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Factors affecting women representation on boards of directors

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fulfillment of the requirements for the degree of Master
of Business Administration**

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ABSTRACT

The objective of this report is to understand the factors that hinder and those that facilitate the representation of women on boards of directors in South African companies. The insights gained on the obstacles and facilitators in achieving greater representation of women on boards of directors will give companies and individuals actionable knowledge of the key success factors and strategies that can be applied to increase representation.

A literature review was done in order to apply existing theory to the research problem. The researcher's objectives were to answer three research questions. The methodology for the research is then described. Qualitative research was used with the research instrument being in-depth interviews. Twenty three face-to-face interviews were held with board members, executive search companies, an organisation that trains boards of directors and a women's professional body, using a semi-structured questionnaire. Seven respondents completed the questionnaire only. Interviews were transcribed and content analysis performed on them to extract recurring themes related to the questions asked. The results of the interviews are then presented and interpreted.

The findings are that there are no conscious or deliberate attempts to keep women out of the boardroom. The factors affecting women representation on boards of directors can be attributed to the interplay of historical and cultural factors that have resulted in women not being top of mind when appointing board members. Legislation is playing an effective facilitation role, but the extent of transforming this trend, in a meaningful way and not just to be compliant, in an equal opportunities environment in which South African companies presently operate, depends on the 'natural diversity insights' (the natural consciousness to want to do the right thing) of the shareholders, chairpersons, CEOs and/or the nomination committees who play a huge role in either recommending or making the final decision on new board appointments.



DECLARATION

I declare that this research project is my own, unaided work. It is submitted in partial fulfillment of the requirements of the degree of Master of Business Administration for the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

Dudu Msomi

Date: 14 November 2006



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LIST OF ABBREVIATIONS

AA	Affirmative Action
BoD	Boards of Directors
BEE	Black Economic Empowerment
BWASA	Businesswomen's Association of South Africa
CCMAU	Crown Company Monitoring Advisory Unit
CEE	Commission on Gender Equality
CEO	Chief Executive Officer
EE	Employment Equity
DoL	Department of Labour
DTI	Department of Trade and Industry
GIBS	Gordon Institute of Business Science
ICT	Information, Communication and Technology
IOD	Institute of Directors
IWF	International Women's Forum
JSE	Johannesburg Securities Exchange, South Africa
King 2	The King Report on Corporate Governance for South Africa released in March 2002
LFS	Labour Force Survey
NZ	New Zealand
PIC	Public Investment Corporation
SA	South Africa
UK	United Kingdom
USA	United States of America
US	United States
WCW	Wellesley Centers for Women
WoB	Women on Boards

1 INTRODUCTION TO THE RESEARCH PROBLEM

1.1 INTRODUCTION

Corporate governance became a hot topic during the 1990s (Burke, 2003) and the high profile corporate scandals and failures such as Enron, WorldCom and Arthur Andersen, to name a few, have added impetus to the importance of effective corporate governance. Traditionally, boards of directors, in most developed countries and in South Africa (SA) were composed exclusively of white males. Owing to this social exclusionary practice, much attention and criticism have been directed at those companies' boards of directors due to the concern that "old boys' clubs" fail to exercise the appropriate measures and independence of judgment to board decisions (Burke, 2003). The concerns raised about board profiles stems from the increased belief that diverse groups are likely to be more effective since varied perspectives will improve discussion, creativity and decision-making (Forbes & Milliken, 1998).

One way of addressing the board composition and thus its effectiveness is through gender diversity. The Wellesley Centers for Women (2006) conclude that diversity is an issue of governance and that increasing the representation of women on every board is a good governance issue. Many companies are demanding more competent directors in a context where the traditional pool of male directors, who are mainly CEOs, are limiting the number of boards on which they serve. The traditional pipeline is not adequate to meet the need for independent, non-executive board members recommended by Sarbanes Oxley in the United States (US) and the King Report 2 in South Africa (SA). Gender

diversity is an opportunity to have more women on boards of directors so that their representation more closely resembles their proportion in the population, labour force and management (Fondas, 2000).

The challenge facing South African organisations, as in other countries, is to change the composition of their boards to include fewer executive directors, more non-executive independent directors, more women and previously disadvantaged individuals and more representatives from important stakeholder groups, for example, institutional investors and labour unions. Diversity is a critical component of transformation in SA. The principle of board diversity has become ever more important and is recommended by King 2 (Naidoo, 2002). Globally companies are restructuring their boards of directors to mirror the gender and racial diversity of their customers, employees and stakeholders.

Naidoo (2002) believes that the world economy is faced with a vastly different customer base from that which existed 20 years ago. As one of the responsibilities of the boards of directors is to develop business strategy for the long-term sustainability of the company, it is important that their profile reflects the diverse realities of markets in which they operate or would like to in the future. It helps to have some directors who have a long-term view of the business and a deep understanding of the company history, and others who bring fresh insight and new perspectives (Nadler, 2006). This research explores the factors that affect women representation on boards of directors in South Africa.

1.2 BACKGROUND OF THE STUDY

Corporate governance was first institutionalized in SA with the publication in 1994 of King 1 (Naidoo, 2002) thus putting the country at the forefront of the global trend to raise corporate governance standards. Lorsch (1995) believes that the key to effective corporate governance is a properly functioning board of directors. The King Committee (2002, p. 48) states that the board should recognise that companies do not act independently from societies in which they operate. Accordingly, corporate actions must be compatible with societal objectives concerning social cohesion, individual welfare and equal opportunities for all. King 2 is mindful of the need to create a uniquely African business culture, different from that embraced by American or British business (Naidoo, 2002) and thus encourages that boards consider whether or not their size, diversity and demographics make them effective.

1.3 THE PROBLEM STATEMENT

The aim of the study is to gain knowledge and insights into the factors that hinder or facilitate the representation of women on boards of directors in South African organisations. This study therefore explores the factors that affect women representation on boards of directors in South Africa.

1.4 THE RELEVANCE OF THIS STUDY

In the context of transformation in SA, as well as the skills shortage in leadership positions, it is important for companies to actively support the advancement of women. The South African Women in Leadership Census 2006 indicates that there has been progress made by organisations to develop and promote female employees. While there will always be more people in an overall workforce than in corporate leadership positions, the relative representation of women in executive management and board positions does not correspond meaningfully to the proportion that women form of the overall working population of the country (SA Women in Corporate Leadership Census 2006).

Burke and Mattis (2000) highlight that the research that has been done on women on boards of directors in countries such as USA, United Kingdom (UK) and Canada have largely been benchmarking studies tracking progress of representation. The academic field of women on boards, according to Burke and Mattis (2000) is long on numbers and short on theory. There is a need to develop a theoretical body of work which will move both scholarly dialogue and accelerate the pace of representation on women on boards of directors. Although extensive research on factors affecting women representation on boards has been done elsewhere (Ragins and Sundstrom, 1989; Tharenou *et al*, 1994; Burke 1994c; Oakley, 2000; Mattis, 2000; Singh and Vinnicombe, 2004a; Catalyst, 2005), there is a need to identify contextual factors that impact on the representation of women in South Africa in view of its unique socio-

Existing board members, shareholders, nomination committees, CEOs and Chairpersons would benefit from the knowledge and insights gained on the real obstacles and facilitators to women representation on boards. The insights can be applied to their own boards and inspire their companies to do things differently. Aspiring women directors would be empowered with this knowledge and be able develop successful plans themselves in order to chart a path to the board positions that they aspire to.

1.5 THE STRUCTURE OF THE REPORT

Chapter 2 focuses on the literature review of the relevant, academic literature, studies and debates on women on boards of directors.

Chapter 3 consists of the research questions defining the purpose of the study.

Chapter 4 focuses on the research methodology that underpins this study. It furnishes the details of how the research data was collected, descriptive statistics of the participants who took part in this study and a detailed description of the instruments used in this study.

Chapter 5 presents the results of the study on the factors affecting women representation on boards of directors.

Chapter 6 discusses the results, highlights the insights gained from the findings in terms of both the context of the study and in light of the theory base.

Chapter 7 is the conclusion, which highlights the main findings of the research, makes recommendations based on the findings; offers the limitations of the present study and gives recommendations for future research.

2 LITERATURE REVIEW

The literature review is arranged in four sections.

The first section defines the constructs used in the report then covers the studies that have shaped the debate and discourse of women representation on boards of directors.

The second section looks at historical and compliance factors that affect the numbers of women on boards of directors and the pace of transformation as related to women representation on boards of directors. Issues that are covered include hegemony, board recruitment, social stereotyping, shareholder activism and transformation imperatives.

The third section relates to the environmental factors that affect the configurations of boards of directors and to situate these in the context of corporate governance. The intent is to identify the theory pertaining to agency theory, the composition of boards and women representation on boards.

The fourth section focuses on the demographic factors that can facilitate and motivate for the increased participation of women on boards of directors. The emphasis is on the business case for gender diversity and the critical mass theory that influences board effectiveness.

2.1 DEFINITION OF CONSTRUCTS

2.1.1 Hegemony

Hegemony is the dominance of one group over other groups, with or without the threat of force to the extent that the cultural perspectives become skewed to favor the dominant group. The cultural control that hegemony asserts affects commonplace patterns of thought. Hegemony results in the empowerment of certain cultural beliefs, values, and practices to the submersion and partial exclusion of others (<http://en.wikipedia.org/wiki/Hegemony>).

2.1.2 Stereotyping

According to Grobler *et al* (2006), stereotyping negates people's individuality and limits their potential. Stereotyping is not generalization. A stereotype usually comes from outside sources, not individual experiences. A stereotype requires that the exaggerated beliefs about a group be sustained by selective perception and/ or selective forgetting of facts and experiences inconsistent with the stereotype (Grobler *et al*, 2006).

2.1.3 Transformation

Implicit definitions of transformation range from total reinvention-casting aside existing assumptions and ways of conducting the business to creating the

capacity for continual change, to ensuring that institutions are fulfilling the mission of creating a just and equitable society (<http://www.chet.org.za/oldsite/management/pgtransform.html> accessed 11 November 2006). "Transformation" is sometimes used as a synonym for "change." Transformation alters the organisation's culture by changing selected underlying assumptions and the ways in which those assumptions manifest themselves in behaviours, processes, and products; is deep and pervasive and occurs over time. Transformation requires major cultural shifts. Institution-wide patterns of perceiving, thinking, and feeling; shared understandings; collective assumptions and common interpretive frameworks are the ingredients of "invisible glue" called institutional culture (Kuh and Whitt, 1988; Schein 1992).

2.1.4 Glass ceiling

The glass ceiling refers to company practices that have prevented women from advancing to executive-level jobs so-called because women can see the top jobs, but they cannot actually reach them (Grobler *et al*, 2006, p.554).

2.1.5 Diversity

Diversity is a form of individualism, unique characteristics, beliefs and values (<http://en.wikipedia.org/wiki/Diversity> accessed 11 November 2006). According to Cummings & Worley (2005), diversity is the mix of gender, age, disabilities, cultures, ethnic backgrounds and lifestyles that characterise the organisation's workforce and potential labour pool.

2.2 STUDIES ON WOMEN REPRESENTATION ON BOARDS OF DIRECTORS

The available literature, which examines women corporate directors, is small, scattered and piece-meal (Burke, 1994; Burke and Mattis, 1997). This is typical in new areas of research. Data exist predominantly from the USA, Australia, Canada, UK, New Zealand (NZ), and SA and in the recent years from Scandinavian countries and are highlighted in this literature review. Some countries have investigated women's progress more systematically than others (Catalyst, 2003, 2005; Singh and Vinnicombe, 2005).

The Catalyst census 2004 found that women on boards of directors in Australia were 8.4%, in the USA 13.6%, and in Canada 11.2%. Singh and Vinnicombe (2003) observed that in the Scandinavian countries, in early 2002, ministers proposed legislation if private companies did not have 40% female representation on their corporate boards by 2005. Whereas in May 2002, women comprised 7.5% of directors in the top 300 companies, in a pre-emptive response to the threat of legislation, by 2003, women held 18.8% of all top 100 company directorships and 10.7% of executive positions (Singh and Vinnicombe, 2003).

2.2.1 USA

Catalyst (2005) which has been conducting benchmarking research on women on boards since 1993 found that in the USA, although women make up more

than 45% of the US workforce, they lead only seven Fortune 500 companies and only ten Fortune 501 – 1000 companies. Catalyst (2005) observes that women's access to corporate boardrooms in US companies lags far behind their increasing roles in the economy as consumers, employees, investors, and business owners. While women outnumber men in the population, they are responsible for over 80 percent of all purchases of goods and services (Popcorn & Business Women's Network, 2001). Women make up over 45 percent of all investors (National Association of securities Dealers, 2001), and comprise over half of all financial managers, and of all accountants and auditors in the US (US Bureau of Labor Statistics, 1999). They also own over ten million companies, which account for over 45 percent of all US firms (Center for Women's Business Research, 2003). Yet, despite the increasing number of women in the pipeline for director seats, progress is slow (Catalyst, 2003).

Fairfax (2005) contributes to the representation of women on boards' literature by breaking down the marginalised groupings further. She says that while women and people of color have experienced some increase in board representation over the last few decades, the people of color appear to have experienced more significant barriers than white women, while women of color, appear to be experiencing the most formidable of such barriers. Fairfax (2005) highlights the irony in the fact that women have progressed better than the people of color despite the fact that the women's entry into board ranks was advanced in part by the struggles of people of color during the Civil Rights Movement. In 2003 and 2004, people of color held 10% of board seats at Fortune 500 companies. These figures are relatively low when compared to the number of people of color in the labour force where they are 30% (Fairfax,

2005). In 2003, women of color accounted for only 3% of the total available board seats at Fortune 500 companies whilst they occupy 13.4% of the labour force.

Women of color, the majority sub-group being the African-American women, describe barriers to their success as “concrete” ceiling rather than the “glass” ceiling experienced by white women because of their double outsider status (Fairfax, 2005) in race and gender. The “concrete” ceiling phenomenon is similar to the triple oppression that Black African women experienced, and to some extent still experience in South Africa because of cultural, racial and gender oppression. Fairfax (2005) concludes that women of color experience formidable barriers to becoming executives and therefore boards of directors because an increase in women representation in corporate management is an important pre-requisite for increased representation of women on boards (Burke & Mattis, 2000). Fairfax (2005) suggests that to advance women of color into ranks of corporate boards, companies would need to attack the twin impact of race and gender within the corporate promotion structure.

2.2.2 United Kingdom

In the UK, in 2004, women accounted for 10% of FTSE 100 board positions and 4% of executive and 13% of non-executive directors (Female FTSE Report 2004: Cranfield School of Management). Thomson and Graham (2005) present breakthrough research into the real reasons for the small numbers of women executive and non-executive directors in the UK. The authors draw on conversations with Chairmen and CEOs from both FTSE 100 and Fortune 500

companies, who are responsible for board appointments. The findings are that there is no conspiracy or deliberate attempt to keep women from the top jobs. Thomson and Graham (2005) found that there are many reasons for scarcity of women in leadership positions and they interact in subtle and complex ways. Some of them are historical, some stem from the nature of organisations themselves, some are to do with deep-rooted differences in the male and female mind (and the differences in outlooks, attitudes and appetites these generate) and childbearing and child-rearing roles assigned to women by nature (and society) contribute to their rarity at the top of companies (Thomson and Graham, 2005, p.3).

Many CEOs and Chairmen interviewed expressed the advantages of having women at the board table. Thomson & Graham (2005) conclude that organisations would be a more potent force for good, a more powerful engine of economic growth and a more prolific creator of value for shareholders if more women were more directly involved in their guidance and governance.

2.2.3 New Zealand

Jayne (2005) says that women make up nearly half of NZ's workforce and despite the fact that they also dominate tertiary graduation statistics; they are still not adequately represented in public company boardrooms. Jayne (2005) asserts that women currently hold about one in every 20 directorships. According to Jayne (2005), in NZ, the women representation divide is between the public and the private sectors. The Crown Company Monitoring Advisory Unit (CCMAU) plays an important role with regards to governance processes for

state-owned enterprises. The COIMAD had in the past used general advertising as a means of identifying candidates, but this proved unsatisfactory as a large number of names were gathered of people who had aspirations to be directors, but most were not suitable and the process tended to raise expectations which could not be readily fulfilled (Adam & Khoza, 2005).

Jayne (2005) attributes the higher proportion of women representation in public companies to the fact that the Former Prime Minister, Jenny Shipley championed affirmative action in Crown companies resulting in the number of women directors reaching 35 percent in 2005. Jenny Shipley pushed for gender and ethnic representation on government boards and committees so that they reflect NZ's demographic make up. The political will to increase women representation on boards continues under the auspices of the Ministry of Women's Affairs which operates a Nominations Service that keeps the issue of women representation on government bodies high on the agenda and has a target of 50 percent women representation by 2010 (Jayne, 2005).

2.2.4 South Africa

The Businesswomen's Association of South Africa (BWASA) commissioned an exhaustive analysis of all the companies listed on the Johannesburg Securities Exchange (JSE) main board, which were 326 as at 30 September 2005 and 17 State Owned Enterprises (SOEs). They found that since the 2005 census, there has been an increase in women directorships from 10,7% to 11,5%. There are 296 women who hold a total of 362 directorships. Out of the 362 directorships, 119 (3,7%) are executive directors and 243 (7,8%) are non-executives. While

24, 5% of South African boards have 2 or more women directors, 43, 4% of these boards have no women directors at all (South African Women in Corporate Leadership Census 2006).

