



**International
Finance Corporation**
World Bank Group

Corporate Governance and Role of Women

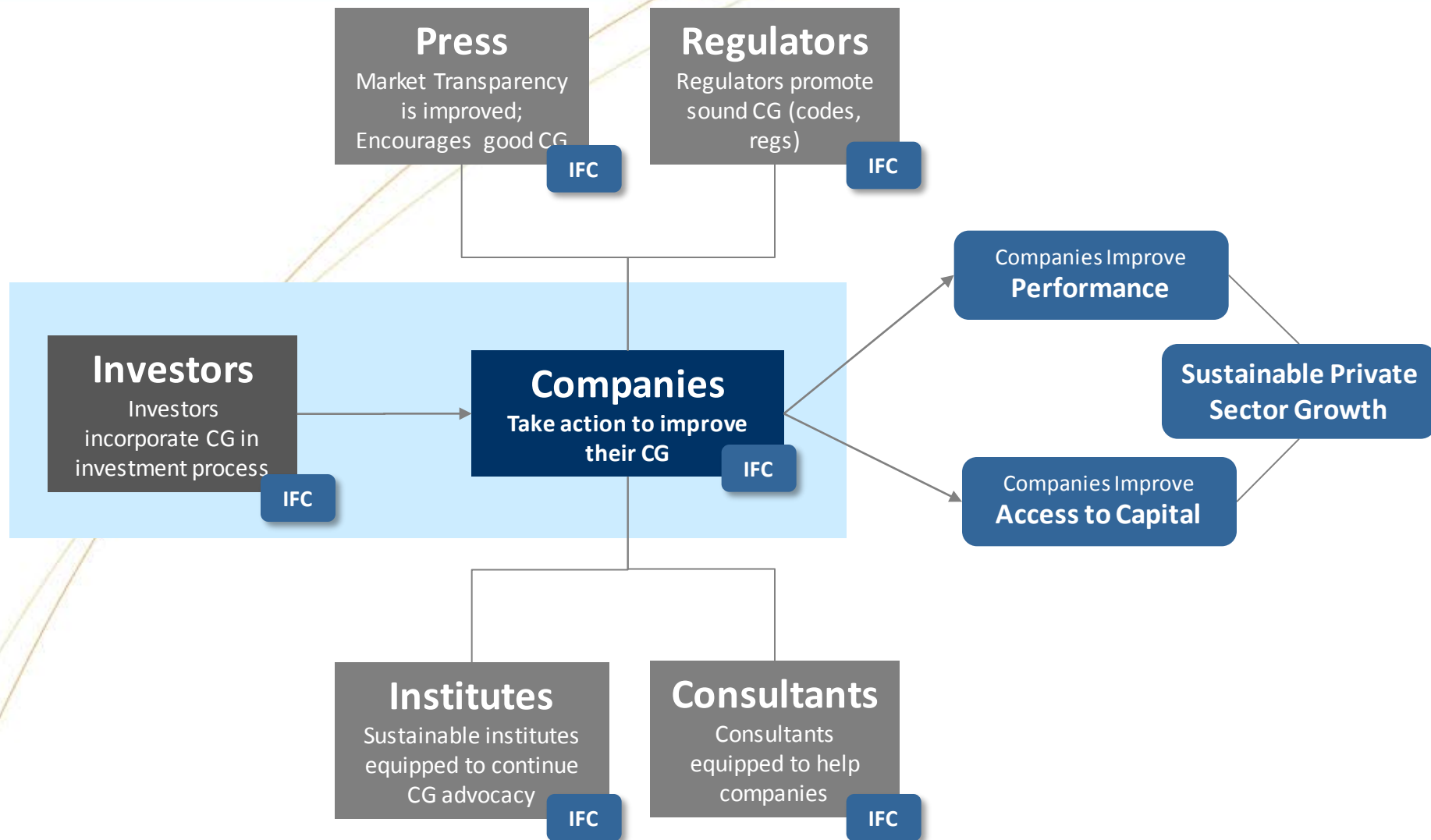
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Introduction

