

Open
PDF

- 1) Click the Download button
- 2) This will take you to our website
- 3) Download the product Advertisement



THE GLOBE AND MAIL 

November 7, 2012

Closing the resource-sector gender gap

By JANET McFARLAND

New report urges broader hiring, diversity policies for natural resources boards as industry lags with 7.7% female directors

Women make up a tiny fraction of directors on boards of natural resource companies, a situation that is slowing Canada's progress on board diversity because the industry accounts for such a large portion of total board seats, a new study says.

Boards of mining, energy, forestry and agriculture companies account for 25 per cent of all directors at Canada's 500 largest organizations, according to the Canadian Board Diversity Council's new annual report card. But those boards have only 7.7 per cent female directors, in total.

While the figure is an improvement from the 6.6-per-cent reading in 2011, the glacial pace of change in the resource sector is a continued drag on the overall improvement in Canadian board diversity, said Pamela Jeffery, founder of the council.

"The sectors where we really need to see change to move the needle across boards are mining, oil and gas," she said in an interview. "The pace of change is too slow."

Resource companies have long had a lower average proportion of female directors, arguing that it is more difficult to find senior women with industry experience in traditionally male-dominated sectors.

But the Board Diversity Council has urged firms to look more broadly for qualified women and to turn to search firms to help find new candidates that companies do not personally know.

Ms. Jeffery said directors tell her they need to choose new board members who fit in with their company's "culture," but too often that means finding people who are just like themselves.

"You're not going to get excellence in corporate governance until you have smart people with differing points of view hashing it out," she argued. "It may be a little uncomfortable, but you're not paid to sit around a board table and be comfortable."

Overall, the council's report shows that women account for 14.4 per cent of all 3,992 board seats at Canada's 500 largest organizations in 2012. These include publicly traded companies, Crown corporations and privately owned companies including Canadian subsidiaries of large multinational firms.

The financial and insurance sector now leads other areas, with 23 per cent of its board seats held by women, up

from 20 per cent in 2011.

The increase means the financial sector has passed utility companies for greatest gender diversity on boards, with utilities now in second place. The proportion of women on utility company boards fell to 20.7 per cent in 2012, from 21.7 per cent in 2011.

The manufacturing sector, which accounts for 15 per cent of all board seats, has 13.2 per cent female directors, an increase from 9.7 per cent a year ago. The sector includes many Canadian subsidiaries of large U.S. manufacturers, which have tended to have more female directors than Canadian-based publicly traded companies.

Ms. Jeffery said survey data suggests a good first step to improving board diversity is for boards to adopt a diversity policy, outlining their commitment to the goal.

A survey of directors included in the new report shows that only 18 per cent of boards have adopted a diversity policy, but that financial-sector boards are three times more likely to have a diversity policy than their counterparts in the mining, oil and gas industries.

"We think it would be healthy for shareholders to know which companies have diversity policies in place," Ms. Jeffrey said.

The survey found that 48 per cent of directors believe diversity is "very important," but only 33 per cent believe their boards see diversity as very important. That gap has widened since the 2011 survey, as more directors personally recognize the importance of diversity but say their boards are not as concerned.

The study found visible minorities account for 4.6 per cent of directors, while people with disabilities hold only 2.7 per cent of seats and aboriginal people fill 1.1 per cent of seats.

The Globe and Mail, Inc.



The Globe and Mail Inc. All Rights Reserved.. Permission granted for up to 5 copies. All rights reserved.

You may forward this article or get additional permissions by typing http://license.icopyright.net/3.8425?icx_id=5077370 into any web browser. The Globe and Mail, Inc. and The Globe and Mail logos are registered trademarks of The Globe and Mail, Inc. The iCopyright logo is a registered trademark of iCopyright, Inc.