In SA, 31,3% of board members were women in 2006, a decline from 34,9% in 2005. Only 11 women held chairs of boards out of 364 and there are only seven female CEOs and managing directors in comparison to 357 males. In 2006, 15 (4, 4%) chairs of boards are women and the CEOs have remained constant at seven (2%). As shown in Figure 1 below, there is disproportional representivity of women in the workforce, 41.3%, and those at director (11, 5%) and executive management (16, 8%) levels. The degree to which women are currently represented on the boards of South African corporations does not reflect their influence and importance in the economy as workers and consumers (SA Women in Corporate Leadership Census 2006).

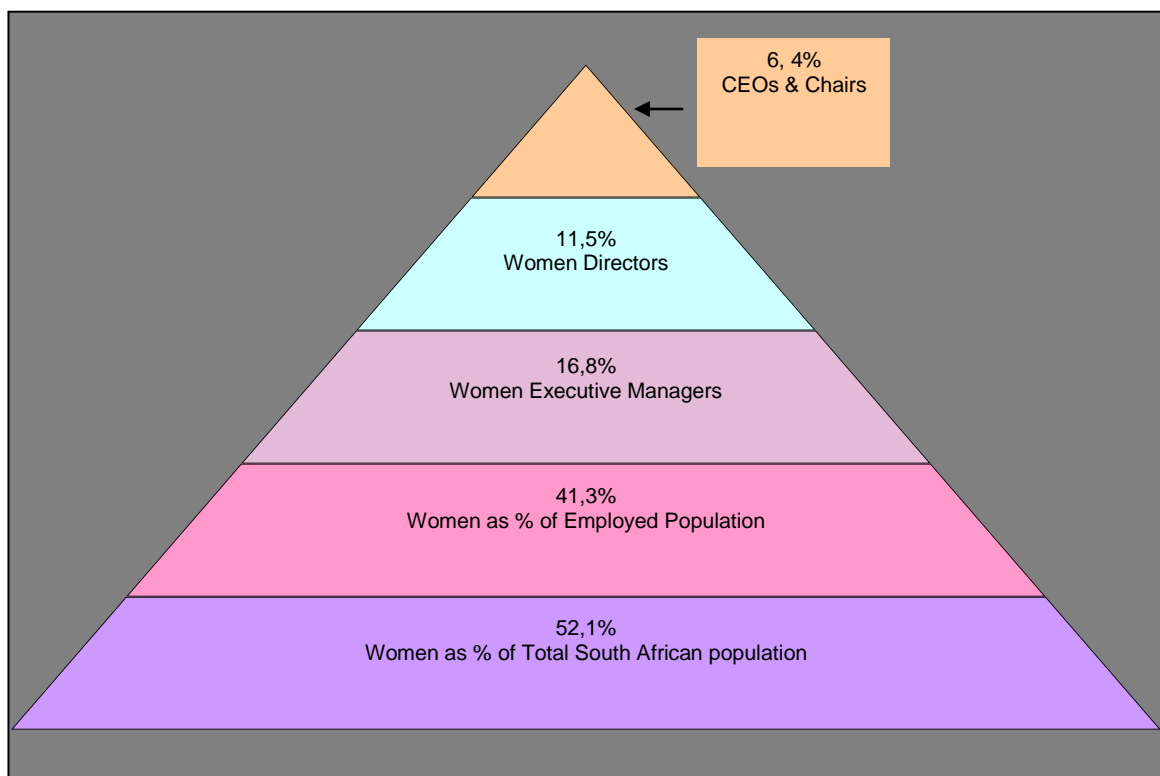


Figure 1: Census pyramid, SA Women in Corporate Leadership 2006

According to Grant Thornton International (2003), South Africa has the third highest proportion worldwide of companies employing women as senior managers and the eighth highest proportion of women senior management posts. At least 75 percent of South African businesses are reported to employ women in senior management positions in contrast to the global average of 59 percent, and 26 percent of its senior management positions are being filled by women, which is 7 percent higher than the global average. Mathur-Helm (2005) concludes that this indicates that South African women are allowed easy access only up to senior management positions, but remain banned from reaching the top position of board of director and CEO. Mathur-Helm (2005) surmises that this means that transformation in SA may have only raised awareness about gender inequality, but that patriarchy remains preventing women from achieving professional roles as decision makers and authority in organisations.

As is the case in the US, white women have progressed better than black women in corporate South Africa. Of the 1 323 women executive managers in South Africa, 77.6% are white women. See Figure 2 below. According to the South African Women in Corporate Leadership Census 2006, executive managers are those managers in an organisation who:

- ♀ Have a significant leadership role in the organisation;
- ♀ Have control over day-to-day operations;
- ♀ Have decision-making powers; and
- ♀ Usually, but not necessarily, report directly to the board of directors.

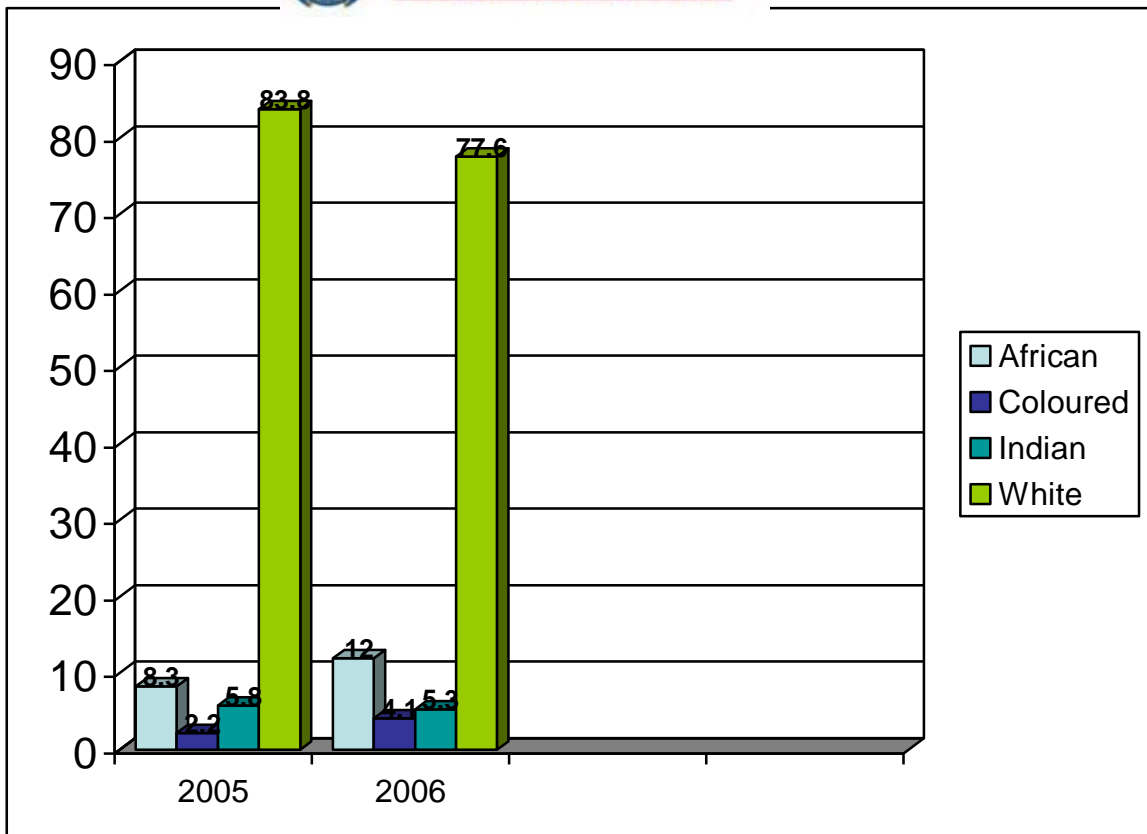


Figure 2: Executive management by race; SA Women in Corporate Leadership Census 2006

The various studies (Catalyst, 2003, 2004, 2005; Fairfax, 2005; Singh and Vinnicombe, 2003, 2005; Thomson and Graham, 2005; Jayne 2005; South African Women in Corporate Leadership Census 2006) in different countries indicate that the paucity of women in board positions is under scrutiny in South Africa and globally.

2.3 Historical and compliance factors that affect women representation on boards of directors

The limited dialogue about women as directors has centred on questions like whether good women are hard to find, whether they suffer from a deficit of relevant skills, or whether their non-representation reflects cronyism and resilient social and cultural patterns (Pajo, McGregor and Cleland, 1997). Despite the growing numbers of educated women entering the workforce, their increasing buying power and influence, women continue to hold only a small proportion of leadership positions in business (Catalysts, 2004). Bradshaw & Wicks (2000) assert that research shows that women do not lack the experience, credentials or skills to sit on boards, but they do lack the demographic similarities that boardroom gate keepers assume will minimize social uncertainty in governance.

2.3.1 Hegemony

Bradshaw and Wicks (2000) believe that hegemony is deeply imbedded in the structures, policies, doctrines and other cultural artifacts of a society and thus it is often rendered largely invisible or taken-for-granted. These authors equate the “old boys’ club” to hegemonic masculinity. Leighton (1993) states that the “boys’ club” and its corresponding exclusion of women is based on antiquated systems of director selection which rely on well-educated, socially homogenous

groups of white males picking people they know and trust, who have similar backgrounds – who are like them. Kanter (1977) called this process “homosocial reproduction” and Zajac & Westphal (1996) referred to it as “self-cloning”.

2.3.2 Recruitment

Burke and Mattis (2000) believe that data from the US suggests that while an increase in women representation in corporate management is necessary for increased representation of women on boards, it is not sufficient to bring about proportionate representation. Natividad (2006) reminds us that the director recruitment process is still an informal referral system among male directors by virtue of tradition. This coupled with the fact that the search for board members tends to focus on certain parts of the organization, specifically the line positions with profit and loss responsibility and overlooks others (McCall, 1998). While there is no evidence to suggest that women are less suited to managerial careers than men (Powell, 1990) they tend to hold support roles, rather than line management roles, which generally have a higher status than support roles (Vinnicombe *et al*, 2000).

Directors are more often chosen for their business, personal or political ties, or else for their ability to add symbolic lustre to a company’s board. The evidence is still of homosocial reproduction (Kanter, 1977), directors being recruited in the same image as the present incumbents, in other words, “think director, think male”. Stephenson (2004) believes that many companies recognise the fact that diversity fosters ideas and learning and as a result have established strategies to recruit directors of different cultures, race and backgrounds, (in SA,

especially those companies that procure services from government). In the majority, however, boards continue to be governed by all males, mainly white who share the same backgrounds, circles of influence and views (Stephenson, 2004).

2.3.3 Social stereotyping

Burgess and Tharenou (1997) found the dynamics of social stereotyping and statistical discrimination explain the under representation of women on Australian boards. The often heard comment that there are not enough qualified women to sit on boards is still repeated in some quarters (Elgart, 1983, McGregor, 1997) and the lack of profile and visibility of women has been suggested as a problem (Mattis, 1993). In businesses, gender-based stereotyping can be especially damaging. The research conducted by Catalyst (2005) called Women 'Take Care', Men 'Take Charge' exposed that stereotyping still exists amongst U.S. business leaders perpetrated by both men and women. Stereotypes can limit women's opportunities for advancement into top leadership positions. Catalysts (2005) concludes that this is because stereotypes of women often portray them as lacking the very qualities commonly associated with effective leadership.

2.3.4 Shareholder activism

Good governance is a mixture of the enforceable and intangible (Wagner, S. and Dittmar, L., 2006). Although there is at present no penalty for excluding women from corporate boards (Burke, 1994b), increasingly institutional investors and other shareholder associations have begun to pressure corporate boards to increase their representation and use of women directors (Investor Responsibility Research Center, 1993). Institutional investors and other shareholder activists are increasingly pressurising firms to appoint directors with different backgrounds and expertise under the assumption that the greater diversity should improve board decision-making (Westphal & Milton, 2000, p.366).

The Public Investment Corporation (PIC), the largest single shareholder on the JSE, holding more than 10% of the market capitalization of the bourse has used its shareholding to push for transformation and has “dusted the cobwebs from SA’s boardrooms” (Financial Mail, December, 9, 2005, p. 5). PIC pressured Sasol to expedite the appointment of a suitably qualified black woman director that it nominated. Improved decision-making results from both the varied views expressed as well as the engendering of a deeper understanding of the needs and demands of a variety of stakeholders, of the communities in which the company operates and of the markets in which it competes.

2.3.5 Transformation Initiatives

South Africa's transformation is about society and business embracing and practicing a culture of constitutional democracy with the 'new' social values of freedom, equality, and respect for human dignity. Black Economic Empowerment (BEE) is one initiative and mechanism to achieve that, of which employment equity (EE) is one of the pillars. The Employment Equity Act (1998) argues that employment equity involves both the elimination of unfair discrimination and the establishment of specific measures to accelerate the advancement of blacks, women, and the disabled. One of the measures to accelerate the advancement of these designated groups is affirmative action, which includes specific plans and efforts, which involve preferential treatment in appointments and promotions (Human, Bluen and Davis, 1999).

According to Mtintso (2006), South African women constitute 41% of the cabinet, 50% of the Presidency, 33% of the National Assembly (women also serve as the speaker and deputy speaker of that body) and 44% of premiers. Our progressive Constitution guarantees gender equality and is supported by laws that aim to advance women. Gender policy is coordinated at the highest level in South Africa – in the Presidency (Thenjiwe Mtintso, Mail & Guardian, August 11 to 17 2006, p. 23).

President Mbeki (2005) said: "The progress we make towards the attainment of a democratic society could only have full and deeper meaning if it accompanied by significant progress in the struggle for the emancipation of women and we should measure the progress towards a democratic transformation by the

progress we record in the struggle for gender equality". President Mbeki's strong focus on gender representation in the cabinet and executive as demonstrated by the figures above is not matched by corporate South Africa with the same vigour. The private sector usually prides itself about being innovative, risk-taking and progressive in comparison to government and the public sector, but that does not seem to be the case with regards to the women representation on boards of directors.

In redressive initiatives such as BEE, the scorecard designed by the Department of Trade and Industry (DTI), as seen in Table 1 below, has specifically highlighted black women, though the compliance target (25%) is lower than that of black people (50%) (<http://www.dti.gov.za/bee/Code200Statement20028Oct.pdf>, accessed 29 October 2006). Mathur-Helm (2005) believes that racial discrimination has overshadowed other forms of discrimination in South Africa. Therefore gender issues are being marginalised or overlooked (Fischer, 1995) and affirmative action is primarily used to redress racial inconsistency in the workplace.

	Management control criteria	Weighting points	Compliance target
1	Board participation:		
1.1.	Percentage of exercisable Voting Rights held by Members of the Board who are black people to the total of all Voting Rights exercised by all members of the board	3	50%
1.2.	Executive Members of the Board who are black people	1	50%
1.3.	Executive Members of the Board who are black women	1	25%
2.	Bonus Points		
2.1.	Percentage that black people who are Independent Non-Executive Board Members constitute of the total number of Independent Non-Executive Board Members	1	40%

Table 1: Department of Trade and Industry, BEE Scorecard

Mathur-Helm (2005) argues that affirmative action in SA has so far benefited the advancement of black people (African origin) only (predominantly black males), and subsequently, Asians (people of South Asian origin), coloured (people of mixed race) and white females have been excluded. Consequently, the development of women is neglected and seen as subordinate to the development of black people (Fischer, 1995). White women are not specifically catered for in other legislative interventions besides the Employment Equity Act.

According to the Commission on Employment Equity (CEE, 2001), it is common knowledge that the linchpin of the apartheid political, economic, and social system was the purposive control and manipulation of the labour market in a manner, which privileged the white minority, including white females, whilst disadvantaging and discriminating against black people. Thus, the reasons for the limited number of white women representation in business leadership can be attributed to other dynamics and not as a result of structural and systemic

factors as was the case with black people, including black women (<http://www.labour.gov.za>, CEE Report, 2001 accessed 27 May 2006).

2.4 Environmental factors that affect the configurations of boards of directors

The board of directors often consists of a diverse group of individuals who are legitimately selected by shareholders, with their main duty to monitor the agents of corporation and provide advice (Truong, 2006). The board acts as a conduit between owners or principals of business (the shareholders) and their agents (management). Boards of directors exist, independently from management, to ensure that the firm's managers do not pursue their own interest at the expense of other stakeholders (Fama, 1980; Fama and Jensen 1983; Jensen 1986). Effective boards have accountability for the strategy, performance, and internal control of the company. Strategy is a company's plan to achieve its goals. As demonstrated in the figure 3 below, the strategy serves as a link between the organisation and its environment. Strategic plans cannot be formed in a vacuum; they must fit organisation.

