

# MIAMI TODAY

## ***Women on Boards of Directors—A Boon to Companies and Shareholders***

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One of the most salutary developments in the business world during the last decade has been the rise of women in professional, managerial and leadership positions in companies. Often overlooked, however, is their ascent, as well, to boards of directors.

Fortuitously, women on boards of directors has become an increasingly important topic among corporations, academic researchers, and advocacy groups. Yet, despite notable efforts to address the need for gender diversity in the corporate boardroom, much more needs to be done. Women now hold more than 20 percent of the board seats at the top 3,000 publicly-traded companies, a small increase of 4 percentage points since 2017.

In the financial services sector, for example, *American Banker* reports that a recent survey of 21 of the largest banking and capital markets companies reveal women only made up 26% of all board directors. For the banking and capital markets industry as a whole, only 13% of new board directors are women, while 32% of new board directors at S&P 500 companies were women.

Including more women on corporate boards is not just a case of moral equity but sound financial policy. Fortune 500 companies with sustained representation of 3 or more women on their boards have even greater performance than those with zero women. This is manifested in an 84% improvement on return on sales, 60% on return on capital and 46% improvement on return on equity.

The leading study to date on women on boards and firm performance found non-financial benefits were significant. Researchers Corinne Post and Kris Byron reviewed 140 studies comprised of more than 90,000 firms from 35 countries. Overall, when women are on boards, companies are more profitable. These boards spend more time monitoring activities such as audit and are more engaged in strategic advising in areas like resource allocation and markets.

The authors found that female directors have different experiences and backgrounds from their male counterparts and bring this knowledge and these perspectives to the position. Women are generally more inclusive in their communications and interactions with others, paying attention to who speaks up and who doesn't. When a group is held to a higher standard of accountability, it will draw on the knowledge of everyone in that group, leading to better decision making. It

is also empirically proven that women on boards are team players, they are persuasive, and contribute cohesiveness to the board.

How does South Florida fare with respect to women on boards? While women are advancing in terms of board representation on publicly traded companies in the tri-county area, only 15.2% of the directors of the 44 public company boards in Miami-Dade, Broward and Palm Beach counties are women. Only Vector Group, Office Depot, NVS Global, BankUnited and Norwegian Cruise Lines have women representing more than 30% of their board directors. Thirteen of South Florida's public companies have no women on their boards. Also disappointing is the fact that none one of the public companies has a female CEO.

To prepare today's and tomorrow's women leaders and board members, there are a myriad of resources, such as university business schools, online providers, and non-profit organizations. Unquestionably one of the most prominent is The Commonwealth Institute. Founded in 1997 in Boston and with offices in Miami, it provides leadership development and high-level networking through content-rich events and programming.

The bottom line is that increasing the number of women on boards of directors is far more than an issue of moral equity but one of good business practice results in improved firm performance, benefitting the enterprise, shareholders, and customers.

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