

DIVERSITY AS A VALUE DRIVER



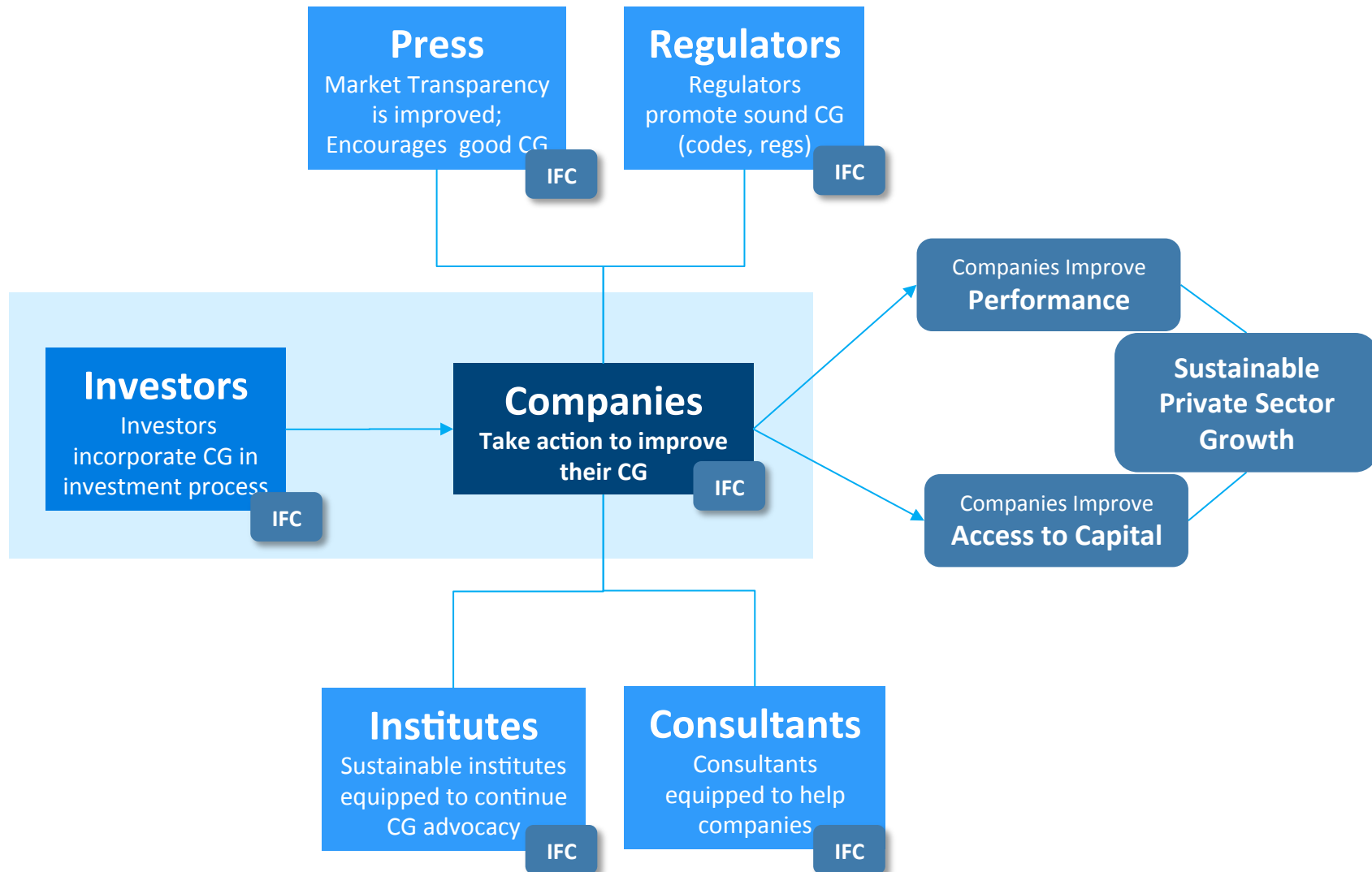
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IFC Corporate Governance Program