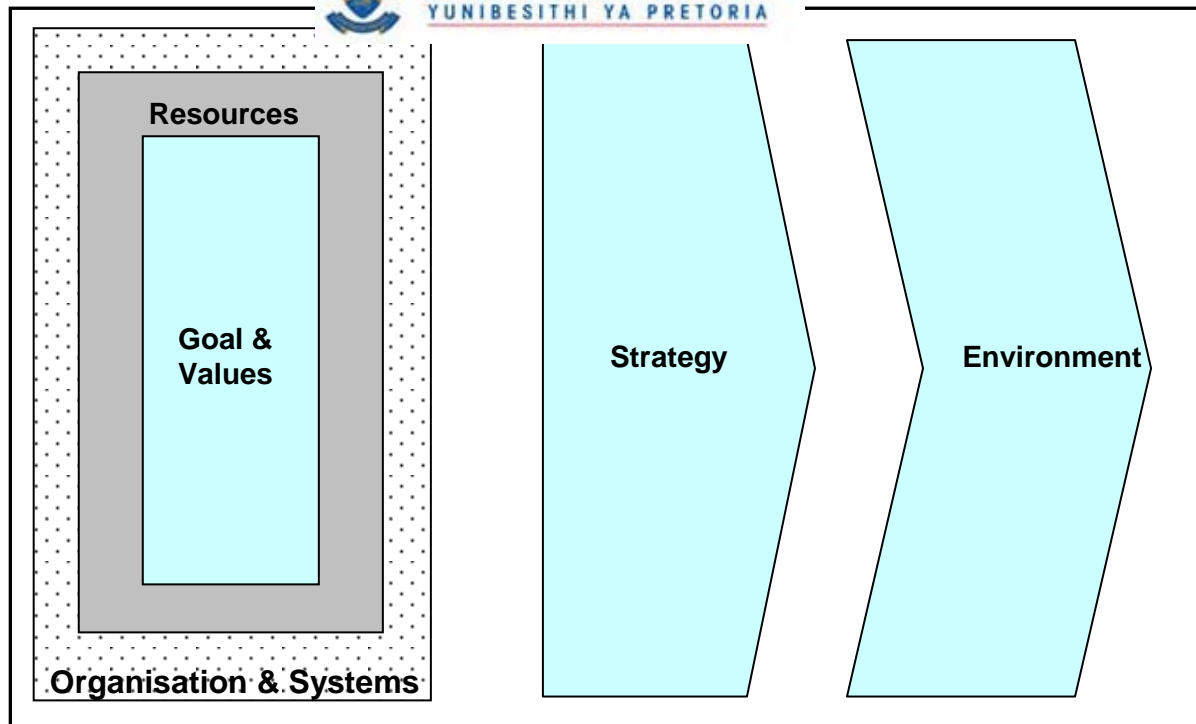


Figure 3: Strategy, the link between the firm and its environment, Dr Adonisi, 2006

Strategic thinking involves a comprehensive analysis of a business in relation to its industry, its competitors and the business environment in both the short- and long-term (Collis & Montgomery, 2005). The combined knowledge and experience of the board members must match the strategic demands facing the corporation, which suggests the importance of constructing a board around complimentary skills and backgrounds (Conger, Finegold and Lawler, 1998a). The effectiveness of any company is determined by the quality of its leadership (Adam & Khoza, 2005).

2.4.1 Agency Theory

In 1932, Adolph Berle and Gardiner Means established the basis for what became known as agency theory and noted the consequences of the separation of ownership and control, which are that shareholders (owners)

typically want to $\mu\alpha\lambda\iota\upsilon\tau\eta\varsigma$ $\epsilon\alpha\iota\tau\iota\sigma\iota\varsigma$, $\omega\tau\iota\sigma\iota$ $\mu\eta\alpha\gamma\epsilon\tau\epsilon\varsigma$ (agents) want to maximise the firm size (Collis & Montgomery, 2005). Agency theory argues that when given decision rights, self-interested managers may act in ways that maximise their own welfare at the expense of the corporate good. Collis & Montgomery (2005) suggest that organisational design must therefore mitigate the agency costs that result from delegated decision making by introducing monitoring and control systems to deter such behaviour. According to Colley, Jr. *et al* (2003), first and foremost, candidates for the board must have unquestioned integrity because shareholders entrust directors with complete authority to act on their behalf. The shareholders must be confident that the candidates are of the highest character and adhere to lofty standards (Colley, Jr. *et al*, 2003).

Boards of directors serve as a link between shareholders of a firm and the managers responsible for the day-to-day functioning of the firm (Monks & Minow, 1995). Regardless of the type of organisation, the board must, as a total group, provide the necessary mix of skills and experience to support effectively the achievement of the company's goals and objectives (Colley, Jr. *et al*, 2003). Burke (2000) clarifies that boards are responsible for monitoring and influencing strategic decisions; they are not responsible for implementing these strategic decisions nor for the day-to-day administration of the firm. The rationale for a structure of boards of directors and the role that they play in organisations, according to Burke (2000), is the belief that collective knowledge, experience and dialogue exceed that of a single member. The poet Ezra Pound once said "When two men in business always agree, one of them is unnecessary".

Board members frequently seem uncomfortable with their role as monitors of managerial decisions, preferring to exercise more of an advisory role. One reason is that directors may feel obligated to the chief executive for their positions on the board since the CEO and/or management often nominates candidates for open director seats. Directors do not feel free in their evaluations of the people who appoint them, particularly when management performance is substandard (Johnson, Daily, Ellstrand, 1996).

2.4.2 Board responsibilities

Conger, Finegold and Lawler (1998) identify the most important activities and responsibilities of corporate boards as:

- ♀ Being responsible for business strategy development.
- ♀ Responsible for seeing that the company has the highest calibre Chief Executive Officer (CEO) and executive team and that senior managers are being developed to become the next CEO.
- ♀ Ensuring that adequate information, control and audit systems are in place to inform the board and senior management whether the company is meeting business goals and conforming to external legal and ethical standards and its own values.

2.4.3 Board profile

Board composition is an important consideration as it plays a key role in framing the balance of power between company managers and directors. The

composition of boards varies from country to country as no company is wholly insulated from its political or economic environment. The discernible structural characteristics of the board include the board size, leadership, committees, skill sets and diversity. Not long ago, board seats were considered by some to be plum assignments, bringing stature and financial rewards, but requiring only limited effort. Directors now face increased legal liability for inattention and thus a heavier workload.

Nadler *et al* (2006) express concern that just when boards need them, the most, highly qualified, independent directors are getting harder to find especially as new corporate governance principles require a majority of board members to be outside (non-executive) directors and to adhere to a stricter definition of independence. As a result, the search is no longer amongst “the usual suspects” with business connections with the company and its CEO. In addition, a major change is that the nomination process is no longer under the control of the CEO, but the nomination committee composed of independent directors. Therefore appointing outside board members is no longer an informal and incestuous process (Nadler *et al*, 2006) which opens up opportunities for women to be invited onto boards.

This is an era in which the demand for women board members greatly exceeds supply. Burke (1994c) states that not enough women have adequate business and executive experience as they have chosen career paths not conducive to board selection. Too many women have chosen staff jobs instead of line management (Mattis, 1993) which are not traditionally targeted when recruiting for board positions. In the era of triple bottom-line reporting, the ‘softer’

considerations should not be absent from discussions of corporate strategy and direction as they are in fact hallmarks of enduring corporate success (King Report 2). Executive search firms are flourishing because of the demand for leadership talent (Charan, Drotter & Noel, 2001). This war for talent is an indication that there has been a lack of effective talent development within organisations which has contributed to the leadership deficit. There is a need for companies to focus on intervention strategies to promote equity at board level. Women, however, do not always have access to the experiences that would best develop their executive abilities, so organisations need some mechanism or process that determines who gets what experience (McCall and Hollenbeck, 1998).

All these changes and interventions should open up opportunities for women on boards, including those in support roles.

2.5 DEMOGRAPHIC FACTORS AFFECTING WOMEN REPRESENTATION ON BOARDS OF DIRECTORS

There have been numerous studies on board composition and board performance (Kesner and Johnson, 1990; Goodstein, Gautam and Boeher, 1994; Daily, 1995; Westphal and Zajac, 1995; Daily and Dalton, 1997).

2.5.1 Business imperative

Burke (1993) reports that a study by Bradshaw, Murray and Wolphin (1992) found that boards with larger proportions of women on them were less inclined

to let CEOs dominate proceedings and more likely to engage in “power sharing” (Fondas, 2000). Boards with a more diverse composition will be less of an “old boys’ club”, engage in less rubberstamping of management decisions and be more active in influencing management decisions (Burke, 2000).

Fondas and Sassalos (1999) studied 115 corporate boards of large US firms to examine effects, if any, of the presence of women directors on the boards’ influence over management decisions. The results showed that boards having one or more female directors had significantly more influence over management decisions than did boards without female directors. As shown in Figure 4 below, a model developed by Fondas and Sassalos (1999) of how women directors’ different voices affect the boards’ influence over management. Six phases are interlinked where the effects culminate in the desired performance of women on boards.

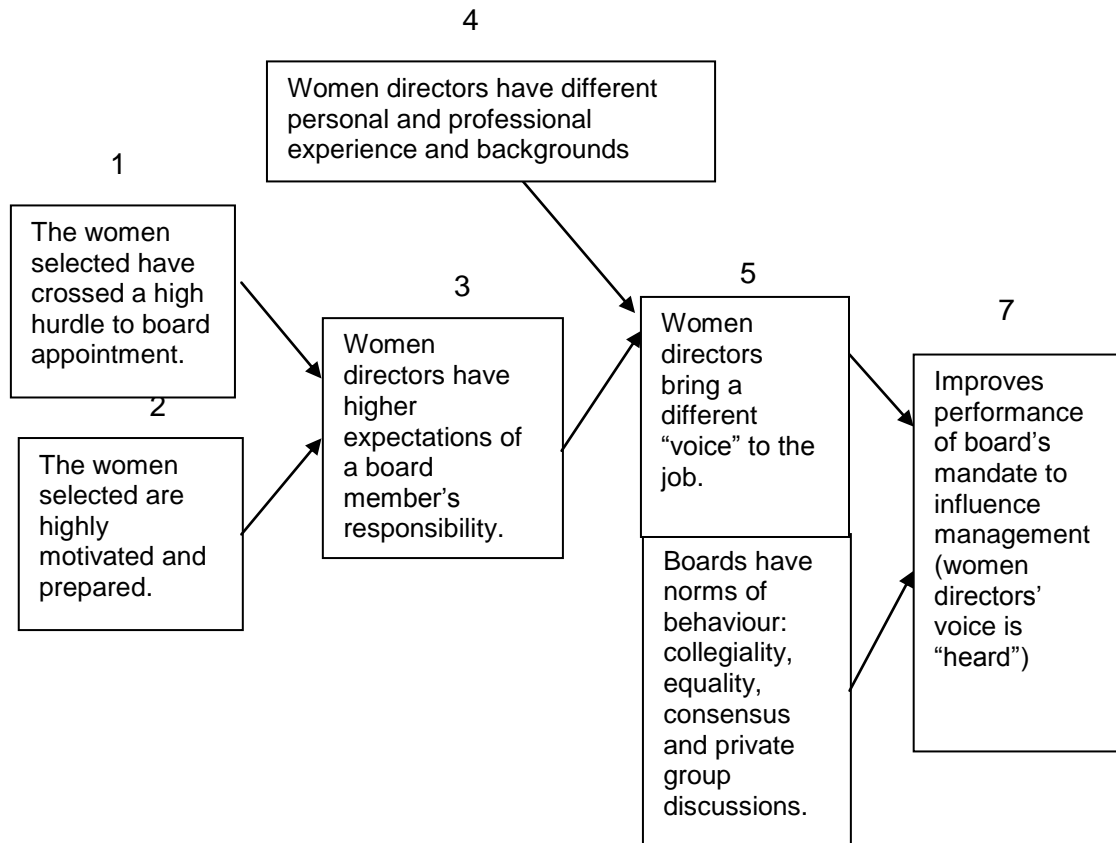


Figure 4: A Process Model of How Women Directors' Different Voice Affects Board Influence over Management (Fondas & Sassalos, 1999)

Phase 1 of the model shows that path to the board requires women to overcome environmental challenges and obstacles. These obstacles are not easy, but not formidable for the women that do succeed.

Phase 2 is captured in the saying: "Luck is when preparation meets opportunity". In order to overcome the environmental obstacles such as the 'glass ceiling' phenomenon, the women who have a personal drive are attractive in terms of their accomplishments and career history to being approached for board positions.

Phase 3 of the model indicates that women do not take their board roles for granted, especially in view of the environmental and personal obstacles that they have to overcome. They are not complacent on boards and take their roles seriously by asking difficult questions and holding management accountable.

Phase 4 shows that women are not a mass, but are unique individuals who bring different talents and value to boards based on their own experiences and career history, which are not identical by virtue of them being women.

Phase 5 is about the female, as the other gender, bringing different insights, perspectives, and contributions to a board of predominantly male members. The skills, qualities and aptitude and the styles and approaches to leadership, of men and women are complementary (Thomson and Graham, 2005, p.207).

Phase 6 of the model acknowledges that there are traditional norms, behaviour and cultures of boards that exist regardless of gender diversity that have an impact on the performance of the board. Charan (1998) states that group process variables such as participation and interaction, the exchange of information and perspectives, and critical inquiry and debate are central to board effectiveness.

Phase 7 is the synthesis of the board culture (phase 6), which values gender diversity, which allows women to be themselves, to give valuable, but different contributions (phase 5) alongside men, given equal weight and legitimacy as

part of the board mix to drive strategic leadership and change of the companies on whose boards they serve.

Through the process model above, Fondas & Sassalos (1999) conclude that the inclusion and proper integration of women on boards results in the improved exercise of independent influence over management, which enhances the board's performance. Fondas and Sassalos (1999) propose that as women directors are usually outsiders (non-executives), they are more likely to be objective and independent and thus more capable of resisting self-interest efforts by management to influence board decisions. A question then is whether women, overtime, will succumb to the same temptation as some of their male counterparts and compromise the interests of shareholders and employees, by not consistently carrying out the board's mandate to monitor and control management (Fondas, 2000).

2.5.2 Women's contribution to boards of directors

Lew Platt, former CEO of Hewlett Packard (1998) said that he saw three main points to make the business case for diversity:

- ♀ A talent shortage that requires us to seek out and use the full capabilities of all our employees.
- ♀ The need to be like our customers, including the need to understand and communicate with them in terms that reflects their concerns.
- ♀ Diverse teams produce better results.

Women broaden the focus of a board. The Competence Board of Canada 2002 found a major increase in the use of non-financial performance measures – such as innovation, social and community responsibility (Stephenson, 2004). Jill Kerr Conway, was the sole female director at Nike in the early 90s when she suggested that the company launch a female sports apparel division. Today, this division accounts for a sizeable chunk of Nike's revenue. This example, indicates, according to Allen (2005), where a different set of backgrounds and a different set of ideas can create profitable change. Not only do women buy for themselves as individuals and for their families, they also make up a growing percentage of small business owners who buy goods and services from larger companies (Stephenson, 2004). Diversity managed correctly can promote creative tension and a culture of open dissent in the boardroom.

Kochan *et al* (2002) say that past research has not always found strong linkages between diversity and performance outcomes. In some groups, diversity may improve performance and in other groups, diversity may be detrimental to performance (Hoffman, 1978; Jackson 1992; Jehn, Neale and Northcraft, 1999; O'Reily and Flatt, 1989; Steiner, 1972). Kochal *et al* (2002) propose that their research model suggests that the relationship between diversity and performance may depend on the organisational context in which the work took place. Diversity may also be more likely to improve performance when group members and leaders are trained to deal with group process issues, particularly those involved in communicating and problem solving in diverse teams (Kochal *et al*, 2002).

2.5.3 Changes in the workplace and marketplace

According to Statistics SA (2003), there has been a large increase in the number of female labour markets participants in South Africa. The Department of Labour (DOL) says that employment of women has increased by 30% and it has been more rapid than that of men (<http://www.labour.gov.za> , accessed 29 October 2006). Table 2 below from the DOL shows the workforce profile split by gender as received by reporting entities in tandem with the workforce profile as captured in Statistics SA's bi-annual Labour Force Survey (LFS) collected in March 2004.

According to the GIBS Review (Oct 2006), projections show that women will account for 51% of the increase in the labour force over the 2004 - 2014 period and account for 47% of the total labour force in 2014. Tom Peters says that women are not just becoming increasingly important in the global marketplace as workers, but also as consumers, entrepreneurs, managers and investors (GIBS Review, Oct 2006).

	Workforce profiles					
	2004 LFS (formally employed)			EE 2004(permanent employment)		
	Male	Female	Total	Male	Female	Total
	3,435,721	1,856,257	5,291,978	955,660	432,797	1,388,457
	62.9%	55.5%	60.1%	65.8%	50.1%	60.0%
	699,650	556,045	1,255,696	154,925	161,267	316,192
	12.8%	16.6%	14.3%	10.7%	18.7%	13.7%
	259,808	140,299	400,107	64,952	46,970	111,922
	4.8%	4.2%	4.5%	4.5%	5.4%	4.8%
	1,068,219	793,976	1,862,196	276,940	222,021	498,961
	19.6%	23.7%	21.1%	19.1%	25.7%	21.5%
	5,463,399	3,346,577	8,809,976	1,452,477	863,055	2,315,532
	100%	100%	100%	100%	100%	100%

Table 2: Demographics: Gender (LFS 2004 vs. EE 2004)

This section indicates that historical factors have influenced the profile in boardrooms thus far, but that there is a change afoot especially with more women getting into the labour force and their increasing purchasing power. Burke and Mattis (2000) conclude that the statistics of the demographics and status of women in the workplace suggests that the glass ceiling still exists. The glass ceiling is a metaphorical barrier, which prevents women from attaining the upper-most organizational positions (Daly, Certo and Dalton, 2000).

2.5.4 Critical Mass Theory

The Wellesley Centers for Women (2006) published a report concluding that a critical mass of three or more women serving on a corporate board can cause a fundamental change in the boardroom and enhance corporate governance. The report is based on interviews with 50 women directors, 12 CEOs and 7 corporate secretaries from Fortune 1000 companies. The report concludes that

companies with three or more women on their boards tend to benefit most from women's contributions, including: providing different perspectives; expanding the content of board discussion; raising issues that affect multiple stakeholders; bringing up tough issues and using their interpersonal skills to positively influence board processes. This study strengthens the business case for having women on boards and moving the debate beyond tokenism.

