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Gender Equality and Transformation in JSE-listed Companies



**SHARED
VALUE**
AFRICA INITIATIVE





FOREWORD

It is generally known that **women are underrepresented** in executive and board membership roles in private sector organisations. While the work done by organisations such as the **30% Club** is commendable, the aspiration of 25% to 30% representation for women as a regulatory requirement can no longer be deemed sufficient for business change and growth, as shown in the **McKinsey Global Institute Report (2015)** and the **World Economic Forum Global Gender Gap Report (2020)**. It has to be the foremost imperative for every business to ensure women's positions in power in boardrooms and at executive management level.

I have been told at times that there were simply not enough women who were sufficiently skilled and qualified enough to fill top executive positions. However, such claims suggest gender bias. A study conducted by **Broekhuizen and Spaul (2017)** from the University of Stellenbosch which tracked the education of a cohort of female learners over six years showed how much better they performed and accelerated compared to their male counterparts in most fields. There is therefore a case to be made for leadership opportunities rather than leadership skills. During his Women's Day address on 9 August 2020 President Ramaphosa said: "The emancipation of women is only words on paper unless it is matched by the commitment from all sectors of society". This statement follows the formation of the **Global Leaders of the Generation Equality Actions Coalitions on 1 July 2020** by UN Women that aims "to accelerate gender equality. Leaders from Member States, civil society, women's rights organizations, international organizations, UN agencies, philanthropic entities, youth-led organizations, and the private sector come together to make a commitment to deliver game-changing results for women and girls".

This report aims to provide an insight into women's representation at an executive leadership level among a pilot study of 14 Johannesburg Stock Exchange (JSE) listed companies. It also seeks to encourage the business community to accelerate the process of achieving gender parity to facilitate much-needed economic growth and societal cohesion.

I would like to thank both Dr DR Davis, independent consultant and analyst and Prof C Davis, Senior Lecturer, Department of Strategic Communication, University of Johannesburg, for their valuable input and contribution towards the creation of this report.

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Shared Value Africa Initiative and Shift Impact Africa





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BACKGROUND

The idea of creating shared value (CSV) was introduced by Porter and Kramer from Harvard Business School as early as 2006 when they made the [business case for corporate social responsibility](#), as it was referred to at the time. The [concept of CSV was proposed in 2011](#) as the “policies and practices that enhance the competitiveness of a company while simultaneously advancing the social and economic conditions in the community in which it operates”. Studies in this field have proliferated over recent decades and it has been shown that organisations that are driven by a purpose to benefit society and all stakeholders generally outperform organisations that prioritise profit.

The Shared Value Africa Initiative (SVAI) is a pan-African organisation that advocates for the adoption of this approach among private sector organisations in South Africa and across the African continent. The key principle is that organisations should not only create economic value but also value for society, based on the concept that healthy organisations can only exist in healthy societies.

Global organisations such as the United Nations (UN), the World Bank and the World Economic Forum, among many others, urge business leaders globally and nationally to subscribe to the global sustainability objectives that are generally known and publicised on public platforms. The United Nations Global Sustainability Goals (SDGs) provide clear objectives for all stakeholders to address societal and environmental issues.

Gender inequality has been recognised as a key cause of gender-based violence (GBV) and global commitments to eliminate it have been made since [1979](#). Yet to date no country has achieved gender equality and the implications of gender inequality are still not widely recognised. This emphasises the importance of publicising and disseminating reports from organisations such as [the International Finance Corporation \(IFC\)](#), the World Economic Forum (WEF), the [Women Empowerment Principles \(WEP\)](#), [United Nations Global Compact](#), and [Safer World](#).

In terms of SDG 5, the specific focus is on the end of discrimination against all women and girls everywhere (5.1) and a clear emphasis is placed on the “proportion of women in managerial positions” (5.5.2), stating as follows:

“This indicator refers to the proportion of females in the total number of persons employed in managerial positions. It is recommended to use two different measures jointly for this indicator: the share of females in (total) management and the share of females in senior and middle management (thus excluding junior management). In these cases, calculating only the share of





women in (total) management would be misleading, in that it would suggest that women hold positions with more decision-making power and responsibilities than they actually do.”

The indicator provides information on the proportion of women employed in decision-making and management roles within government, large enterprises and institutions, thus providing some insight into women’s power in decision-making and the economy (especially compared to men’s power in those areas). It is evident from the reports referred to earlier that while considerable research on gender transformation has been done, there is still insufficient evidence available on whether there has been an increase in women’s representation in executive management teams within organisations.

