, as far as I am concerned, I think it's good that the president or a CEO or any senior person in our society feels that they must have women on their boards or in the Cabinet because that is expected of them according to the South African law," she notes.

"But I don't think that is good enough. It has to be that there are enough qualified women who are available to take up senior positions."

Pay gap

Various research shows that single women earn more than or the same as men after graduation and for the first five years of their careers, and thereafter men take the lead. This has been attributed to differences in the skills and experience women bring to the labour market, family status, education, career choices and, in some instances, to discrimination.

In South Africa, the gender pay gap is just under 25%.

The best international scenario occurs in Sweden, with women earning 8% less than their male peers.

In Japan, women are the worst off in relation to their male colleagues, earning 33% less.

The US and United Kingdom are not much better, at 28% and 19% respectively.

Fortunately, the pay gap is decreasing globally because women are less inclined to leave the workplace entirely once they have children.

There is less discrimination at the workplace, notable gains in women's education, experience and occupational status.

But what does the pay gap really portray where it exists? Do women settle for less, either due to lack of confidence or because they fail to recognise their self-worth?

"It is important for women to know what they are worth in the market," says Burmeister.

"Successful women put as much time into managing their career as they do their job."

"Women will be exchanging skills for an equivalent reward in the job market for the rest of their professional life. Their skills are their best tool to ensure they are always in demand, and receive appropriate remuneration for the work they do," she concludes. **BBQ**

Eddah Njoki