Investigating 353 Fortune 500 companies over a four- year period, a Catalyst study found that the group of companies with the highest presentation of women in their top management teams experienced better financial results than the group with the lowest female representation. In addition, when analysed by industry, in each of the five industries the group with the highest female representation in top management experienced a higher ROE (Catalyst, 2004). In the UK, the female FTSE Report (Singh and Vinnicombe, 2004) found for five years running that there is a strong correlation between companies having female directors and having market capitalization. Ninety percent of the top 20 companies by market capitalization have female directors, while only 40% of the bottom 20 companies have female directors (Singh and Vinnicombe, 2004).

According to Stephenson (2004), the Conference Board of Canada tracked the progress of Canadian corporations with two or more women on the board from 1995 to 2001. This 2002 Conference Board report refuted some of the common myths about the impact of women on corporate boards. These myths include widely held misconceptions such as: women only care about the "soft" issues; women do not have the financial or strategic acumen needed at the board level; and women will hamper board unity. On the contrary, the report concluded that

women do not focus on traditionally safe areas and that boards with more women surpass all-male boards in their attention to audit and risk oversight and control (Stephenson, 2004).

Allen (2005) says that it seems for some people, diversity is something to be tolerated and is even seen as an initiative that may stand in the way of easily accomplishing board tasks and board unity, but cautions that better representation of women is only a means toward an end, not an end in itself. According to Allen (2005) doing the right thing for the wrong reasons may be worse than not doing the right thing at all. The presence of women directors does not guarantee diversity of thinking, yet it is often the most overt measure there is when the proxy for diversity is women. Having a visibly diverse board signals that the organisation takes diversity seriously and that these different perspectives and viewpoints are given a voice at the top (Allen, 2005).

2.6 CONCLUSION

The literature review indicates that transforming board composition to include more women is not unique to South Africa. In the international context, a fundamental tenet of thinking on corporate governance is the advocacy of greater demographic diversity among corporate boards of directors (Forbes & Milliken, 1998). As shown previously, various studies have concluded that appropriate board composition is important to good corporate governance. According to Catalyst (2004), board directors play a vital role in decision making in both private and public sectors, significantly contribute to the well-being of the

country and the company by holding a special position of trust and leadership, and are responsible for a balanced direction and proper reward for all participants in the enterprise. The literature review highlighted the case for the board profile as an important consideration in framing the balance of power between company managers and directors.

The studies undertaken in various countries highlighted in the literature review also prove that the composition of boards varies from country to country as no company is wholly insulated from its political or economic environment. According to Stephenson (2004), an important consideration is that women have a deep and intimate knowledge of consumer markets and customers. As women representation in the labour force has increased, so have their buying power and their influence of purchase decisions beyond the traditional 'female' purchases such as groceries, cosmetics and clothing. The studies that have been undertaken in the UK, USA and Canada on gender diversity indicate a number of vital benefits to the boardroom, not just for equity reasons, but because it makes sound business sense. However, women remain a minority at board level despite evidence of bottom-line benefits of leveraging gender diversity and the legislative initiatives to empower and develop women.

The main issues that have arisen from the literature review are that:

- ♀ The concern raised by various studies internationally on women representation on boards of directors is around the fact that the percentages do not more closely resemble their proportion in the population, labour force and management (Fondas, 2000) and that the pace of change is slow.

- ♀ Women do not lack the experience, credentials or skills to sit on boards, but they do lack the demographic similarities with the boardroom gatekeepers (commonly referred to as “The boy’s club”) (Bradshaw & Wicks, 2000).
- ♀ The issue of women representation on corporate boards is inextricably linked to the issue of chief executive power. Their appointment augurs more strategic change, more power-sharing, more monitoring, less rubber-stamping, and less CEO domination of proceedings. It is not discrimination against women per se; it is a bias against independents and outsiders (Fondas, 2000).
- ♀ Some systemic issues are still making ascent to the top more difficult for women (Thomson and Graham 2005).
- ♀ Legislation can facilitate the increase of the numbers of women on corporate boards. The empowerment and advancement of previously disadvantaged individuals, including women, should therefore be based on the premise that they are equal partners in the corporate sphere and that their contribution can be a valuable one, suggests King 2 (Naidoo, 2002).
- ♀ There is an indication that there has been a lack of effective talent development within organisations which has contributed to the leadership deficit at board level as well.
- ♀ Increased representation of women in corporate management has been accompanied by increased representation of women on corporate boards (Mattis and Burke, 2000).
- ♀ Enabling legislation and the progressive constitution has facilitated the progress of women in leadership positions in both government

and corporate South Africa, but patriarchy remains preventing women from achieving professional roles as decision makers and authority figures in organisations.

In South Africa, in particular, it is evident that the research on women on boards of directors has largely been benchmarking studies tracking progress from year to year of JSE listed companies and SOEs thus supporting the need to develop a theoretical body of work which will move both scholarly dialogue and the pace of change for women forward (Burke and Mattis, 2000). This study is to determine whether the representation of women is uppermost in the transformation of boards, whether women are seen as critical to the diversity of boards and to ascertain what factors are hindering or facilitating the increase in women representation in South Africa. Concerted strategies and plans have to be implemented to change the status quo, which still marginalises women, especially from strategic and controlling positions.

On the basis of the foregoing literature review, the following research questions have been formulated.

3 RESEARCH QUESTIONS

3.1 RESEARCH QUESTION 1

What mechanisms are used to recruit women onto boards?

3.2 RESEARCH QUESTION 2

What are the factors that can hinder or facilitate women representation on boards of directors?

3.3 RESEARCH QUESTION 3

What can be done to increase women representation on boards of directors?

The following section on research methodology will furnish the research design that was adopted in order to investigate the three research questions.

4 RESEARCH METHODOLOGY

4.1 INTRODUCTION

This section describes the research methodology used to investigate the research questions listed in Section 3. The research population, sampling, data collection and data analysis are discussed.

4.2 RESEARCH DESIGN

This study is qualitative research. The purpose of the qualitative research in this study is to elicit opinion on the individuals' understanding of the factors affecting women representation on boards of directors. It was exploratory and descriptive in nature as the focus is on exploring underlying reasons why women representation is still so low despite conducive legislative conditions in the country and in relation to the percentage of women in the labour force. Daft (1983) believes that qualitative research stresses that reality has multiple views, it cannot be objectified and that the researcher who chooses to follow a qualitative method must be comfortable with ambiguity and a subjective world view and also want close interaction with informants.

The advantage of qualitative research is that the interaction with the respondents allowed for indepth probing of the issues. The previous answer offers an opportunity to probe further. Research involves basic attitudes and ways of thinking (Daft, 2001).

4.3 THE RESEARCH POPULATION

The population was drawn from both male and female board members that sit on listed, non-listed companies and non-profit organisations in South Africa. The individuals were of various race groups, age and years of experience as boards of directors. The individuals were identified specifically because they serve on boards and those that work with boards such as the executive search companies and professional bodies were included.

4.4 SAMPLE SIZE AND SELECTION

Thirty interviews were done. Twenty-three in-depth interviews were conducted and seven interviewees completed the questionnaire, as they could not have a face-to-face interview in order to obtain data for the research. See Appendix A for the list of research participants.

4.5 SAMPLING METHODOLOGY

Non probability sampling is the method of choice for most qualitative research (Merriam, 1998). Quota sampling was used in this study. Leedy & Ormrod (2001) suggest that a few people can provide the most comprehensive insight into the problem being investigated as opposed to selecting a large sample in order to make a generalisation. The methodology was thus to collect the opinions of a quota of people, stratified in some appropriate way, namely their

seating on boards is as a result of their involvement in placing people on boards such as executive search companies and professional bodies. In order to ascertain the factors affecting women representation on boards of directors, it was important to listen to the perspectives of both men and women based on their own experiences, observations and worldview. Specific individuals were approached for the face-to-face interviews and those that could not sit for the face-to-face interview, completed the same questionnaire that was used for the in-depth interview.

4.6 DATA COLLECTION

Lewis Thomas (1974) said that good basic research needs a high degree of uncertainty at the outset. One should start with incomplete facts, with ambiguity and, plan experiments on the basis of probability, even bare hunch, rather than uncertainty. Then look for surprise. The greater the astonishment, the greater the new knowledge about the world.

The interviews were exploratory, semi-structured in nature. See Appendix B for the questionnaire that was used to guide the interviews. The semi-structured questions were used to provide a framework for the interviewees' responses. The questionnaire was divided into four sections.

- Section A: The demographic information of the interviewee
- Section B: The mechanisms used to recruit women onto boards
- Section C: The factors that facilitate or hinder women representation

on boards

- Section D: Strategies and actions that can be taken to increase the representation of women on boards

The face-to-face interviews took place at various locations including the interviewees' places of work, restaurants, coffee shops and one telephonically. The interview times with each respondent ranged from about 20 minutes to two hours. Though permission was attained to electronically record the interviews in order to foster an open and honest environment, the interviewees were assured of confidentiality, unless they gave permission to be quoted in the discussion of the findings of the research. The respondents were also assured that only the sector would be mentioned in the report with to the boards that they used as a basis of the discussion rather than the specific names of companies.

Some interviewees did request that I do not record certain areas of the discussions which respondents thought were highly sensitive and expressed that the reason for sharing those opinions were to give greater insight to their reasoning on issues, but preferred that no record existed of the specific comments. These requests were honoured.

The respondents were not primed by providing the semi-structured questionnaires before the interview meeting outside of providing the topic of the study so as to get unprepared, "gut" responses to the questions asked. The requests for the interview were either through e-mail, face-to-face or telephone.

4.7 DATA ANALYSIS

The recorded interviews were sent to a professional transcription service to be transcribed verbatim. The closed-ended sections of the responses were captured onto a Microsoft Excel spreadsheet to be effectively analysed for descriptive forms of statistical information, namely nominal and ordinal measurement and percentages. For the quantitative sections of the data collection tool, a likert scale was used using frequency analysis. Welman and Kruger (2001) suggested the Likert scale as a measurement instrument that is most appropriate and popular type of scale to use for social science research.

Penman (2006) said that the analysis of data in qualitative research must confirm to the validity principles of credibility, transferability, dependability, and confirmability. Qualitative research, unlike quantitative research needs to convince the reader that the study makes sense, unlike the quantitative study that has to convince the readers that procedures have been followed faithfully (Merriam, 1998). The research has identified and described the problem of inquiry. The findings can be applied to another similar situation were more research be undertaken in this field. The research processes have been systematically documented and the findings of this study flow logically through the data collected.

Themes that related to the research questions were extracted from the transcribed interviews. These themes either supported and confirmed existing

theory from the literature review or added to developing a theory base on the subject of women on boards in South Africa, which is relatively non-existent. The new themes coming out of the interviews that emerged from the study that were not covered by the literature review were grouped into categories and discussed in the later chapters, namely five and six.

4.8 RESEARCH LIMITATIONS

- ♀ A potential limitation of the research is the fact that the exploratory nature of the study lends itself to subjective material.
- ♀ Projections to population are risky because the sample is small thus not representative.
- ♀ The fact that the interviewees are from different sectors. This may limit comparisons that can be drawn and generalisation.
- ♀ The respondents' subjectivity and possible defensiveness might interfere with the accuracy of the information which is a shortcoming inherent in in-depth interviews.
- ♀ The sensitivity of the topic can exacerbate potential biases or prevent people from being completely honest in a country where leadership attempts to be "politically correct"
- ♀ The time constraints as a result of the level of people interviewed and their availability.

5 RESULTS

5.1 INTRODUCTION

This chapter presents the research data of the qualitative research of interviews with thirty respondents. The findings are presented according to the research questions and sub-grouped around the questions asked through the questionnaire. The research questionnaire was divided into 4 sections.

- ♀ Section A: The demographical information of the interviewees
- ♀ Section B: Questions 6 to 10 to answer the research question: What mechanisms are used to recruit women onto boards of directors?
- ♀ Section C: Questions 11 to 14 to answer the research question: What are the factors that can hinder or facilitate women representation on boards of directors?
- ♀ Section D: Questions 15 to 21 to answer the research question: What can be done to increase women representation on boards of directors?

5.2 SECTION A: DEMOGRAPHIC INFORMATION

5.2.1 Questions 1, 2 and 3 – Gender, race group and age

The number of face-to-face interviews were 23 (77%) and 7 (23%) respondents just completed the same questionnaire that was used for the interviews. The results of the race, gender and numbers of respondents is presented in Figure 5 below.

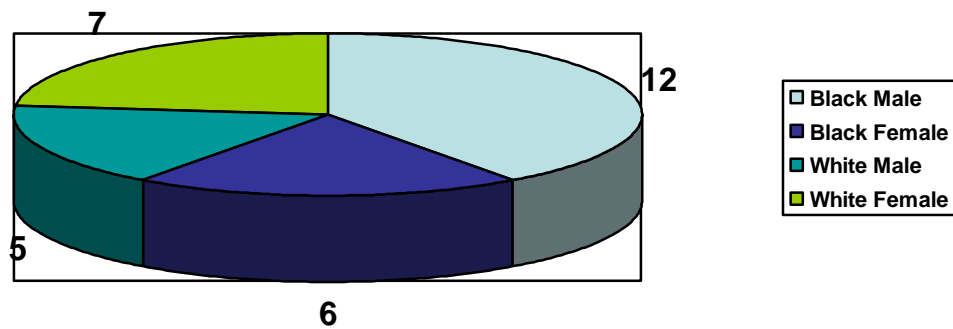


Figure 5: Race, gender and number of interviewees

The gender of the respondents consisted of 13 (43%) female and 17 (57%) male. The race groups were black (according in the Employment Equity Act of 1998 definition of being African, Coloured and Indian) and white. Within the black race group, there were 16 Africans, 1 Indian and 1 Coloured. There were 12 white respondents interviewed.

The age intervals of the respondents are presented in Table 3 below. All the interviewees were over 30 years of age, the youngest being 36 years of age and the oldest respondent being 69 years old.

Table 3: Ages of respondents

Age	No of respondents	%
Under 30	0	0
31-40	8	27
41-50	13	43
51-over	9	30
		100

5.2.2 Question 4 – What sector is your company in?

A number of the board members interviewed seat on multiple boards. The respondents were asked to select a specific sector and a company board that they wished to refer to in conveying their opinions about factors affecting women representation on boards of directors without necessarily disclosing the name of the company. This request was to ensure that they feel as uninhibited as far possible in giving their true experiences, attitudes and observations and yet be consistent in providing insights using one board as an example. Table 4 below represents the types of the sectors whose boards the respondents sat on.

Table 4: Sector of the company

Sector	No. of respondents	Percentage (%)
Financial Services	9	31
Professional Services/ consulting	4	14
Retail	4	14
Mining	3	10
State Owned Enterprises (SOEs)	3	10
Information, Communications & Technology (ICT)	2	6
Media	1	3
Petroleum	1	3
Construction	1	3
Industrial	1	3
Investment Holding	1	3
	30	100

5.2.3 Question 5 – what is (are) your role(s):

The respondents were asked in what capacity they sat on the boards of the company of the sector they were speaking about. Table 5 below captures their roles.

Role of Director	No. of respondents	Percentage (%)
Chief Executive Officer (CEO)	12	40
Executive & Non-Executive Chairpersons	8	27
Non-Executive Directors	6	20
Executive Directors	4	13
	30	100

Table 5: Role of director on the board

5.3 SECTION B: WHAT MECHANISMS ARE USED TO RECRUIT WOMEN ONTO BOARDS OF DIRECTORS?

5.3.1 Question 6 and 7 - How many members are on your board and how many of these are women?

Table 6 below represents the findings. Board sizes ranged from 2 members to 21 being the largest. The columns highlighted below represent the data of the professional services/ consulting company boards. The majority of the boards had double digit percentages of women representation on their boards expect for four boards that had ranges from 5% to 9%. One respondent, a representative of the Executive Search company did not sit on a particular board and therefore there are only 29 responses to the questions posed as seen below.

Table 6: Total number of board members and women board members

No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
Total number of board members	15	6	12	21	6	6	8	12	4	7	14	7	13	12	8	10	13	16	9	19	12	14	15	17	11	3	15	2	15
Total number of women board members	5	1	12	5	2	1	2	1	1	2	2	3	2	2	2	2	2	4	4	1	2	3	5	1	1	3	6	1	6
Total women as a percentage of board members	33%	17%	100%	24%	33%	17%	25%	8%	25%	26%	14%	43%	15%	17%	25%	20%	15%	25%	44%	5%	17%	21%	33%	6%	9%	100%	40%	50%	40%

5.3.2 Question 8 – What roles do women board members play?

The respondents were asked to be specific about what the roles of these women were on the boards. They were given a list of common board roles to choose from. Table 7 below tabulates the responses.

