NSERC CRSNG Chair for Women in Science and Engineering BC and Yukon Region

WWEST Westcoast Women in Engineering, Science & Technology

The Business Case for Gender Diversity

Over 20 years of research demonstrates a correlation between organisations with high gender diversity in leadership and several measures of organisational success.

Gender diversity is linked to employee satisfaction,[1] improved governance and innovation. It is also associated with financial benefits, including a positive impact on firm value.[2]

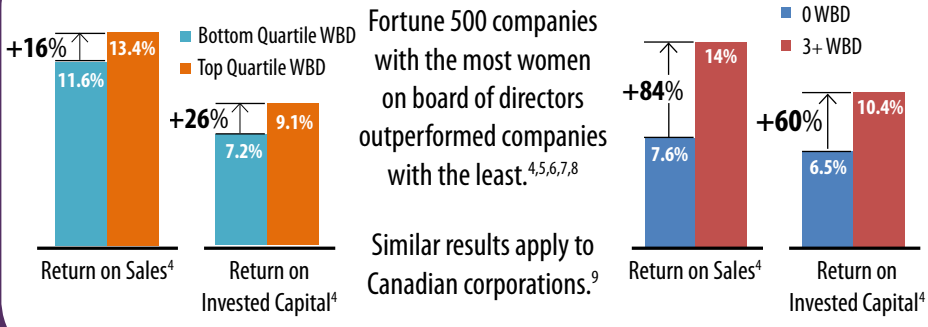
While some boards do currently have female members, discrimination still exists as women are more likely to be board members than chairs.[23]

To benefit from gender diversity, organisations should avoid tokenism and ensure there is a "critical mass" of women represented.[17,21,22] This means having at least 2-3 women, or at least 30% of the board.

While correlation does not indicate causation, there is a clear relationship between an organisation's gender diversity and aspects of their success. Longitudinal studies found a correlation between promoting women to executive positions and high profitability over 20+ years.[8]

In order for change to occur, a paradigm shift is needed where organisations' leadership values diversity, recognises the challenge of expressing diverse opinions, and aims to support the professional development of all employees.[18]

Economic Benefits



Fortune 500 companies with the most women on board of directors outperformed companies with the least.[4,5,6,7,8]

Similar results apply to Canadian corporations.[9]

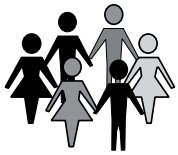
*WBD: Women Board Directors; stats from 2004-2008

Improved Governance

Gender diverse boards are more likely to allocate effort into corporate monitoring, and increase participation in decision-making.[10]

Women directors:

- improve a firm's ability to navigate complex strategic issues[12]
- positively influence board strategic direction & tasks[11,14]
- women are more "prepared to push the 'tough issues'"[13]
- reduce conflict on boards[14] & negative corporate social practices[15,24]



Access to More Talent

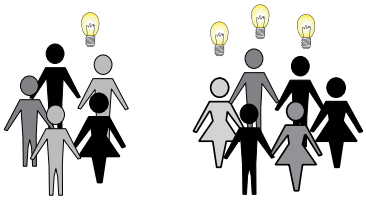
2006 Canadian Census[16]

- ♀ **47.4**% of workforce
- ♀ **21.9**% of engineering & science workforce

Diverse hiring increases the recruiting pool[17] and is a more effective use of talent and leadership[18]

More Innovation

If a group includes more women, the collective intelligence rises[19]



Gender diversity has a positive effect on team innovation in radical research[20]

Having a critical mass of 30% or at least 2 or 3 women on a board decreases **groupthink**[21]

NSERC CRSNG Chair for Women in Science and Engineering BC and Yukon Region

WWEST Westcoast Women in Engineering, Science & Technology

WWEST
c/o UBC Mechanical Engineering
2054-6250 Applied Science Lane
Vancouver, BC V6T 1Z4
604-827-4090 | wwest@mech.ubc.ca