IFC-led CG Development Framework Initiative

30+ Signatories (And Counting) Using IFC Methodology



Signing Ceremony - 2011 World Bank-IMF Meetings

Why gender matters: gaps & opportunities

- In many countries women have lower access to **education, employment, business opportunities** and financial services, as well as unequal social status and rights
- Together these contribute to gender inequality, **inequality of economic opportunities for women**, and ultimately, these inequalities **slow economic growth and development** and perpetuate poverty
- **Private sector has a big role to play** but not all underlying causes of inequality can be addressed by the private sector
- **Increasing gender equality** is a fundamental goal of the World Bank Group and IFC

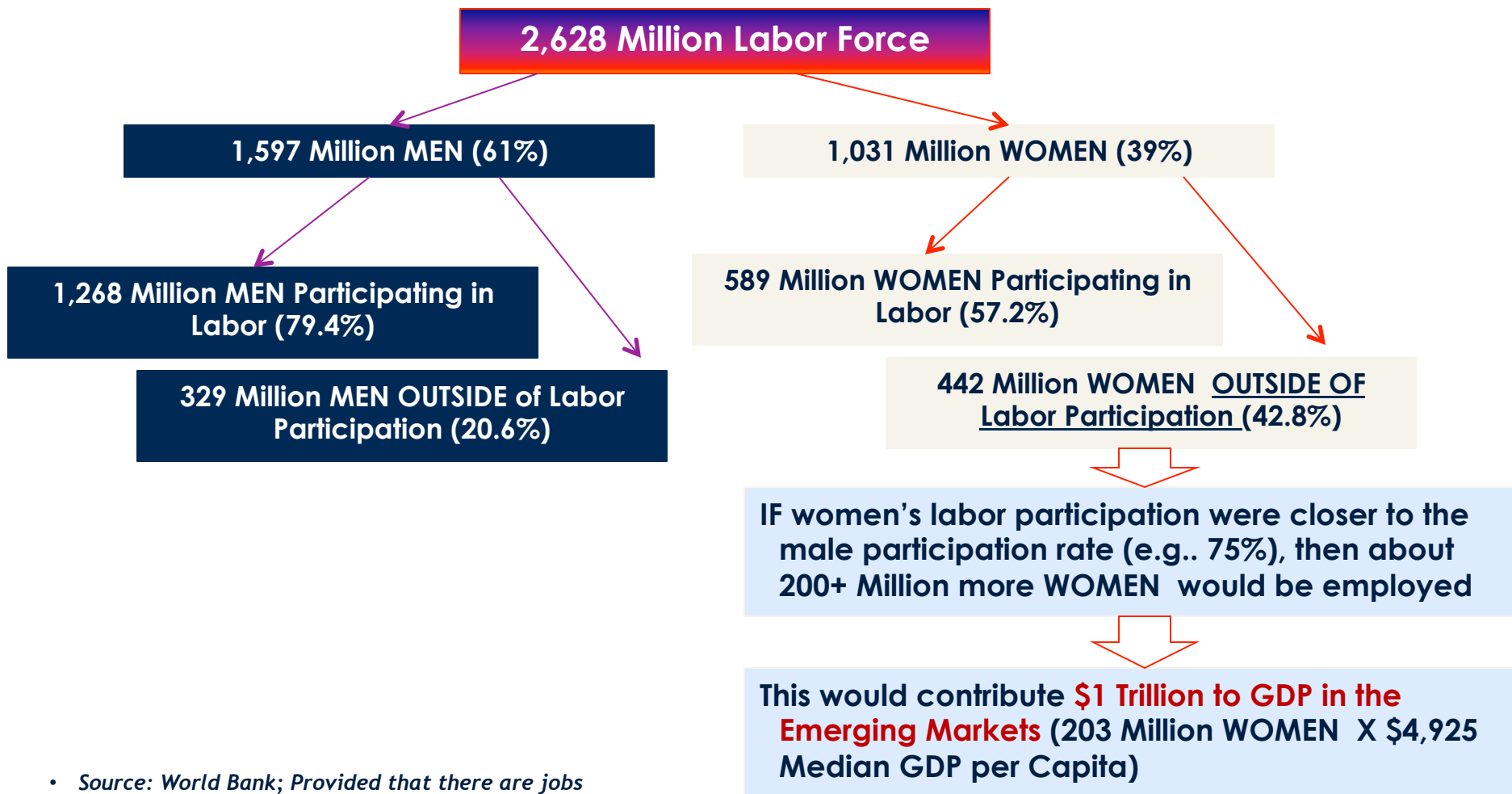
A few global facts: gender at work (WB)