PURPOSE OF THIS REPORT

The purpose of this report is to analyse the integrated reports of 14 JSE-listed organisations in the financial sector to visually represent the race and gender representation at board and executive management levels in these organisations. It aims to encourage leaders to take action and implement strategies that will accelerate the achievement of gender equality in growing our economy, contributing to global sustainability and building healthy communities in a healthy society.





THE REPORT

This report is prepared and presented by Tiekie Barnard on behalf of the SVAI. The findings, interpretations and conclusions expressed in this work do not necessarily reflect the views of the SVAI. The report presents information and data that were compiled and/or collected by the SVAI.

The data was collected from the websites and integrated reports of 14 JSE listed companies in the Banking, Insurance, Life Insurance and Non-Life Insurance sector.¹ As not all 2020 integrated reports were published at the time the research was underway, the data was obtained from 2019 integrated reports. If the required data as per this report's data matrix requirement was not available in the integrated reports it was obtained from websites. In one instance we had to use the 2020 integrated report due to lack of availability of an archived sample of the 2019 integrated report. For two entities we noted that the information supplied in their 2019 integrated reports and their websites did not correlate as the latter had already been updated to reflect data from their 2020 reports. Here we used data from their 2019 integrated reports.

All the information was obtained from the organisations and the SVAI has opted not to disclose individual organisational names but instead group the data to publish the findings. For the purposes of our report please note that the data collection by race does not demonstrate a detailed background and the race description of Black includes individuals that are from Black, Coloured, Indian and Chinese ethnic groups. Also, 28% of the listed companies indicated subsidiaries that were part of a group and that were also listed in one of the sectors in this report.

SVAI holds the final data and data matrix collection should there be questions about the findings.

The focus in this analysis was the representation of gender and race among chief executive officers, board members and executive management at these organisations as indicated in their integrated reports and on their websites. While we do make mention of the race findings the main focus intention of this report is gender representation at board and executive management levels.





1 CEO Gender and Race Transformation

This report based on the JSE-listed companies in the Banking, Insurance, Life Insurance and Non-Life insurance sector shows a seven percent women CEO representation. This data and references mentioned below clearly demonstrate that there is a lack of gender equality in positions of power in these JSE-listed companies.

In the 2020 PwC Executive Directors Reportⁱⁱ, PwC reports that women represent only six percent of the total number of CEOs on the listed companies on the Johannesburg Stock Exchange. That is out of a total of 274 listed companies at the time of publication. The University of Stellenbosch Management Review (USB Management Review) in March 2020 found that: “Women make up 51% of the South African population. Yet, only 20.7% of directors of JSE-listed companies are female”.ⁱⁱⁱ

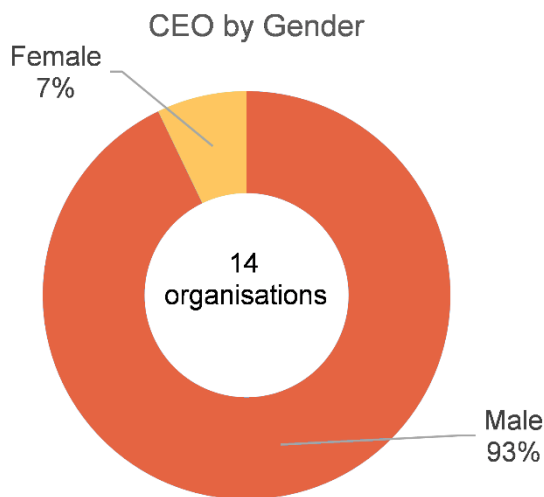


Figure 1. Gender representation among CEOs

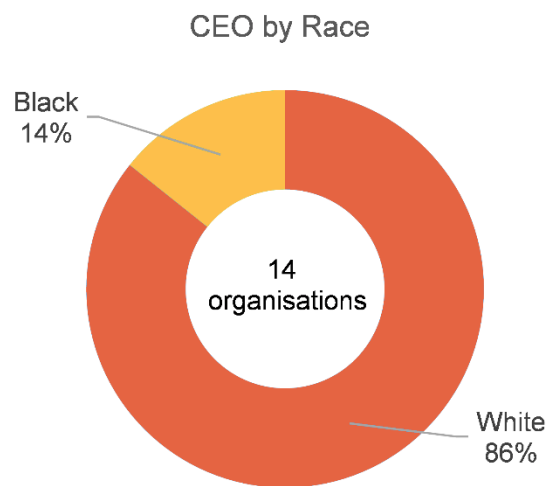


Figure 2. Race representation among CEOs

Here we included the data on race transformation in the boardroom. There was no comparison drawn from other data other than what was provided in the organisations’ 2019 integrated reports.