References

1. Orser, B. (2000). Creating high - performance organizations: Leveraging women's leadership. The Conference Board of Canada. 31 pp. http://www.conferenceboard.ca/
2. Campbell, K. & Mínguez-Vera, A. (2008). Gender diversity in the boardroom and firm financial performance. *Journal of Business Ethics, 83*(3), 435-451.
3. Grosvold, J. (2011). Where are all the women? Institutional context and the prevalence of women on the corporate board of directors. *Business & Society, 50*(3), 531– 555.
4. Catalyst (2011). *The bottom line: Corporate performance and women's representation on boards (2004–2008).* Retrieved from: http://www.catalyst.org/knowledge/bottom-line-corporate-performance-and-womens-representation-boards-20042008
5. Catalyst (2004). *The bottom line: Connecting corporate performance and gender diversity.* Retrieved from: http://www.catalyst.org/knowledge/bottom-line-connecting-corporate-performance-and-gender-diversity
6. Catalyst (2007). *The bottom line: Corporate performance and women's representation on boards.* Retrieved from: http://www.catalyst.org/knowledge/bottom-line-corporate-performance-and-womens-representation-boards
7. Adler, R. D. (1999). *Women in the executive suite correlate to high profits.* For European Project on Equal Pay. Retrived from: http://www.w2t.se/se/filer/adler_web.pdf
8. Adler, R. (2009). *Profit, thy name is ... woman?* Pacific Standard: The Science of Society. Retrieved from http://www.psmag.com/navigation/business-economics/profit-thy-name-is-woman-3920/
9. Brown, D. A. A., Brown, D.L. & Anastasopoulos, V. (2002). *Women on boards: Not just the right thing ... But the "bright" thing.* The Conference Board of Canada. Retrieved from: http://www.conferenceboard.ca/
10. Adams, R., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics, 94*(2), 291–309.
11. Lückerath-Rovers, M. (2013). Women on boards and firm performance. *Journal of Management & Governance, 17*(2), 491-509.
12. Francoeur, C., Labelle, R., & Sinclair-Desgagné, B. (2008). Gender diversity in corporate governance and top management. *Journal of Business Ethics, 81*(1), 83-95.
13. Estlad, B., & Ladegard, G. (2012). Women on corporate boards: Key influences or tokens? *Journal of Management & Governance, 16*(4), 595-615.
14. Nielsen, S., & Huse, M. (2010). The contribution of women on boards of directors: Going beyond the surface. *Corporate Governance: An International Review, 18*(2), 136-148.
15. Boulouta, I. (2013). Hidden connections: The link between board gender diversity and corporate social performance. *Journal of Business Ethics, 113*(2), 185-197.
16. Statistics Canada. (2006). Occupation - National Occupational Classification for Statistics 2006 (720), Class of Worker (6) and Sex (3) for the Labour Force 15 Years and Over of Canada, Provinces, Territories, Census Metropolitan Areas and Census Agglomerations, 2006 Census - 20% Sample Data. (Catalogue number 97-559-XCB2006011). Retrieved from: http://www12.statcan.gc.ca/
17. Mathisen, G. E., Ogaard, T., & Marnburg, E. (2013). Women in the boardroom: How do female directors of corporate boards perceive boardroom dynamics? *Journal of Business Ethics, 116*(1), 87–97.
18. Mannix, E., & Neale. M.A. (2005). What differences make a difference? The promise and reality of diverse teams in organizations. *Psychological Science in the Public Interest, 6*(2), 31-55.
19. Woolley, A., Malone, T. & Berinato, (2011). What makes a team smarter? More women. *Harvard Business Review, 89* (6), 32-33. Retrieved from: http://hbr.org/2011/06/defend-your-research-what-makes-a-team-smarter-more-women/ar/1
20. Diaz-Garcia, C., Gonzalez-Moreno, A., & Saez-Martinez, F.J. (2013). Gender diversity within R&D teams: Its impact on radicalness of innovation. *Innovation: Management, Policy, & Practice, 15*(2), 149- 160.
21. Torchia, M., Calabrò, A., & Huse, M. (2011). Women directors on corporate boards: From tokenism to critical mass. *Journal of Business Ethics, 102*(2), 299–317.
22. Joecks, J., Kerstin, P., & Vetter, K. (2013). Gender diversity in the boardroom and firm performance: What exactly constitutes a "critical mass?" *Journal of Business Ethics, 118*(1), 61-72.
23. Simpson, G., Carter, D.A., & D'Souza, F. (2010). What do we know about women on boards? *Journal of Applied Finance, 20*(2), 27-39.
24. Galbreath, J. (2011). Are there gender-related influences on corporate sustainability? A study of women on boards of directors. *Journal of Management and Organization* ,*17*(1),17-38.

Recommended Readings

1. McCauley, C. (1989). The nature and social influence in groupthink: Compliance and internalization. *Journal of Personality and Social Psychology, 57*(2), 250-260.
2. Shore, L.M., Chung-Herrera, B.G., Dean, M.A., Ehrhart, K.H., Jung, D.I., Randel, A.E., & Signh, G. (2009). Diversity in organizations: Where are we now and where are we going? *Human Resource Management Review, 19*(2), 117-133.
3. Singh, V., & Vinnicombe, S. (2004). Why so few women directors in top UK boardrooms? Evidence and theoretical explanations. *Corporate Governance: An International Review,12*(4), 479-488.

About WWEST

Westcoast Women in Engineering, Science & Technology (WWEST) is the operating name for the NSERC Chair for Women in Science and Engineering (CWSE), BC and Yukon Region. Our mission is to advance engineering and science as welcoming careers that serve our world through holistic understanding and creative, appropriate and sustainable solutions. WWEST works locally and, in conjunction with the other CWSE Chairs, nationally on policy, research, advocacy, facilitation, and pilot programs that support women in science and engineering.

About the Chairholder

The Chair is held by Dr. Elizabeth Croft, P.Eng., FEC, FASME. Dr. Croft is the Associate Dean, Education and Professional Development in the Faculty of Applied Science, and a Professor of Mechanical Engineering at the University of British Columbia. She is also the Director of the Collaborative Advanced Robotics and Intelligent Systems (CARIS) Laboratory. Her research investigates how robotic systems can behave, and be perceived to behave, in a safe, predictable, and helpful manner. She is the lead investigator of "Engendering Engineering Success," a 3-year interdisciplinary research project that aims to take an evidence-based approach to increasing the retention of women in engineering by understanding and changing aspects of workplace culture that place women at a disadvantage.

Thank you to our sponsors

Lead Sponsors: UBC Faculty of Applied Science, BC Hydro, Dr. Ken Spencer, WorleyParsons Canada Ltd., Teck Resources Limited, Stantec Consulting, and Henry F. Man.
Contributing Sponsors: Ms. Catherine Roome, Mr. Stanley Cowdell, Division for the Advancement of Women in Engineering and Geoscience, Nemetz (S/A) & Associates Ltd., and Glotman Simpson Consulting Engineers.
Supporters: Karen Savage, P.Eng and Golder Associates Ltd.

More information and resources at: http://wwest.ca