1. Women's labor force participation has stagnated, in fact decreasing from 57 percent in 1990 to 55 percent in 2012.
2. Women on average **earn between 10 and 30 percent less** than working men.
3. Women are only **half as likely as men to have full-time wage jobs** for an employer.
4. A total of 128 countries have at least one sex-based legal differentiation, **meaning women and men cannot function in the world of work** in the same way; in 54 countries, women face five or more legal differences.
5. Across developing countries, there is a nine percentage point gap between women and men in **having an account at a formal financial** institution.

GENDER GAP IN PHILIPPINES

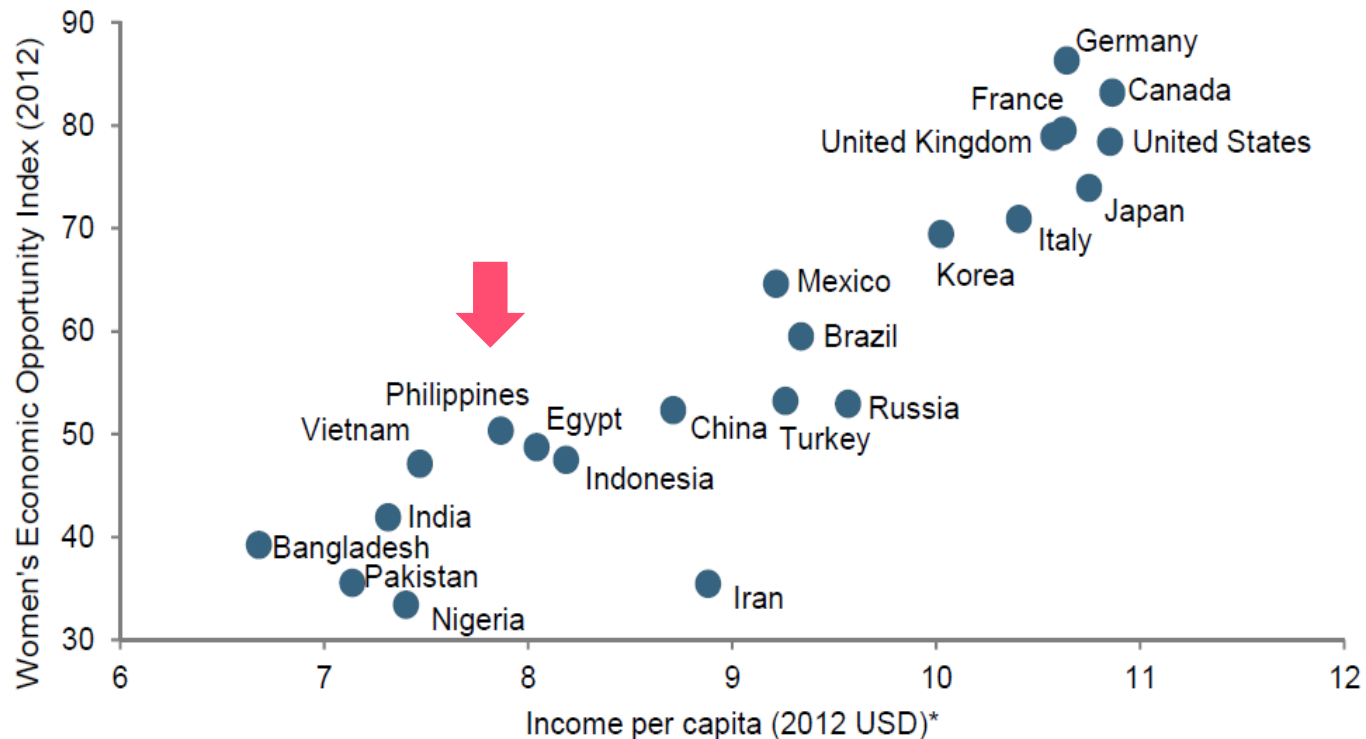
- ❑ Philippines Ranked **9th of 142** countries per Gender Gap Study (WEF, 2014)
 - ✓ Measures education, health/survival, political empowerment, and economic opportunity
 - ✓ Philippines high ranking driven by education and health scores
- ❑ However, in Labor Force participation ranks **102**
- ❑ Only about **53%** of females participation vs. **81%** for males
- ❑ Despite fact that majority of university students in the Philippines are female