Table 7: The roles women board members play

No.	Sector of company	Number of women on the board	Present % of women on the board	What roles do these women play
1	Investment	5	33%	1 Executive Director and 3 Independent Directors
2	ICT	1	17%	1 Executive Director
3	Professional services/consulting	12	0%	1 Executive Director and 11 Non-Executive Directors
4	Financial services	5	24%	1 Non-Executive and 3 Independent Directors
5	Industrial	2	33%	2 Executive Directors
6	Mining	1	17%	1 Executive Director
7	Mining	2	25%	1 Executive Chairperson and 1 Independent Director
8	Financial services	1	8%	1 Non-Executive Director
9	Financial services	1	25%	1 Executive Director
10	Financial services	2	26%	2 Non-Executive Directors
11	Construction	2	14%	2 Non-Executive Directors
12	Financial services	3	43%	1 Chief Executive Officer and 2 Non-Executive Directors
13	Financial services	2	15%	1 Independent Director and 1 Non-Executive Director
14	Retail	2	17%	2 Non-Executive Directors



No.	Sector of company	Number of women on the board	Present % of women on the board	What roles do these women play
15	Retail	2	25%	1 Executive Director and 1 Non-Executive Director
16	Mining	2	20%	1 Executive Director and 1 Non-Executive Director
17	ICT	2	15%	2 Non-Executive Directors
18	SOE	4	25%	4 Non-Executive Directors
19	Media	4	44%	3 Executive Directors and 1 Non-Executive Director
20	Financial services	1	5%	1 Non-Executive Director
21	Retail	2	17%	1 Executive Director and 1 Independent Director
22	Retail	3	21	1 Executive Director and 2 Non-Executive Directors
23	Petroleum	5	33%	1 Executive Director, 2 Non-Executive Directors and 1 Independent Director
24	Financial services	1	6%	1 Non-Executive Director
25	Financial services	1	9%	1 Non-Executive Director
26	Professional services/consulting	3	100%	1 Chief Executive Officer and 2 Non-Executive Directors
27	SOE	6	40%	1 Non-Executive Chair and 5 Non-Executive Directors
28	Professional services/consulting	1	50%	1 Chief Executive Officer
29	SOE	6	40%	1 Non-Executive Chair and 5 Non-Executive Directors

5.3.3 Question 9 – Who in general nominates the women onto the board?

The interviewees were also asked who, in general, nominates women onto the board. The findings are represented in Table 8 below.

Table 8: Nominators of women onto the board

No.	Sector of company	Number of women on the board	Present % of women on the board	Nominator of the women
1	Investment	5	33%	Chair who is also a shareholder
2	ICT	1	17%	CEO who is also a shareholder
3	Professional services/consulting	12	0%	Branch Committees (members also shareholders)
4	Financial services	5	24%	Chair
5	Industrial	2	33%	CEO who is also a shareholder
6	Mining	1	17%	Chair
7	Mining	2	25%	Nomination Committee
8	Financial services	1	8%	The woman is a shareholder
9	Financial services	1	25%	Chair & CEO
10	Financial services	2	26%	Shareholders
11	Construction	2	14%	Executive management
12	Financial services	3	43%	Shareholders & Chair
13	Financial services	2	15%	Chair who is also a shareholder
14	Retail	2	17%	Nomination Committee
15	Retail	2	25%	Chair and Nomination Committee
16	Mining	2	20%	Chair and CEO (form the nomination committee)
17	ICT	2	15%	Chair and CEO
18	SOE	4	25%	Nomination Committee (called HR Committee)
19	Media	4	44%	Chair who is also a shareholder
20	Financial services	1	5%	Nomination Committee
21	Retail	2	17%	Nomination Committee
22	Retail	3	21	Chair and CEO (form the nomination committee)
23	Petroleum	5	33%	Nomination Committee
24	Financial services	1	6%	Nomination Committee
25	Financial services	1	9%	Nomination Committee
26	Professional services/consulting	3	100%	CEO is a shareholder
27	SOE	6	40%	Government who is a shareholder
28	Professional services/consulting	1	50%	CEO is a shareholder
29	SOE	6	40%	Government who is a shareholder

Some respondents volunteered clarification that what they would call a nomination committee, only consists of the CEO and the Chairperson and not necessarily the majority of independent or non-executive directors as King Report 2 recommends. Where this was mentioned, the responses are noted as such.

5.3.4 Question 10 – How were these women sourced?

The interviewees were asked how these women on the boards that they have mentioned were sourced. The respondents were given various options as indicated in Table 9 below. Some boards used multiple approaches.

Table 9: How women are sourced

Sourcing method	No. of mentions	Percentage (%)
Network of boards of directors (referral system)	15	50
Executive Search Service	8	26
Shareholders	8	26
Government	1	3
Reputation	3	10
Advertising	0	0
Institute of Directors (IOD)	0	0
Institutional investors	0	0

The most popular method of sourcing women was through the network of the boards of directors that sit on that particular board (the referral system). The respondents added to the list options what they called word of mouth or reputation. They would approach women that they have heard of or who have a profile when they have a vacancy on the board.

A respondent explained this method by saying that non- executives in the majority of cases have political ties and are people who have become prominent in some capacity. The interviewee used Dr Mamphela Ramphele illustrate their point as someone who has gained business exposure and experience only after becoming in demand as a result of her books and her social activism.

5.4 SECTION C: WHAT ARE THE FACTORS THAT CAN HINDER OR FACILITATE WOMEN REPRESENTATION ON BOARDS OF DIRECTORS?

5.4.1 Question 11 – Indicate which, if any, of the following factors are increasing the need to have women board members.

The interviewees were asked to choose any of the factors which they believe are increasing the need to have women board members in South African corporates. The respondents could choose as many factors as they believed were applicable and could add other which they believed were not included, but are pertinent. The findings are as follows in the Figure 6 below.

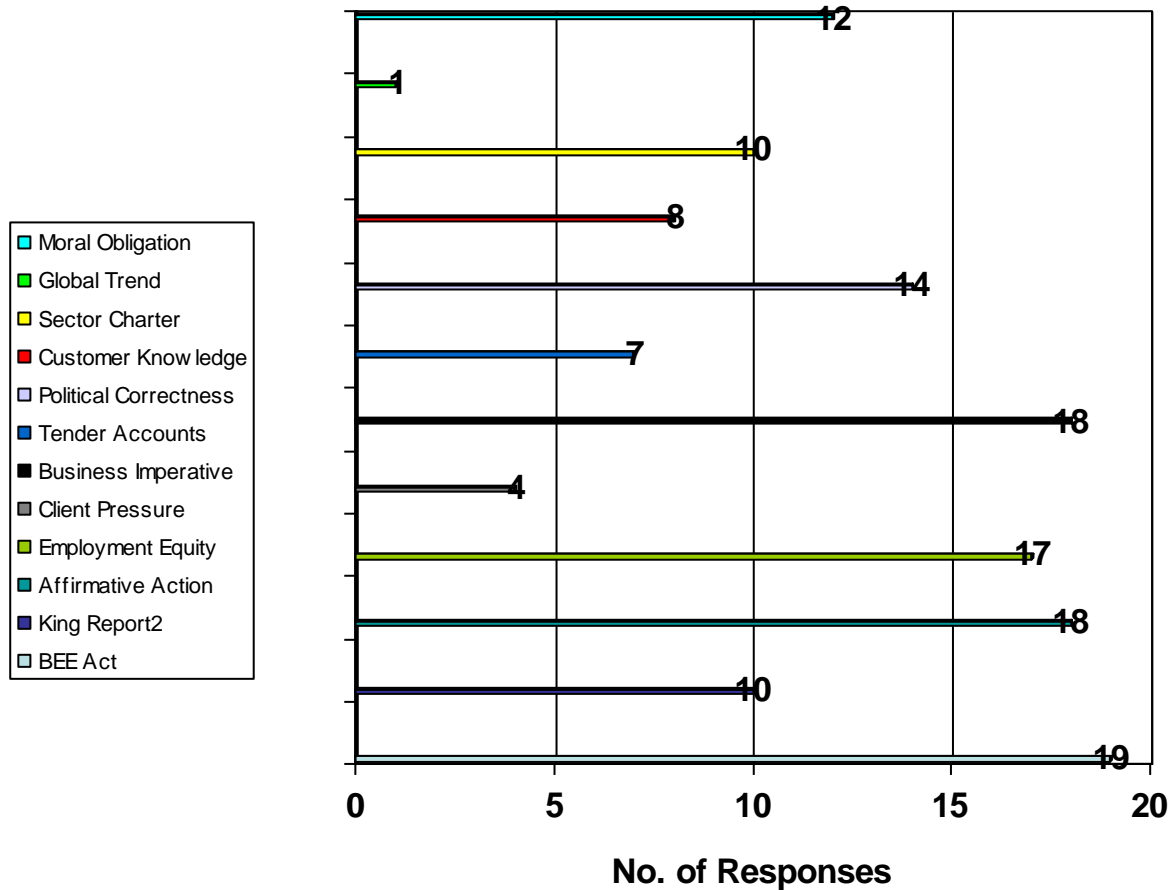


Figure 6: Factors increasing the need to have women board members

The majority of the respondents, 19 (63%) believe that the BEE Act is the driving factor behind the need of companies to have women on their boards through the pillar of employment equity (17/57%) using the affirmative action as a tool to redress past imbalances, coming at 18 (60%).

The majority of respondents who selected the BEE Act as the driving factor in increasing the need to have women board members mentioned the domino effect of procurement policies as a result of companies complying with the sector charters.

The respondents that emphasised the business imperative communicated that the increasing need of women on board must be because they can add value rather than for compliance reasons.

There was consensus among 12 (40%) of the respondents that companies have a moral obligation to correct the distortions caused by past exclusions of women from leadership positions.

One respondent added “best practice” to the list of factors and explained that tapping into diverse skills and diverse patterns of thinking is part of best practice that is an important and main factor for their SOE board to increase women on their board.

5.4.2 Question 12 – Is there pressure to increase the representation of some of the following groups?

The respondents were asked whether company boards are experiencing any pressure to increase representation of some groups more than others within the previously disadvantaged individuals (PDIs), namely the black people and white women, who are recipients of affirmative action and are the designated groups under the Employment Equity Act of 1998.

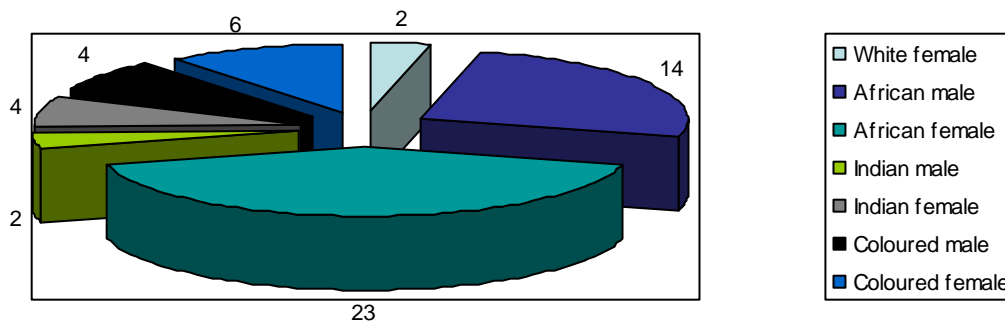


Figure 7: Pressure to increase representation of some groups

Figure 7 above represents the findings. The majority of the interviewees, 23 (77%) of them said that they perceive the pressure and the need to appoint more African females than any of the other group within the designated groups.

One respondent commented said that “disadvantage-ness was tiered, so prioritisation to redress the past imbalances should be tiered”. The respondents all said that the past triple oppression of African females made their appointment more symbolic and that the weight of effort should rightly be focused on them who are still least represented at board levels. Comments such as “with an African female, you cover the race (black) and gender (female) under-representation. It is more expedient to appoint an African female.” One respondent, a black male CEO, captured what many of the interviewees expressed and said: “African female, you know I am not saying anything that I am sure you do not suspect, some people do not want to admit these things, tend to cover two

aspects; female and African. So on the equity element; you seem to be doing more than let say a white female, for argument's sake". One respondent commented that black females are less threatening than black males to white males and therefore are prioritised above other groups.

Fourteen (47%) included African males together with African females as the two groups that are receiving priority for inclusion on their boards.

A black male CEO respondent said, "The African male will still be priority over the African woman" in response to a question of whether the boards with just white people would feel the pressure of appointing African female even though there was no African male on the board. He added that "In this society we think male. Men do things first".

A black female board member made a comment that "eventually the resentment will come to a head because I think the challenge is that even with the black male, they still struggle just with women generally, whether they are black or white. I think unfortunately in some instances, black men struggle more with black women".

What was interesting in the interviews was how the respondents, especially the black respondents, answered this question in terms of black people being under-represented rather than women, including the black women board members.

When I asked for clarification from a black female board member about this issue she said that both black men and black women share a common resentment for the white women's preferential treatment in the context of "the historically disadvantaged" which makes the representation a 'black people' issue not just a black women issue.

The white females and Indian males were not on the priority lists of the boards according to most of the board members interviewed with only 2 mentions of each. One respondent said that "no one is fighting for the white female. Their saving grace is meritocracy".

A white female board member said "Black women they will look at, they do not give a damn about me, you know, as a woman. I do not count for anything".

A black female respondent said, "White women were not subjected to job reservation and white women had a choice of whether they wanted a career or wanted to look after the family. In most instances, it is only in recent years that we have had economic difficulties that we have families where both spouses work. But 20 or 15 years ago in South Africa, the white women really chose to have a career or not, whereas black women did not have that choice. So when we are looking and comparing where white women are versus where black women are, we need to take into consideration that white women had a choice, black women did not have a choice".

A respondent added that “The Employment Equity Act came first and it just said ‘women’ and so companies went and got white women. In the context where we are saying there is employment equity and opportunities for historically disadvantaged people, guess who is getting the big slice of the pie? White women! The BEE Act and sector charters are correcting that distortion caused by the Employment Equity Act”.

After African males and females, Coloured females and Indian females were both mentioned by 4 (13%) of the respondents.

Some of the board members said that it is important to look at the regional biases in terms of race representation on boards, for example, more Coloureds in the Cape region and more Indians in KwaZulu Natal. Many respondents made the comment that the “other” designated groups are not in the “must have” category. That in a comparative analysis of the race groups, black African is still most important because even if you have Coloured and Indian board members, you still not seen as having gone far enough. By choosing the other black groups and not the African group, as a company you may “technically qualify”, but this would still be interpreted as not having gone far enough

Only the SOE board members and two family owned businesses said that their boards did not have the pressure to increase any particular group.

A respondent from a family owned business said that their board does believe in tokenism, but that “enlightened self-interest is the only motive you can trust”. The interviewee added that as a small company and being in a competitive business, they are not “able to do things just for the good of the world. We can only do things for the good of the company”. The respondent said that their staff complement is mainly women and if they do look at bringing in other race groups at a board level, there must be genuine synergies, which is not feasible at this stage as they are a niche player and a business reason for doing so.

The SOEs emphasised that they do not have to comply with any of the Employment Equity variables. However because they were in sync with the country’s equality principles, they lead by example rather than the need to comply. One SOE board member said that their board has the “natural diversity insights. There is a natural consciousness to want to do the right thing all the time” and he added that is why they go beyond representation of women, but also ensure that the disabled are also represented at the board level.

5.4.3 Question 13 – Do you think that women are under-represented on boards?

The respondents were requested to give their view of the numbers of women on their board or of boards in South African corporates in general. All 30 (100%) respondents said that they thought women were under-presented on

boards

The main reasons advanced were:

♀ **Under-representation because the numbers are lower than in the general population (30/100%)**

A white female board member said “I think representation should be 50%. Women, we know constitute 52% of the population in South Africa. I think the only logical way of operating anything is to have men and women equally involved at all levels. Particularly if they are equally skilled”.

One black female respondent said: “The white people have an impact of making the black person to feel unique. So people fall into the trap of believing that similar people to yourself can be found and that the process is going to take time”.

♀ **Women are their own worst enemies (10/33%)**

One of the respondents advanced the argument that the numbers of women representation at present may just be reflecting compliance rather than equality. “You know women need to develop some activism. In my view they have a duty to ask why there are not more women around the table”.

Another respondent, a white female board member said “With BEE there will be more pressure to see black people on our teams, but women nobody cares. And if anything the boys are actually kind of more comfortable if there is not a woman to be honest”.

A black female respondent said: “It is a mind-set. I think women inside do not push hard enough to open doors for others. So people fall into the trap of saying we cannot find similar women to us and it is going to take time”.

A respondent from an executive search firm said: “There is another component to the under-representation. I often speak to women executives and I say to them well what about a board position and they say ‘oh I never thought of it’. So if they do not put their hand up, nobody is going to talk to them. It is about confidence”.

♀ **Stereotypes (18/60%)**

A number of respondents gave the reason of stereotypes captured in this monologue of a black male board member: “There are still entrenched stereotypes that women cannot add value. Value in the sense of bringing the perspectives that can assist management to run operations better. The belief that women are not “there”. The stereotype is that women are inclined to become housewives. The very few that are appointed, come from the social pages of the Sunday Times. South Africa is still dealing with legacy issues. Black women were

repressed. These legacies are very difficult to get out of the system”.

♀ **Historical reasons (23/77%)**

A white male board member gave the reason that “Our history has two parts to it, one not only at boards, but generally in business and politics until recently there were a few women. The English colonialist system was very male dominated. I think the same is true of Afrikaans society. Obviously business was more predominantly an English domain until 20 years or so ago. It was a patriarchal kind of system. Black women were not represented because of the whole apartheid system. In our society, people tended to be always prone to employ males. People from within the networks that they actually belonged to. In truth, until Thabo Mbeki started to be quite vocal and proactive about women and women’s causes, there was really not much ground swell. He has been very proactive in terms of ensuring that gender comes to the fore in terms of thinking”.

♀ **Culture and tradition (25/83%)**

A black male board member said: “I think the number one reason is just culture and tradition. Women are not part of it (the board), so males are not going out of their way to change what is normal. I think it flows from a discomfort of bringing new entrants who are different”.

A black female respondent said: “Men feel more comfortable with each other. White men feel the most comfortable with other white men. Then the white men feel more comfortable with African men, next in the hierarchy. They feel comfortable with white women and then the black women. It is a kind of degree of comfort”.