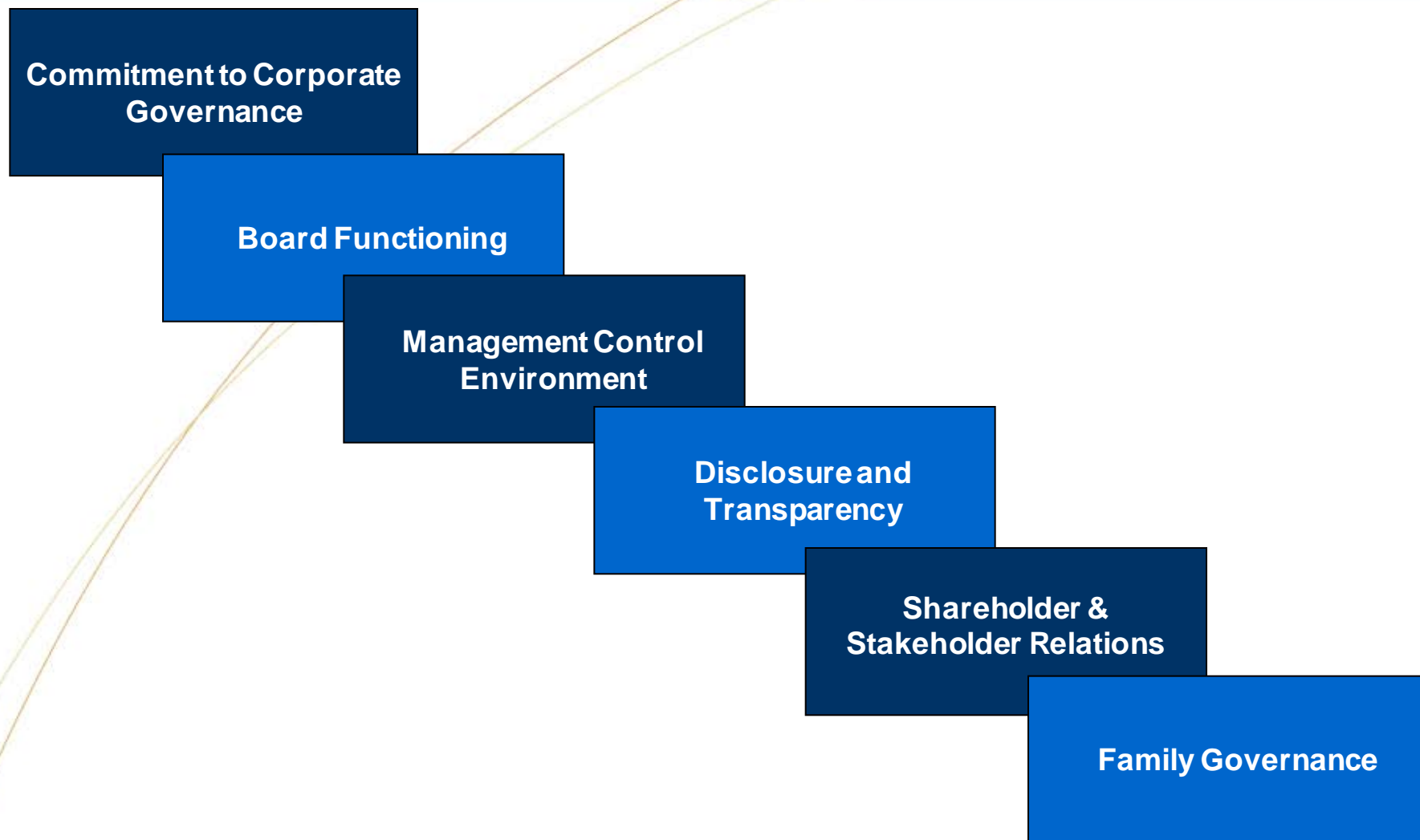
- IFC's Corporate Governance Program
- IFC's Corporate Governance methodology
- Impact of Corporate Governance
- Role of Women with emphasis on Jordan
- Comparative Statistics
- Barriers to Women on Boards in Jordan
- Importance of Gender diverse boards on Corporate Governance
- Case Study of a Jordanian Company - Microfund for Women
- Conclusion

IFC Corporate Governance Program



How Do We Define Corporate Governance?

IFC Methodology



IFC's MENA CG Program - Initial Results Show Impact



For example, over the past four years:

- Trained ~4,000 directors and executives from ~1,600 firms and nearly 600 FIs
- 16 'best practice companies' improve CG
- 3 CG Institutes in Egypt, Pakistan & UAE launched with IFC support
- Guided and supported launch of 12 CG Codes around region

Role of Women – Current situation

- Boards tend to recruit their own - Corporate models historically designed for men.
Source Women in the Boardroom and Their Impact on Governance and Performance Renee Adams & Daniel Ferreira, 2008
- Male directors perspective - Lack of women on boards because they lack general management and strategic experience
Source Catalyst 1999
- Female directors perspective – There aren't more women on boards because of male stereotyping
Source Catalyst 1999
- Women particularly underrepresented in management and decision making roles

