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, improved governance and innovation. It is also associated with financial benefits, including a positive impact on firm value.

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

To benefit from gender diversity, organisations should avoid tokenism and ensure there is a “critical mass” of women represented. 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.

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.

Economic Benefits

- **Return on Sales**: +16% for Bottom Quartile WBD, +26% for Top Quartile WBD
- **Return on Invested Capital**: +14% for 0 WBD, +60% for 3+ WBD

Fortune 500 companies with the most women on board of directors outperformed companies with the least.

Similar results apply to Canadian corporations.

Improved Governance

Gender diverse boards are more likely to allocate effort into corporate monitoring, and increase participation in decision-making. Women directors:

- Improve a firm’s ability to navigate complex strategic issues
- Positively influence board strategic direction & tasks
- Women are more “prepared to push the ‘tough issues’”
- Reduce conflict on boards & negative corporate social practices

Access to More Talent

- **2006 Canadian Census**: 47.4% of workforce, 21.9% of engineering & science workforce
- Diverse hiring increases the recruiting pool and is a more effective use of talent and leadership

More Innovation

If a group includes more women, the collective intelligence rises. Gender diversity has a positive effect on team innovation in radical research.

Having a critical mass of 30% or at least 2 or 3 women on a board decreases groupthink.
References


Recommended Readings


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.

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