A black male CEO said: “It is a sexism issue. A lot of boards have been very old boy, old tie networks. There have been cliques and this has very much been part of the South African corporate landscape for many years until '94. At first, the black or equity directors came in and this ‘thing’ is being broken down and as women directors come in, it is broken down further. The challenges that come with change have also got to do with breaking down what people took for granted as their preserve”.

♀ **Limited pool (12/40%)**

A black male board member said “The pool is smaller of people available, but also to get up to the boards, you find the path that leads to the board is fraught with pitfalls for women. There are many obstacles that block women, which make it difficult for women to get to the top. Some of them being objective factors such as a desire to start a family and therefore taking time off. When you come back, you are already behind your peer group. Then there is prejudice”.

Another black male CEO explained the limited pool by saying that “Women have just less corporate experience and they started late”.

A female board member said “It will take time to develop a pipeline. This is a global problem”.

Respondents also spoke about the low levels of women retention by corporates which is creating a limited pool of executives that can be appointed as non-executives exacerbated by the fact that King Report 2 also encourages a higher proportion of non-executive than executives on the board. A female board member in the financial services sector said: “We have ended up most years recruiting more girls than boys, but something happens between recruitment and when you get to the top echelons. By the time it gets to the top echelons, it is all men. We do not retain women”.

♀ **Choice (3/10%)**

Two female respondents added that women are opting out of the corporate rat race and starting their own companies and working from home so that they can create their own rules.

A white female board member said that women are tired of juggling motherhood and careers and not being able to add value equally to either and therefore they choose careers that suit their circumstances which

may not make them suitable or visible for board appointments. She added that “You create a career which is at your own pace, where you can break the day to suit you, working into the evening when you need to, with similar outputs as when you were in corporate”.

♀ **Skills misalignment (7/23%)**

One white male respondent said “Because it is a matter of finding women with the necessary skills. They are harder to find than men, and there seems to be a higher proportion of them that have done – I would hate to use the word ‘softer’ skills, but there are a lot higher proportion of them that have done, say human resources as opposed to engineering or actuarial science of something like that. They tend to have done the softer things, although there are an increasing number of chartered accountants coming out of the system”.

♀ **Business culture (15/50%)**

To illustrate this theme, a black male board member said, “My experience with women is that you always have to give them more protection for them to survive. If you are conscious about wanting to change your environment and it is male dominated. Men are inherently challenged by females who speak their mind. We find ways of saying she is arrogant, she is disrespectful or she thinks she knows. Those dismissive labels. And when you unpack, it is because you (as women) are sharp, you know what you want and you ask

very discerning questions. There is something about the male that does not like clever females who expose them and show them to be less than or inadequate”.

5.4.4 Question 14: Do you think that board positions should be advertised and applied for like other jobs? Motivate.

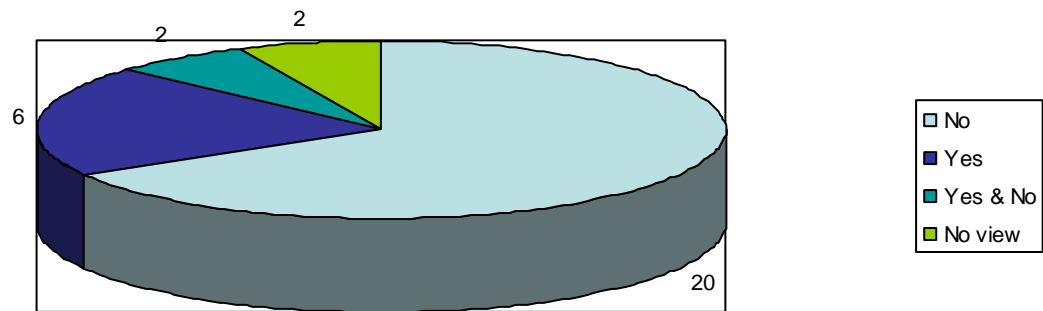


Figure 8: Perspectives on advertising board positions

The initial reaction to this question was “I never thought about that before”. Figure 8 above indicates the results. Two respondents could not commit an answer. Twenty (67%) respondents gave an emphatic “No” response to the question. The reasons advanced were:

- ♀ This would commoditise board positions.
- ♀ The job specifications should be thought of more carefully and briefed to Executive Search companies to do the legwork for the board.
- ♀ It is the role of the nominations committee to source and appoint board members.

- ♀ This would place board members in a 'begging' position and create indebtedness.
- ♀ It is unfair to change the method of recruiting board members just because it is the previously disadvantaged individuals that are getting into the game.
- ♀ A particular skill is sought for an effective board member and that person needs to be targeted.
- ♀ Board appointments are an exclusive and selective processes and advertising would not be appropriate.
- ♀ It is the responsibility of the shareholders to appoint board members that represent their interests.
- ♀ Individuals should be sourced to achieve a proper mix and balance of skills and experience.
- ♀ Using networks is a better option and that white people should network more with black people in order to know more people.
- ♀ Advertising is a tedious and cumbersome process.
- ♀ Advertising is a spray and pray approach which is not befitting a board appointment.

Six (20%) respondents that said "Yes" motivated by the reasons that:

- ♀ Executive Search firms have not transformed adequately, have similar outlooks as the clients that are briefing them and do not look beyond the people who are known.

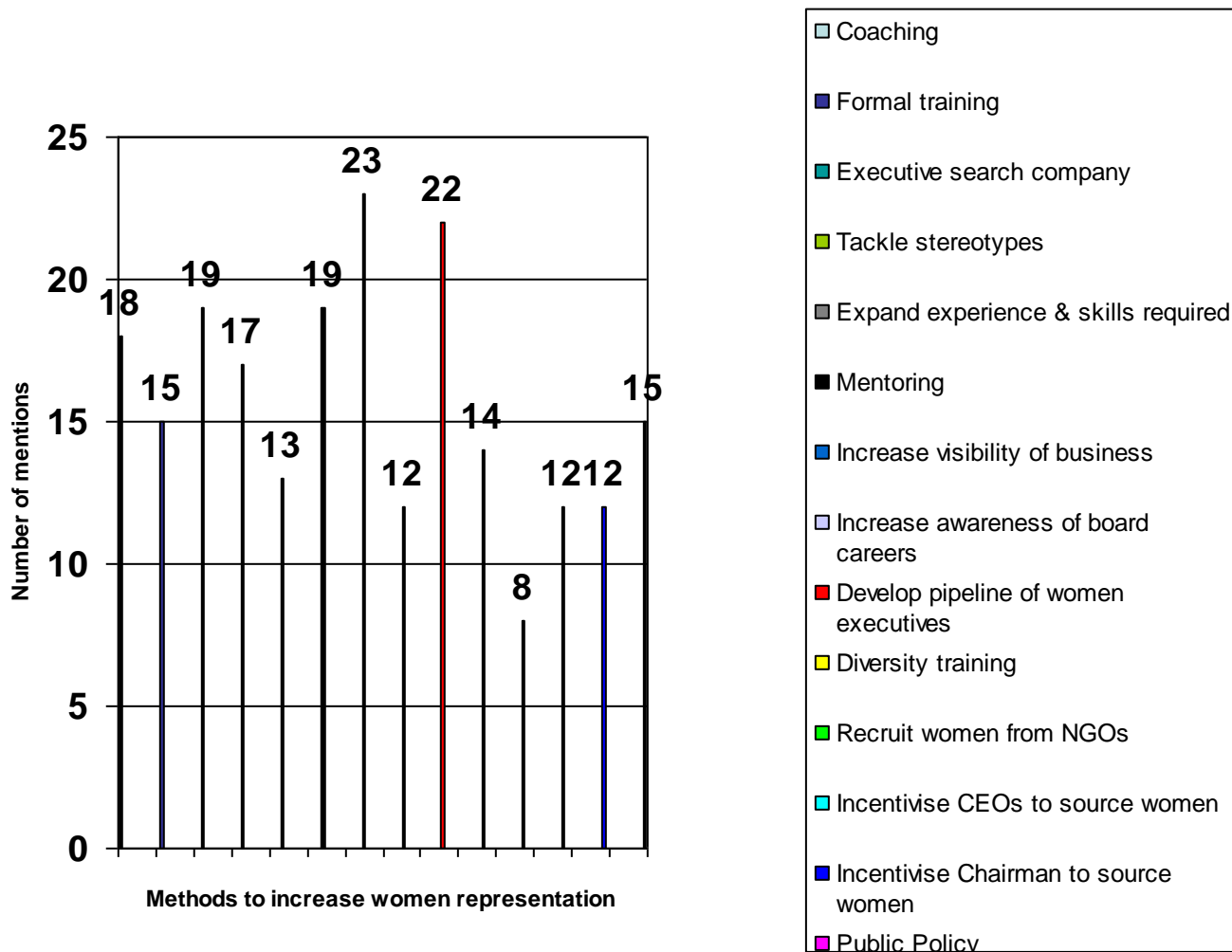
- ♀ Advertising is good as part of a multi-pronged strategy (together with the traditional methods of sourcing new board members).
- ♀ Advertising would increase the pool boards can draw from.
- ♀ Individuals that are not on the radar screen will come to the fore.
- ♀ It is fine to use as a last resort.

5.5 SECTION D: WHAT CAN BE DONE TO INCREASE WOMEN REPRESENTATION ON BOARDS OF DIRECTORS?

5.5.1 Question 15: What methods can be used to increase women representation on boards?

The interviewees were asked to choose any of the methods from a list which they believe can be used to increase women representation on boards of directors. The respondents could choose as many factors as they believed were applicable and could add other which they believed were not included, but are appropriate. The findings are as follows in the Figure 9 below.

Figure 9: Methods to increase women representation on boards



Twenty-three (77%) of the respondents said that increasing visibility of businesswoman would be the best method of increasing women representation on boards.

A black male board member said: “Part of the problem is that people are just not aware who is out there. Information and knowledge is a good start. The other day I saw a book ‘Women in South Africa’, you know there were a lot of women that I

have never heard of who are in all sorts of senior positions”.

A white female board member suggested “getting female entrepreneurs listed because the women who are corporate structures are almost captured inside one network or another, but nobody knows how many female entrepreneurs there are and they are completely untapped and they do not seem to be networked at all”.

The next popular method chosen by 22 (73%) of the respondents for increasing representation is to develop a pipeline of women executives.

A black male respondent said: “Typically the guys on many of these boards have been executives for 10, 15 years and they have long careers in corporates and we are trying to short-circuit these years in this generation. People talk about the glass ceiling, where women can see the guys above, but cannot get there. I think what is the most difficult one now is what we refer to as the ‘glass wall’, where women are trammled into areas of specialism and they cannot move around the company. And to me that is potentially the single biggest threat to women getting on”.

Nineteen (63%) respondents rated mentoring and tackling stereotypes in the workplace equally as feasible methods of increasing women representation on boards.

With regards to mentoring, a black male board member said that an element of cloning is required. “We have got a few good women board members. I am going to sound controversial, but we need to have clones of Wendy Luhabe. There are a handful of women who have achieved success such as Wendy Lucas-Bull without losing the essence of being women and therefore for me they are role models. You do not have to be an ultra radical feminist to achieve respect as a woman in a commercial role. You can be yourself and still maintain your sense of femininity and still be respected”.

Additional methods contributed by the respondents included:

- ♀ Networking
- ♀ Life coaching more than mentorship and formal coaching looking at the holistic person and imparting both life and business skills.
- ♀ To emphasise that the pipeline of women executives must be those with hard skills and not soft skills.
- ♀ To rather have penalties for non-action by CEOs and Chairpersons rather than to Incentivise them to do what they should be doing in the first place and because they will not transform boards out of the goodness of their hearts.
- ♀ The public policy that exists at present (BEE Act and EE Act) are adequate, not more, but the acknowledgement that without public policy, the progress achieved thus far would not have happened.

- ♀ Executive achievements should be profiled so that boards can see the pool that exists.
- ♀ Board members should be given the opportunity based on potential rather than experience in order to increase the representation. Therefore it is on the job training.
- ♀ To create financial incentives around the BEE Scorecard deliverables and make it costly for boards that do not have women.

5.5.2 Question 16: What attributes would you look for in a woman for a board position?

The interviewees were asked to give attributes that they would look for in women for a board position. About 50% of them prefixed the response by saying that the attributes would be the same for both men and women. The list generated from their responses is per Table 10 below.

Table 10: Attributes in women for board positions

Attributes	
Confidence	Analytical ability
Hard work	Balanced worldview
Commitment	Competence
Take time to understand the business	Discipline
Ability to act in an Executive position	Emotional intelligence (EQ)
Good track record	Energy
Time to attend board meetings	Ability to express the "female thinking" point of view
Ability to make a positive contribution	Consistency of character
Independence of thought	Strong character
Ability to apply individual judgement	Honesty
Integrity	Trustworthy (to respect confidentiality)
Ethical	Decisive
Not ego driven	Ability to hold management accountable
Champion for developing other women	Authentic
Strategic thinker	Not a professional board sitter
Knowledge of political economy	Connected
Inquiring mind	Deliverer
Independent but cooperative	Ability to listen
Challenge when necessary	Business acumen
Team player	Courage

5.5.3 Question 17: What criteria do you use when targeting a female for a board position? Are they different from those for a male?

The interviewees were asked to give the criteria that they would use when targeting women for a board position. About 90% of them prefixed the response by saying that the criteria would be the same for both men and women. The list generated from their responses is per Table 11 below.

Table 11: Criteria to target female board members

Criteria	
Confident and not discouraged by stereotypes	Value of a different perspective from a female
Constructive challengers	Balanced skills on board
Character: value system, integrity, cognisant of shortcomings	Diversity of skills on the board
Fighter for women's rights	Gap analysis based on vacancy on the board
Not someone who is vindictive and angry	Dictated by strategy
Mature	In tune with societal needs
No need to raise women issues all the time	Mix of the board
Has timing and good judgement	"Unstated" quota - BEE Act influenced
Look at policy factors	The individual's networks
Qualification - track record that can be traced	Credible track record
Strategic ability	Influential in society
Has a particular stature in the country	Informed by annual board review

One white male board member made the comment that criteria do limit the experience and pool you can draw from for board positions.

5.5.4 Question 18: If you were to design a training programme to get more women onto boards, what would it consist of?

The interviewees were asked if they were to design a training programme to get more women onto boards, what the training programme would consist of. One of the respondents expressed concern that this question was assuming that women are "less than" men when they come onto boards. She added that it is the environment that does not allow you to operate as equals not the woman's skills set.

Another female board member reiterated the same point saying:” Lack of training or relevant skills is not the problem. The male is the problem. Do not turn the women into a problem”.

A white male board member said that the training should start at an early age. Schools need to teach business skills and finance to ignite interest for such positions in the future.

The list of training programmes from 22 (73%) of the respondents, many of whom prefixed by saying both men and women directors would require the same is provided in Table 12 below.

Table 12: Training for board members

Training	
Assertiveness	Background to company law
Confidence building	Statutory background of the company law
Level headedness	Companies Act
Personal empowerment	Economics
Risk management	Corporate Governance
Customised knowledge of the sector	Board functioning and responsibilities
Life skills	Finance for Non-Financial Managers
People dynamics	King Report 2
Personal branding	MBA
Change/ advocacy programme	In-house training - induction into the company and its business
Strategy to deal with discrimination without being overwhelmed by it	Business intelligence (how to get information about the company)

5.5.5 Question 19: What are the job experiences, skills and competencies that you believe a board ember should have to be suitable for appointment?

The interviewees were asked to give job experiences, skills and competencies that they believed a board member should have. The list is in Table 13 below.

Table 13: Job experiences, skills and competencies board members should have

Job experiences, skills and competencies	
Knowledge of the industry in which company operates	Ability to deal with issues in a pragmatic way
Wisdom	Debating skills
Minimum 5 years in Executive position	Business savvy (how money is made and lost)
Entrepreneurial exposure	Insight into stakeholdership
Finance	Has worked in mid cap to large companies at senior/director level
General business experience	For Executive Director, specialisation in a field
Ability and propensity to express a point of view	Negotiation skills
Interpersonal skills	Human Resources
Leadership qualities	Tertiary qualification
Lateral thinking	Good communication skills

5.5.6 Question 20: Which training institutions would you recommend for board training?

The respondents were asked which training institution they would recommend for board training, out of 10 (33%) who did not want to recommend any, 15 (50%) mentioned GIBS and IOD joint programme or attending the separate training that each institution offers. The balance (5/17%) provided the list as show on Table 14 below.

Table 14: Training institutions for board training

Training institutions	
Institute of Directors (IOD)	Audit firms
Gordon Institute of Business Science (GIBS)	Johannesburg Stock Exchange
Leading business schools: Wits, Harvard	International Women's Forum (IWF)
Institute of Management Development (IMD)	

5.5.7 Question 21: Is there a need for a service to assist companies with identifying, assessing, training and recommending women directors?

The respondents were asked if they believe there was a need for a service that could work with boards to increase representation. Twenty six (87%) of the interviewees said 'yes' and 3 (10%) said 'no'. The reasons advanced for the answers are tabulated in Table 15 below.

Table 15: Responses on the need for a service to assist companies

Yes	The buddy system has become something of the past
	Most SA companies claim they do not know where to find women candidates
	Anything that can expand networks is good. Bring fresh people into the environment
	Increasing the pool
	Networks & word of mouth are a barrier and such a service would increase the pool to draw from
	Women are there. Companies need guidance
	An objective process that can uncover talent
	An executive search can do this, but outsource the training
	To ensure that shareholders are served well, formal assessments are important
To improve the mix on boards	
No	Women should be brought in the same way as men
	Should be through industry bodies
	Do not need another service. It is for the boards to appreciate feminine qualities and value they bring to boards

5.5.8 Question 22: Are there any questions that you think I should have asked about “Factors affecting women representation on boards of directors” that I did not ask? What is the question and what is your answer to the question?