Comparative Statistics

US

- Number of Board seats on Fortune 500 held by Women –15.2%
- Number of Women CEOs on Fortune 500 – 3%

Source Catalyst Survey 2008

UK

- Women on Boards – 10%
- Executive Directors – 3%

Source TNI Survey 2008

Europe

- Women on Boards – 9.7 %

Source EPWN 2008

Gulf

- Women on Boards – 1.5%

Source A Survey of GCC Boards, 2008

Jordan

- Of the top 50 largest listed companies - 8 female directors, 1 women has a executive seat, only 2 not connected to controlling/founding family
- Average board size – under 10 members
- Two sectors with women directors, Banking (3%), Services – investment, education, land and housing (4%)

Source Cranfield University report, 2006

Barriers to Women on Boards in Jordan

- Social and cultural barriers despite increased proportion of Jordanian women in workforce. Gender equality supported in education, but not yet in employment.
- More support to career of sons than daughters by families.
- Women with degrees often frustrated in their attempts to gain jobs at level appropriate to their qualifications.
- Importance of family and need for connections to powerful hierarchies.

Source Cranfield University report, 2006

Importance of Gender Diverse boards on Governance

- Diverse boards draw on diversity of skills, knowledge and experience.
- Better understanding of marketplace and workforce – based on knowledge of women clients.
- Diverse boards more likely to hold CEOs accountable for poor stock price performance.
- Women likely to sit on committees – audit, nomination, monitoring – Increased monitoring, tougher boards.
- More effective boardroom behavior - Attendance on board meetings improved , greater participation of directors in decision making.
- Single women on board – sign of tokenism.
- Enhance the reputation of the company, attract funds from investors.

Source Women in the Boardroom and Their Impact on Governance and Performance Renee Adams & Daniel Ferreira, 2008

A case Study in Jordan- Microfund for Women

Microfund for Women (MFW) – Private, non-profit microfinance institution dedicated to empowering the entrepreneurial poor, especially women, to transform their lives through their own economic activities.

- **Provides collateral-free loans to start or strength businesses**
- **Different kinds of loans – group or individual**
- **Some loans available only to women**
- **Offers also non-financial services to their clients.**

Quick Facts

- First Microfund for Women in Jordan
- 39,624 active clients
- Portfolio of 10.8 MJOD
- 19 branches
- 196 Employees

- ✓ 96% female clients between the ages of 18 to 65
- ✓ 75 % female workforce
- ✓ 80% female management level
- ✓ 3 top executives female

MFW – Leading provider of microfinance for Women in Jordan

Their situation...

- ✓ Significant transitions at both management and board level.
- ✓ Sought to improve board effectiveness (imbalanced decision making).
- ✓ Lack of committees to support the Board.
- ✓ Decline in operational sustainability.

What they did...

Board Level Changes

- ✓ Changed board composition – 7 directors, Maintained significant female representation 3 out of 7 are women.
- ✓ New skill set of Board members – Financial and Banking.
- ✓ Two new committees formed – Audit and HR.
- ✓ Corporate Secretary appointed.
- ✓ **1** Formalizing working procedures of board.

Management Level Changes

- ✓ Improving risk management process.
- ✓ Improving Internal controls.
- ✓ Formalizing Internal Audit.

Key impacts

Governance impact – Work in progress

- ✓ Achieved clarity of roles and functions.
- ✓ Improved effectiveness at board and committee level.
- ✓ Risk management continues to strengthen.

Gender Diversity Impact

- ✓ 40% of board is women – 3 directors are women.
- ✓ Nature of Business requires Women in key positions - 80% Branch Managers Women Employees.
- ✓ Balance tipped to women which attracts professional women.
- ✓ Gender Sensitivity important – Chairman is male which is important to achieve balance.
- ✓ Diverse board - better aligns with their customer base.

**Vision of MFW to empower underserved Women entrepreneur.
Change Begins at Home..**

Conclusion

- Need for more women-only leadership programs in middle management positions.
- Need for women role models.
- Regular bench-marking exercises are required to ascertain progress and better understand the impact of gender diversity on boards.
- Result of diversity - more effective boardroom, a better understanding of the marketplace and workforce, better decision-making and increased independence of the governing board.

(Cranfield University report, 2006 and Women in the Boardroom and Their Impact on Governance and Performance Renee Adams & Daniel Ferreira, 2008)

Thank You!

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