Equality for Women in Emerging markets Could Result in 200Mn+ Jobs* and Produce \$1 Trillion in Additional Annual Income



Women Economic Opportunity = higher economic growth

Exhibit 4: Women's economic opportunity is positively correlated with GDP per capita

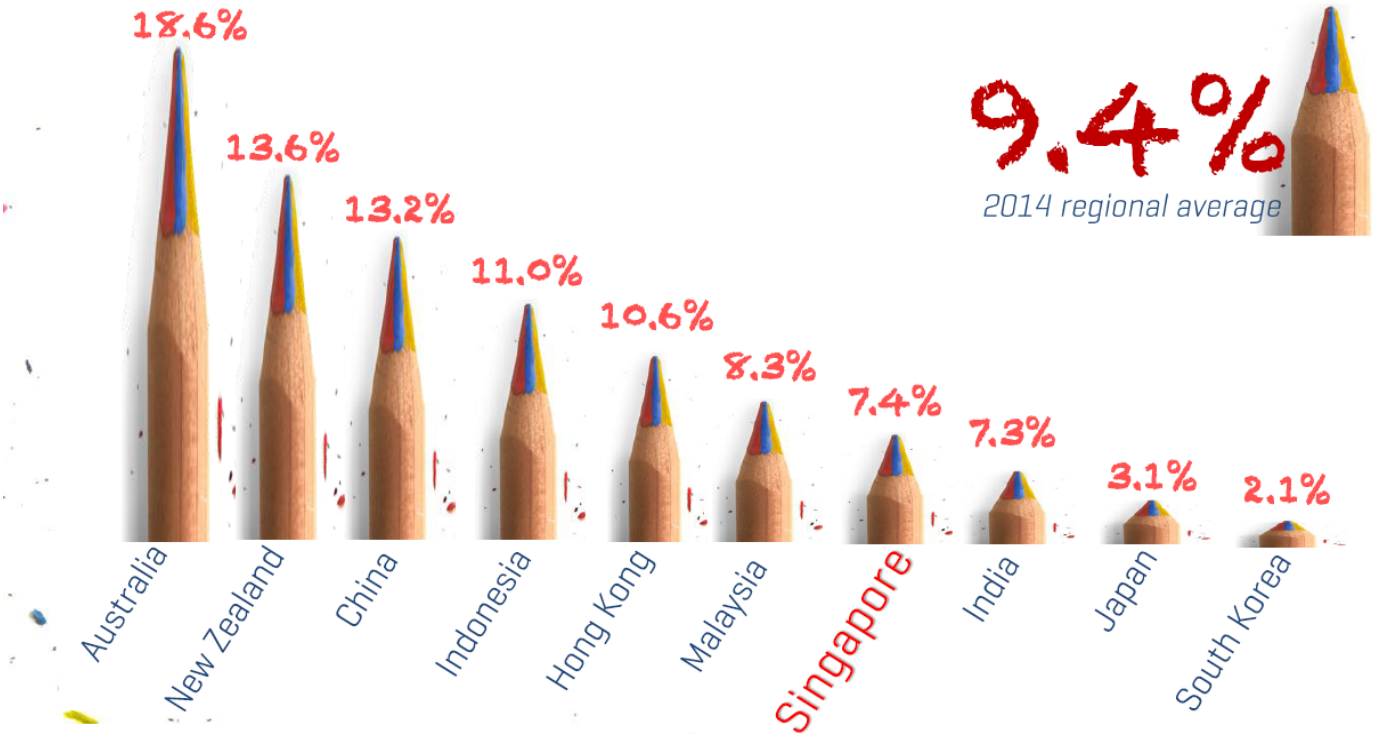


* Logarithm of income per capita. Source: The Economist Intelligence Unit, International Monetary Fund

WOMEN BOARD DIRECTORS IN ASIA-PACIFIC: STILL TOO LOW

DIVERSITY MATTERS: GENDER DIVERSITY IN ASIA-PACIFIC

Highlights: More Women on Boards



Source: Korn Ferry & CGIO Database

WOMEN BOARD DIRECTORS IN PHILIPPINES

- ❑ **Female Board Directors: 12%** (Credit Suisse, 2014)
- ❑ **Percentage of Female Board Chairs: 5%** (Deloitte, 2015)
- ❑ **Percentage of Female Audit Committee Members: 3.5%** (Deloitte, 2015)
- ❑ **Percentage of Female Audit Committee Chairs: 0%** (Deloitte, 2015)
- ❑ **Sectors with Highest Proportion: Finance, Consumer**
- ❑ **Sectors with Lowest: Infrastructure, Manufacturing, Technology**

BALANCED WOMEN LEADERSHIP: BETTER PERFORMANCE

Companies with more than two women on board outperform others in their sector (McKinsey, 2007):

- Stock price growth (64% versus 47% from 2005-2007)
- Operating result (11.1% versus 5.8% in earnings before interest & taxes).

Companies with strong female leadership (3 or more or > country average) (msci, 2015):

- Return on Equity (10% versus 7%)
- Fewer Governance-Related Controversies than average
- Not necessarily risk-adverse
- Random problem solvers better than like-minded problem solvers
- Informational diversity improved decision-making
- While homogeneous groups felt more confident about their decisions; they were wrong more often!

BALANCED WOMEN LEADERSHIP: BETTER PERFORMANCE

Better profitability