In concluding the interviews, I asked the respondents if they believed there are questions that I should have asked. Some had an answer for their question, but others did not. One black male director wanted to contribute a comment. The list with the questions, some answers and the comment that were provided are in Table 16 below.

Table 16: Questions that I should have asked

	Any other questions?
Q	Do you think women's multi-roles and responsibilities impact on representation?
A	Make sensible arrangements for home life
Q	Why do you not focus on senior management not just the board?
A	Decisions take place at EXCO level. Corporate Governance at board level. More energy/scrutiny to be placed on EXCO: assessment, calibre, diversity, challenge of the CEO by management.
Q	Why do you think black women are in demand?
Q	Why is the assumption that women want to be on boards in the first place?
Q	Are women effective board directors
A	Yes. They ask more questions as they are not part of the old boys' network thus non-inhibited. They are interested in how business works and are keen to get an understanding of the business.
Q	What are women doing to get onto boards?
A	Need to build their profiles; acquire experience to make them attractive to boards
Q	Do women stay on boards and are they embraced?
A	Networking skewed towards men's interests such as golf and clubs. Disadvantages especially the older women who do not play golf and socialize in these areas.
Q	How do you get men to promote women's participation on boards?
Q	What advocacy is coming from women on this issue?
A	Not much. Women need to be change agents and make more noise about transforming boards



	Any other questions?
Q	Is there prejudice against women?
A	Knowledge of industry and leadership skills is an easy copout
Q	As much as there are many women entering the corporate world, there are as many leaving. Why?
Q	If there was no BEE Act, would we be finding the issue of women representation on boards important?
A	Without BEE Act, we would not. We can still do more.
Comment	Fear of recommending, prevents new blood in case they do not perform. Removing board members for non-performance is difficult. It is easier to have the same, well – known names circulate.

6 DISCUSSION OF THE RESULTS

This section relates the findings back to the literature, where applicable. The discussion of findings was categorised into 2 key areas; demographics and research questions. These areas are discussed below.

6.1 Demographics

Welman & Kruger (2001) highlighted the disadvantages and advantages of using the face-to-face interview method to collect data.

- ♀ Interviewees may give responses that they think the interviewer wants to hear.

As disclosed under the research limitations in Chapter 4, the researcher was cautious about the sensitivity of the topic, being a woman myself, that the males and white respondents, in particular, would possibly be defensive or the responses would be 'politically correct' rather than honest opinions. The fears were soon put aside as a result of the candid nature of the discussions with the interviews. The respondents were open to clearing up and misunderstandings or vague responses and allowed the researcher to probe without restrictions. Consequently the interviews are of a high quality.

The sample of the respondents was small and not representative to project to the population. The calibre and roles of the respondents as seen in Table 17 below, with their experiences on multiple boards, and in some cases, diverse sectors, give credible weight and substance to their views. The respondents have the practical experience and depth to provide the knowledge and insights into the factors that hinder or facilitate the representation of women on boards of directors in South African organisations, the objective of this study.

Table 17: The role of respondent on the board

Role of Director	No. of respondents	%
Chief Executive Officer (CEO)	12	40
Executive & Non-Executive Chairpersons	8	27
Non-Executive Directors	6	20
Executive Directors	4	13
	30	100

6.2 Findings on the research questions

Three research questions were proposed in this study. The purpose of this section was to establish whether this research project had successfully answered the research questions and whether it supported or challenged the information in the literature review. Each question is discussed in more detail below:

6.2.1 Research question 1: What mechanisms are used to recruit women onto boards of directors?

6.2.1.1 Recruitment

Natividad (2006) says that the director recruitment process is still an informal referral system among male directors by virtue of tradition. This study has found that the most popular method for recruiting women as well is the network of boards of directors, also called the referral system. The list is as Table 18 below.

Table 18: Methods of sourcing women board members

Sourcing method	No. of mentions	%
Network of boards of directors (referral system)	15	50
Executive Search Service	8	26
Shareholders	8	26
Government	1	3
Reputation	3	10
Advertising	0	0
Institute of Directors (IOD)	0	0
Institutional investors	0	0

The respondents did acknowledge that most, if not all, boards of directors, before the democratic dispensation in 1994 in South Africa, were indeed “old boys’ clubs” of socially homogenous white males who invited people that they knew and trusted in the process Kanter (1977) called “homo-social reproduction”. As the King Committee (2002, p.48) states that the boards should recognise that companies do not act independently from the societies in which they operate. Boards in South Africa, out of necessity and survival of their organisations have

had to transform to embrace racial and gender diversity. Diversity is a critical component of the transformation in South Africa. The method of recruiting new women board members is predominantly the informal referral system. The difference in South Africa is that with the new social values of equality and non-discrimination, the recruitment net is being cast wider. This is the result of the Employment Equity Act of 1998 and recently the Broad-based Black Economic Empowerment Act of 2004. Black economic empowerment is driven by legislation and regulation and employment equity forms part of it. Employment equity involves both the elimination of unfair discrimination and the establishment of specific measures to accelerate the advancement of black people, women and the disabled.

The impact of the legislation in the recruitment process is evident in the bias towards black women rather than all women to be discussed in more detail under research question 2.

As a result of South Africa's segregated past, where substantive racial interaction was limited and therefore networks across race groups are not deep and mature as within the same race groups, boards use third parties such as Executive Search companies to help them source women. Charan *et al* (2001) stated that executive search firms are flourishing because of the demand for leadership talent. One black male respondent expressed skepticism about Executive Search companies having transformed enough to look where companies themselves

cannot find new women candidates that are not the same ones every other company is targeting.

In the discussions with all the respondents, they disclosed some frustration in knowing that there are female candidates which are beyond their own network that are suitable for board appointment 'out there', but they just do not know where to find them. One white male respondent said: "I do not know many black executive female directors. I am sure there are, but I do not know many".

6.2.1.2 Social stereotyping

Burgess and Tharenou (1997) found the dynamics of social stereotyping and statistical discrimination explain under representation on Australian boards. In the study a black female board member gave insight into the social stereotyping that is occurring in South African boardrooms: "They wanted to be seen to be doing something and they know that the most disadvantaged group is black female more than black male, so you should go a step further and bring on a black female. You are seen to be doing something. On the other hand, they think women are a walkover so it is better than bringing a black male on board, so they think. At the end of the day, they did not come to me as an excellent female, something on their conscience was saying let us bring in black thinking. They choose what they think they can live with. At least, they know that they bring in this person once a quarter. They can live with that". In the literature review,

Catalysts (2005) concluded that because stereotypes of women often portray them as lacking the very qualities commonly associated with effective leadership. If the statement of the respondent above contains any truth then stereotypes do not necessarily limit the black women's opportunity in South Africa in a BEE context, but actually plays a role in them attaining leadership positions. The challenge is how the women turn the situation from a negative, token position to one wherein she adds value and becomes a valued member of the board.

The lack of profile and visibility of women suggested in studies in other countries such as the US, as a problem (Mattis, 1993), did come up in this study. Twenty three (77%) of the respondents believed that increasing visibility of businesswomen would be the best method of increasing women on boards. Respondents showed ambivalence about using advertising as a mechanism of recruiting women board members. Though the majority (23/ 77%) indicated that visibility and therefore lack of knowledge of where to locate women board members was a hindrance to increased women representation, 20 respondents (67%) answered "No" to advertising as a mechanism of recruiting women onto boards. In saying "No" some respondents did acknowledged that advertising would widen the net and increase the perceived 'limited pool' mention by 12 (40%).

The concern was expressed by the respondents that the "spray and pray" approach was not the most effective method for a targeted position. This

sentiment is echoed in the New Zealand where the Crown Company Monitoring Advisory Unit (CCMAU) found advertising as a means of identifying candidates unsatisfactory as a large number of names were gathered of who, though had aspirations, were unsuited for the board positions (Adam & Khoza, 2005). However, in this South African study, over and above the prestige of being in invited and the higher balance of power to the candidate because “they” approached you because they need you, there was evidence of the ever-shadowing race issue in this response.

A black female board member expressed this concern succinctly: “If my white colleague was invited to the board or somebody else recommended him, why is it that I should apply through the paper. Can you imagine what ‘they’ would do about that? They would set aside the whole day to interview all those people and you come in. Then ‘they’ would ask ‘us’ why should we take you onto this board? Because it black people who will go through those processes, you going to have these white boys’ clubs making you indebted to them because they interviewed you. It is just not going to be the same”.

6.2.1.3 Hegemony

The closing comment of a black male board member that was interviewed of the fear of recommending a woman in case they disappoint, which would result in a negative reflection on him, was also revealing. This element of risk aversion is

potentially what created the “old boys’ clubs” in the first place, in that individuals know each other and trust each other. This unspoken fear would definitely impact on the pace of board transformation and women representation. In a democratic South Africa, we would then run the risk of “think director, think male” (Kanter, 1977).

As referral is still a major mechanism of bringing in new board members, including women, the concern raised by a third (33%) of the respondents of women being their own worst enemies, is captured in the statement by a black female board member: “I think women inside do not push hard enough to open doors for others” is a grave concern for the change in the status quo of boards of directors in South Africa. If women are not going to fight for themselves, how they expect men to take on the mantle with vigour on their behalf, if they are not contributing adequately to the battle. Women need to demonstrate confidence in their own and their gender’s abilities first. It was interesting seeing two of the black male respondents, in particular, passionate to the point of anger at what they perceive as the lack of activism amongst their female board colleagues. One respondent said in the three years he has been on one particular board, not even once has the sole female director ever made a suggestion of more women being invited to join the board. This behaviour by women directors will perpetuate hegemony.

6.2.1.4 Board profile

The board sizes of the respondents interviewed ranged from 2 to 21 total members. The majority of the boards have double digit percentages of women representation, but for four boards that ranges from 5% to 9% as seen below in Table 19. It is also evident from the table below that it is easier to get a higher percentage of women representation if the total number of board members is few.

Table 19: Women representation in the financial services sector

No.	Sector of company	Number of Total Board members	Number of women on the board	Present % of women on the board	What roles do these women play
1	Financial services	12	1	8%	1 Non-Executive Director
2	Financial services	4	1	25%	1 Executive Director
3	Financial services	7	2	26%	2 Non-Executive Directors
4	Financial services	7	3	43%	1 Chief Executive Officer and 2 Non-Executive Directors
5	Financial services	13	2	15%	1 Independent Director and 1 Non-Executive Director
6	Financial services	19	1	5%	1 Non-Executive Director
7	Financial services	17	1	6%	1 Non-Executive Director
8	Financial services	11	1	9%	1 Non-Executive Director

It is interesting to observe that all the boards with single digits are in the financial services sector which has a BEE Sector Charter where the target for black women representation at senior management level by 2008 is 4%.

Effectively all these boards have met even exceeded their target. Only one board out of this list would meet the critical mass theory proposed by the Wellesley Centers for Women (2006) which concludes that companies with three or more women on their boards tend to benefit most from women's contributions. These contributions include providing different perspectives, expanding the content of board discussion, raising issues that affect multiple stakeholders, bringing up tough issues and using their interpersonal skills to positively influence board process.

6.2.1.5 Shareholder activism

The involvement of the shareholders in the nomination process came across very strongly in the interviews. Excluding the professional services/ consulting companies, out of the 26 boards under discussion, 9 (35%) boards had women recruited through a nomination by shareholders, two of them being government. In one of the boards in the petroleum sector, which was highly publicised at the time, the government jointly with an institutional investor brought pressure for the appointment of a qualified black women director to be expedited. The respondents were also quick to point out that the same mechanism for nominating male board members is used to nominate women onto boards.

The shareholders of the boards under discussion seem to take active interest in ensuring that they are involved in selecting people onto the board that they can

delegate authority to act on their behalf thus mitigate the agency costs mentioned by Collis & Montgomery (2005) in the literature review. Nader *et al* (2006) suggested that a major change in corporate governance is that the nomination process is no longer under the control of the CEO, but the nomination committee composed of independent directors. The findings of this study are that one would need to be careful in accepting the nomination process as not being under the control or influence of the CEO from the use of the 'nomination committee'. It is important to understand who forms the nomination committee. A number of the nomination committees of the boards discussed consisted of the Chairperson and the CEO. Johnson, Daily & Ellstrand (1996) cautioned against directors feeling obligated to the CEO and/ or management for nominating them thus not be able to hold management accountable which an important responsibility of the board.

The study found that there are popular mechanisms of recruiting women onto boards, similar to those used to recruit males, as was pointed out by the respondents, based on convention such as the referral system (50%). The diversity of the South African population and as a result of the segregated past, executive search firms are playing an important role in assisting companies source talent. The challenge of executive search companies is to ensure that they themselves are transformed and have networks into new markets of leadership talent that has not been tapped as yet without circulating the "usual suspects". From the interviews one can infer that the BEE activity is bringing

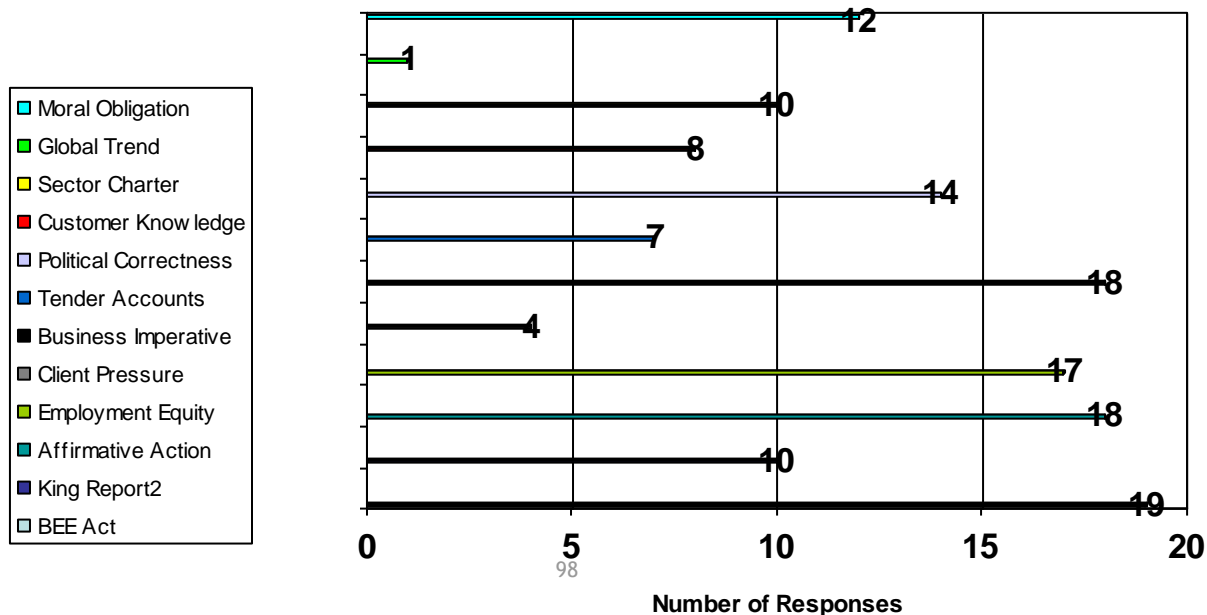
about greater shareholder involvement in the recruitment of women because of how the deals are structured in the broad-based representation framework involving previously disadvantaged groups such as black women in particular who are becoming important stakeholders and shareholders in corporate South Africa.

One can also conclude that ‘reputation/ word of mouth’ will increasingly become a prominent mechanism of recruitment as more women get established and commonplace in the leadership echelons of South African society and business. The challenge for women is figure out what actions they need to take to in order to develop a reputation and what reputation they want to cultivate.

6.2.2 Research question 2: What are the factors that can hinder or facilitate women representation on boards of directors?

6.2.2.1 Transformation imperative

Figure 10: Factors that are increasing women representation



The BEE Act supported by Employment Equity and Affirmative Action was unequivocally selected by the respondents as the main driving factor behind the increasing need for companies to have women on their boards. In this context, African females in particular are receiving preference rather than women as a group. A white female board member said that this phenomenon was reasonable in redressing past imbalances because in the past the disadvantage-ness amongst women was also tiered with the African female at the bottom of the rung. This situation is contrary to the one in the literature review where Fairfax (2005) highlights the irony that white women in the US have progressed better than the people of color, including women of color who are still experiencing a “concrete-ceiling” despite the fact that white women began gaining entry into boardrooms largely as a result of the Civil Rights Movement.

It seems that the similar outcome was going to occur in South Africa as a result of the Employment Equity Act of 1998 where women are a designated group with no “tier system”. One black female respondent was emphatic that the BEE Act, which was introduced almost five years after the Employment Act, was a mechanism to stem the imbalance that was being created with companies favouring the white female over the black female in leadership position under the “historically or previously disadvantaged individuals”. The white female respondents that were interviewed though on a rational front appreciated the corrective measure, there was a strong feeling of being “outsiders” as a result of their race. The fact that white females only received 2 (7%) mentions as a group

that boards feel the pressure to increase representation of is captured in an almost bitter statement by a white female respondent: “Black women they will look at. They do not give a damn about me”. Kanter (1977) suggested that directors are more often chosen for their business, personal or political ties, or else for their ability to add symbolic lustre to a company’s board. This is definitely the case on South African boards and under the pressures of sector charters and BEE Scorecard points, white women are not at the top of the list.