- The Credit Suisse Research Institute has recently reviewed the performance of boards over a six year period and found that those mining companies with women on the board had a higher return on equity, lower gearing, higher price/book value and better than average growth.

Better governance

- Conference Board of Canada found that boards with three or more women showed different governance behaviors to those with all male boards. The more gender balanced boards were more likely to ensure better communication, adhere to a code of conduct, identify criteria for measuring strategy and monitor its implementation.

Better stakeholder management

- Women have been shown to outperform men on seven out of the top ten leadership qualities, and most decidedly on team building and emotional intelligence in academic research conducted at INSEAD

Better risk management

- Leeds University Business School found that having at least one female director on the board reduced a company's chances of going into liquidation by approximately 20%. Having two to three female directors further reduced the risk of bankruptcy but the advantage eased once the board reached gender parity (17,000 UK companies in 2008)

Better accounting

- The American Accounting Association Journal published a study in December 2012 that found that female presence on a company board reduces the chance of financial restatements by close to 40%.

Resources: [IFC.org/CorporateGovernance](https://www.ifc.org/corporate-governance)

Sample IFC-World Bank Publications on Diversity

- Women on Boards: An Overview*
- Board Diversity Factsheet*
- Myths and Facts About Female Directors*
- Women on Boards: A Conversation with Male Directors*
- Women, Business, and the Law*
- Gender at Work*

Thank You!

ifc.org/corporategovernance