6.2.2.2 Business imperative

The respondents did speak about the unique ‘female thinking’ and different perspective that they bring to bear in the workplace and at board level when they were giving reasons for why they believe women were under-represented on boards and about the attributes that they look for in a woman for a board position. The definition of the value that women bring onto board was not the objective of the study and was thus not probed. It is a point of noting that the respondents do acknowledge the different perspective that women bring, but this study cannot conclusively concur with Fondas and Sassalos (1999) who through the process model explained in detail in the literature review section conclude that the inclusion and proper integration of women on boards results in the improved exercise of independent influence over management, which enhances the board’s performance.

The researcher was not able to categorically define the value of women's involvement on boards, but is proposing that in an obtuse way and as the intended consequence, the increased involvement of African women is assisting companies to meet their BEE Scorecard targets so that they can get points which allows them to maintain or increase access to business opportunities and for the companies who are in sectors without charters, the presence of the women is shielding from the adverse domino effect of procurement policies. Therefore the presence of women is impacting on the bottom line of the companies of the boards on which they sit.

It would be foolhardy for South African boards to use women (black, especially) merely for compliance benefits and as something to be tolerated. Allen (2005) cautions that better representation of women is only a means towards an end, not an end in itself. From the discussions with the female and male board members, I did not get the sense that women are fully integrated into the board, but that they are predominantly there as a result of compliance and playing a symbolic role. At least 14 (47%) respondents mentioned the need to have diversity training at board level as a method of increasing women representation because they believed that there was no genuine appreciation of the value of women participation in boards. In South Africa, the constitution, the enabling legislation and the championing of women's issues from the highest office in the country, the Presidency, makes gender equality a politically correct issue

according to 14 (47%) of the respondents. Diversity training would be a method to assist existing male board members to overcome their own prejudices and stereotypes and afford the women to be accepted in boards as peers.

Though the racial make up of the women on the boards mentioned in the study was not asked as a specific question in the interview, the impression that the researcher got is that the majority would be black females, especially those in the non-executive positions. This would be line with the findings by the South African Women in Corporate Leadership Census 2006 that found that white women have progressed better than black women in executive management constituting 77, 6%, but black women fair better at the board director level where they are 48, 1%.

The findings of this study are that legislation is a major factor that is facilitating women representation on South African boards. The numbers of women representation on boards (11, 5%) relative to women in the overall workforce (41,3%) do not correspond meaningfully, in comparison to developing countries that have had equal opportunities for women before SA did in 1994, South Africa is progressing well. The challenge for South African boards in increasing women representation and correcting the historical distortions in the corporate environment is how to do so without creating future imbalances around the race issue, even amongst women.

6.2.3 Research question 3: What can be done to increase women representation on boards of directors?

6.2.3.1 Women’s contribution to boards of directors

This study did not find pedantic focus on the suitability of boards based on ‘hard skills’ versus “soft skills” as was the case in a number of studies in the literature review. One white male respondent did mention this point as the primary reason for the under-representation of women: “Because it is a matter of finding the women with the necessary skills. They are harder to find than men. A higher proportion of them have softer skills”. The job experiences, skills and competencies below in **Error! Reference source not found.** that the respondents believe board members should have to be suitable for appointment seem fairly generic and where lacking can be acquired through informal or formal training, mentorship and coaching.

Table 20: Job experiences, skills and competencies required of board

Job experiences, skills and competencies	
Knowledge of the industry in which company operates	Ability to deal with issues in a pragmatic way
Wisdom	Debating skills
Minimum 5 years in Executive position	Business savvy (how money is made and lost)
Entrepreneurial exposure	Insight into stakeholdership
Finance	Has worked in mid cap to large companies at senior/director level
General business experience	For Executive Director, specialisation in a field
Ability and propensity to express a point of view	Negotiation skills
Interpersonal skills	Human Resources
Leadership qualities	Tertiary qualification
Lateral thinking	Good communication skills

The difference in weight in the type of skill in South Africa versus the USA, may be influenced by the requirements of the Sarbanes Oxley of 2002 with its emphasis on financial data which is designed to combat fraud, improve the reliability of financial reporting and restoring investor confidence (Wagner & Dittmar, 2006).

This finding is in contrast to the literature from developed countries where the emphasis for suitability of board positions is on specific career paths and positions, namely, profit and loss rather than soft skills (Mattis, 1993, Burke and Mattis, 2000). This difference demonstrates South African boards' depth and mature appreciation for diversity in that there is a recognition that diverse groups are likely to be more effective since varied perspectives will improve discussion, creativity and decision-making (Forbes & Milliken, 1998).

In discussing the criteria that they use when targeting a female for a board position, 90% of the respondents spoke about the 'mix of board member' supporting Colley, Jr. *et al* (2003) who believe that the board must, as a total group, provide the necessary mix of skills and experience to support effectively the achievement of the company's goals and objectives. This finding is consistent in an environment where King Report 2 encourages triple bottom-line reporting and that the 'softer' considerations should not be absent from discussions of corporate strategy and direction. This effectively translates to the respondents

supporting the expansion of experience and skills requirements for board appointments which was mentioned by 13 (43%) as a method of increasing women representation.

6.2.3.2 Training

As much as many of the 22 (73%) respondents who provided programmes that could get more women onto boards, prefixed the answer with the qualification that the training that they would design would be suitable for men and women as listed in Table 21, a number of the courses listed are commonly associated with women, namely assertiveness, confidence building, level headedness, personal empowerment, personal branding and strategy (to deal with discrimination).

Table 21: Training for board members

Training	
Assertiveness	Background to company law
Confidence building	Statutory background of the company law
Level headedness	Companies Act
Personal empowerment	Economics
Risk management	Corporate Governance
Customised knowledge of the sector	Board functioning and responsibilities
Life skills	Finance for Non-Financial Managers
People dynamics	King Report 2
Personal branding	MBA
Change/ advocacy programme	In-house training - induction into the company and its business
Strategy to deal with discrimination without being overwhelmed by it	Business intelligence (how to get information about the company)

In view of the majority of the respondents (23 / 77%) saying that increasing visibility of business women is a key method for increasing women representation on boards, it not surprising that the training programme recommendations have a high element of individual “building” skills. The underlying assumption is that women that want to be attractive to be approached for board positions need to do something to stand out of the crowd. This is supported by the comments from most respondents that they know that women are “out there” and that lack of training is not the main hindrance to them being recruited onto boards, but they have not established the ‘reputation’ for themselves which is desirable especially in a BEE environment to be invited. Developing the pipeline of women executives was chosen by 22 (73%) of the respondents as a method for increasing women representation on boards. Retention of women was reported a huge challenge for corporates which was impacting the pipeline for board positions.

In order to increase women representation on boards, there needs to be increased visibility of business women, companies must retain women better in order to increase the pipeline for board positions and companies need assistance in removing their blindspots in identifying talent and to accessing fresh sources of talent.

7 CONCLUSION AND RECOMMENDATIONS

7.1 Conclusion

The conclusion of this report is that there are no conscious or deliberate attempts to keep women out of the boardroom. The factors affecting women representation on boards of directors can be attributed to interplay of historical and cultural factors that have resulted in women not being top of mind when appointing board members.

The findings of this study is that the main factor that is facilitating the increasing women representation, especially that of African females on boards of directors, is legislation, particularly in companies that deal with government or with companies who prescribe to sector charters. The domino effect of procurement policies is creating change in terms of the quantity of women regardless of whether it is a private or publicly owned company. In 'progressive' companies which are those with BEE shareholding and in State Owned Enterprises, there seems to be a natural inclination to demonstrate support for the equality principles of democratic South Africa by having representation of previously disadvantaged groups, including the disabled, black people and women. These organisations, however, are also biased towards African females rather than all women. This study terms these natural inclinations, 'natural diversity insights'.

In summary, based on the interviews and the supporting evidence that the respondents provided in the discussions, these lend to the conclusion that compliance as a result of the BEE Act is driving increased women participation on South African boards. The bias of women representation on boards of directors is largely skewed towards African women rather than all women. The numbers of the women in relation to the total board membership on each board seem to support the symbolic nature of the appointment of women with numbers mainly hovering on one to two women rather than then reflecting an appreciation of diversity in improving decision-making. The race issue overshadows discussions on women representation where the respondents veer into talking about the black people under- representation, including black female respondents, instead of focusing on women representation.

This study concurs with Mathur-Helm (2005) who believes that racial discrimination has overshadowed other forms of discrimination in South Africa. Therefore gender issues are secondary and the weight of redressive measures still favour black people which, without specifying black women, equates to the black male. The biases and the 'tier system' imbedded in the interventions to readress racial imbalances of the apartheid past that are enforced in the South Africa business community such as BEE, though not intended to be permanent, are creating new challenges of how to fairly deal with women representation that does not alienate white women.

The objective of this report was to understand the factors that hinder and those that facilitate the representation of women on boards of directors in South African companies. The insights gained on the obstacles and facilitators in achieving greater representation of women on boards of directors were to give companies and individuals actionable knowledge of the key success factors and strategies that can be applied to increase representation. The outcome from the study is that the shareholders, chairpersons, CEOs and/or the nomination committees who play a huge role in either recommending or making the final decision on new board appointments should not isolate or ignore the underlying challenges as a result of past racial inequities for short-term gain. Dealing with the issue of increasing women representation with a political correctness stance, in the long term, is going to create new inequities amongst women in corporate South Africa.

7.2 Recommendations

- ♀ There is a need for boards to have affirmative action policies, that have been endorsed by all board members after debating and looking at what is beneficial to the business in the long run. The policies need to deal with the prioritisation of racial groups within the female category. Having a written policy would the board to plan the mix of the board effectively and to create transparency in the nomination process at board level. The investors, shareholders and other stakeholders would find this information useful as well.

- ♀ There is a need for a service to assist boards with women representation. This service can be through executive search companies being more proactive in creating a database of women directors and assisting the women to 'brand' themselves, or through industry bodies facilitating a pipeline of diverse candidates for corporate boards. The boards need to be exposed to fresh candidates who can bring new energy and innovative insights. This service needs to be on a pro-active level rather than waiting for briefings.

- ♀ There needs to be written fixed term tenures for board positions so that it becomes part of the culture to refresh the board mix. The balance of old and new board members for continuity whilst bringing in new insights can still be catered for under the fixed term tenure and prevent the temptation of increasing the size of the board to levels where performance can be adversely affected in order to accommodate diversity. This rotation would open up opportunities for appointing women when there are vacancies and also afford the board to have regular assessment of its size and composition in relation to its corporate strategy.

- ♀ Profession women's organisations need be more vigilant in showcasing its membership to corporates. More women need to be promoted and given podiums instead of 'fixating' on the few over an extended period of

time. More capable women need to stand out from the masses and acquire reputations as experts in various disciplines that add value to business strategy. Women can do this with professional bodies or as individuals through concerted efforts of self branding. If need be, women need to use professional services to develop and build their personal brands.

- ♀ Corporate websites should have an online Curriculum Vitae submission area, with a disclaimer that does not obligate the organisation to respond unless the candidate is of interest and clearly indicating that the objective of the submission is for a database not for an existing vacancy. This would allow companies to be aware of what talent exists. Overtime, this practice would become commonplace with no stigma attached to 'applying' rather than being invited. The new generation of corporate leaders grew up in a technologically driven environment and online communication is 'normal' to them.
- ♀ Boards must be vigilant in ensuring that their nomination committee is composed of independent directors. Once a year, the nomination committee should meet with a group of leading women executives which they can brief a service to provide them. The meetings should not necessarily be recruitment drives, but opportunities for the committee to be exposed to great talent which they can consider when they have a vacancy.

- ♀ Companies need to seriously evaluate their retention strategies and to make concerted efforts to find out from women what about corporate cultures causes them discomfort and wanting to leave before women resigned. Companies should be having climate surveys with all their management and executives annually and in the surveys incorporate questions to elicit gender sensitive information.
- ♀ Corporates should tap into women entrepreneurs for board appointments.

Recommendation for future research in SA:

- ♀ To look at whether diversity and the inclusion of the previously excluded groups is impacting board effectiveness and the bottom line of companies.
- ♀ To look at the senior management levels relationship with the CEO and how this relationship impacts the information to the board and succession planning

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APPENDICES

APPENDIX A: RESEARCH RESPONDENTS

Name & Surname		Sector of company	Role of the board
In-depth interviews			
1	Vusi Khanyile	Investment	Chairperson
2	Mthunzi Mdwaba	ICT	Chief Executive
3	Tina Thomson	Non-profit	Chief Executive
4	Themba Gamedze	Financial Services	Executive Director
5	Anthony Nathan	Industrial	Chief Executive
6	Vincent Maphai	Mining	Executive Chairperson
7	Gill Marcus	Mining	Executive Chairperson
8	Chris van der Melle Kamp	Professional Services	Executive Director
9	Bheki Sibiya	Financial Services	Non-Executive Chairperson
10	Kobie-Marië Hamman	Financial Services	Chief Executive
11	Jill van der Velden	Financial Services	Executive Director
12	Roy Anderson	Construction	Non-Executive Chairperson
13	Jenny Tyobeka	Financial Services	Chief Executive
14	Leon Kirkinis	Financial Services	Chief Executive
15	Sindi Zilwa	Retail	Non-Executive Director
16	Mandiza Mbekeni	Retail	Non-Executive Director
17	Nolitha Fakude	Retail	Non-Executive Director
18	Phuthuma Nhleko	ICT	Chief Executive
19	Mpho Makwana	SOE	Non-Executive Director
20	Jane Raphaely	Media	Chief Executive
21	Lot Ndlovu	Financial Services	Non-Executive Director
22	Gareth Ackerman	Retail	Non-Executive Chairperson
23	Sandile Zungu	Retail	Non-Executive Director
Completed questionnaire			
24	Christine Ramon	Petroleum	Executive Director
25	Reuel Khoza	Financial Services	Executive Chairperson
26	Peter Moyo	Financial Services	Chief Executive
27	Renate Volpe	Professional Services	Chief Executive
28	Wendy Luhabe	SOE	Non-Executive Chairperson
29	Gusti Coetzer	Professional Services	
30	Geoffrey Qhena	SOE	Chief Executive



APPENDIX B: BLANK QUESTIONNAIRE

FACTORS AFFECTING WOMEN'S REPRESENTATION ON

Boards of Directors

SECTION A

[✓] Please indicate by using a tick where applicable

1. Gender

- Female
- Male

2. Race Group

- African
- White
- Coloured
- Indian

3. Age

- Under 30
- 31 - 40
- 41 - 50
- 51 - over

4. What sector is your company in?

- Information & Communications Technology
- State Owned Enterprise (SOE)
- Financial Services
- Mining
- Professional services/consulting
- Construction
- Industrial
- Retail
- Other

5. What is/are your role/s?

- Non-Executive Chairperson
- Executive Chairperson
- Chief Executive
- Independent Director
- Non-Executive Director
- Executive Director

Section B



6. How many members are on your board?

7. How many of them are women?

8. What are there roles?

- Non-Executive Chairperson
- Executive Chairperson
- Chief Executive
- Independent Director
- Non-Executive Director
- Executive Director

9. Who in general nominates the women onto the board?

- Chairperson
- Chief Executive
- Shareholder
- Institutional Investor
- Government
- Nomination Committee
- Another Board Member
- Other

10. How were these women sourced?

- Advertising
- Executive Search Companies
- Shareholders
- Institutional Investors
- Government
- Network of Board of Directors
- Institute of Directors (IOD)
- Other

If you selected 'other' Please specify

Section C

11. Indicate which, if any, of the following factors are increasing the need to have women board members:

Description	✓	Description	✓	Description	✓
BEE Act		Client Pressure		Customer Knowledge	
King Report II		Business Imperative		Sector Charter	
Affirmative Action		Tender Accounts		Global Trend	
Employment Equity		Political Correctness		Moral Obligation	

12. Is there pressure to increase the representation of some of the following groups?

- White Female
- African Male
- African Female
- Indian Male
- Indian Female
- Coloured Male
- Coloured Female

13. Do you think that women are under-represented on boards?

- Yes No

If yes, what do you believe to be the cause of this under-representation?

14. Do you think that board positions should be advertised and applied for like other jobs? Motivate.



Section D

15. What methods can be used to increase women representation on boards?

- | | | |
|---|---|---|
| <input type="checkbox"/> Coaching | <input type="checkbox"/> Mentoring | <input type="checkbox"/> Diversity training |
| <input type="checkbox"/> Formal training | <input type="checkbox"/> Increase visibility of businesswomen | <input type="checkbox"/> Recruit women from NGOs |
| <input type="checkbox"/> Executive Search Company | <input type="checkbox"/> Increase awareness of board careers | <input type="checkbox"/> Incentivise CEOs to source women |
| <input type="checkbox"/> Tackle stereotypes in the workplace | <input type="checkbox"/> Develop pipeline of women executives | <input type="checkbox"/> Incentivise Chairman to source women |
| <input type="checkbox"/> Expand experience & skills requirements for board appointments | | <input type="checkbox"/> Public policy |
| <input type="checkbox"/> Other _____ | | |

16. What attributes would you look for in a woman for a board position?

17. What criteria do you use to when targeting a female for a board position? Are they any different from those for a male?

18. If you were to design a training programme to get more women onto boards, what would it consist of?

19. What are the job experiences, skills and competencies that you believe a board member should have to be suitable for appointment?

20. Which training institutions would you recommend for board training?

21. Is there a need for a service to assist companies with identifying, assessing, training and recommending women directors?

- Yes No

Give reasons for your answer

22. Are there any questions that you think I should have asked about 'Factors affecting Women's representation on Boards of Directors' that I did not ask? What is the question and what is your answer to the question?

8

Thank you for your time