As the analysis suggests the representation of gender and race still shows a predominance of white male CEOs.





2 Board Chairperson Gender and Race Transformation

The data provided showed that there was a higher representation of women leading boards at the chairperson level than at CEO level. However, the board chairperson representation still indicated a significant lack of female representation. At board level, the race transformation data also demonstrates a lack of representation and diversity at the board chairperson level.

Figure 3 below illustrates the representation as regards board chairpersons in terms of gender and race.

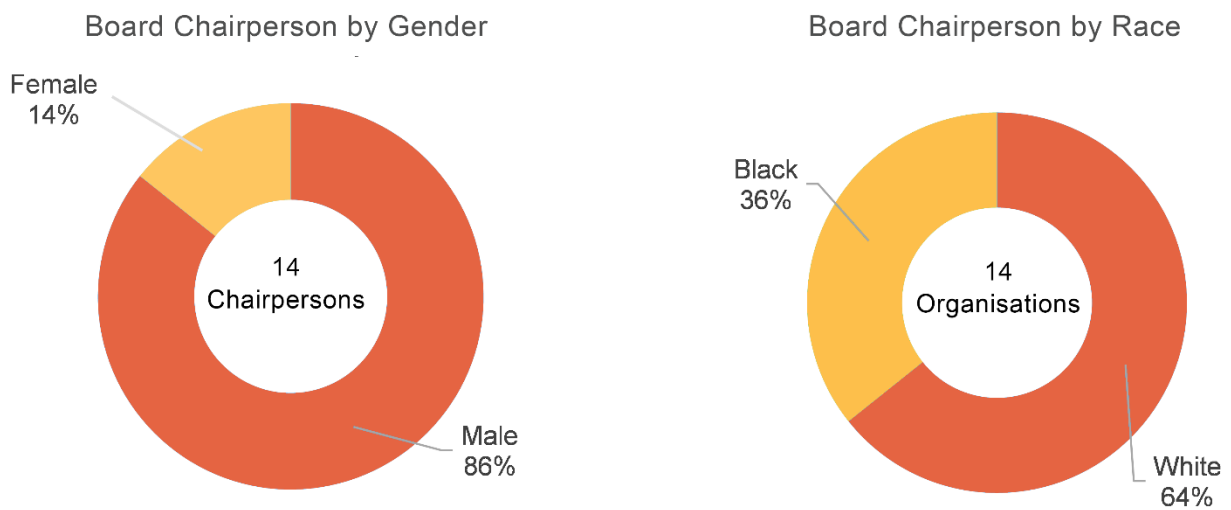


Figure 3. Gender and race representation among board chairpersons





3 Board Gender and Race Transformation

The gender transformation data at board level demonstrates that there is still a significant gap between male and female representation in the boardroom. Our data and findings of 27.9% board gender transformation align and is reconfirmed by the latest BoardEx Insights Diversity Report 2020^{iv}. Looking at the South Africa landscape, the BoardEx data that includes information on the Top 40 listed companies on the JSE confirms that there is on average 27% women representation on these boards. In this report and collecting data from the specific sector there is a slight difference of 0.9 percent. Sadly, this still demonstrates a tremendous gap in power-sharing and real gender transformation.

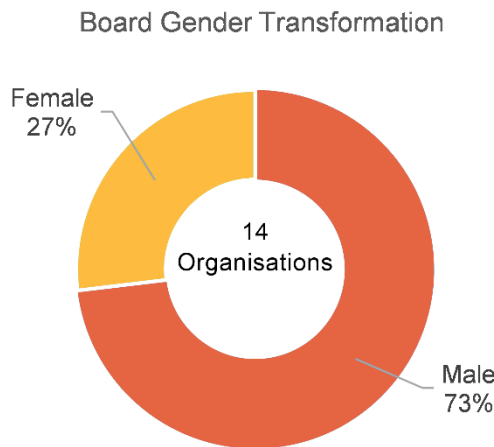


Figure 4. Average gender transformation in terms of female representation on boards

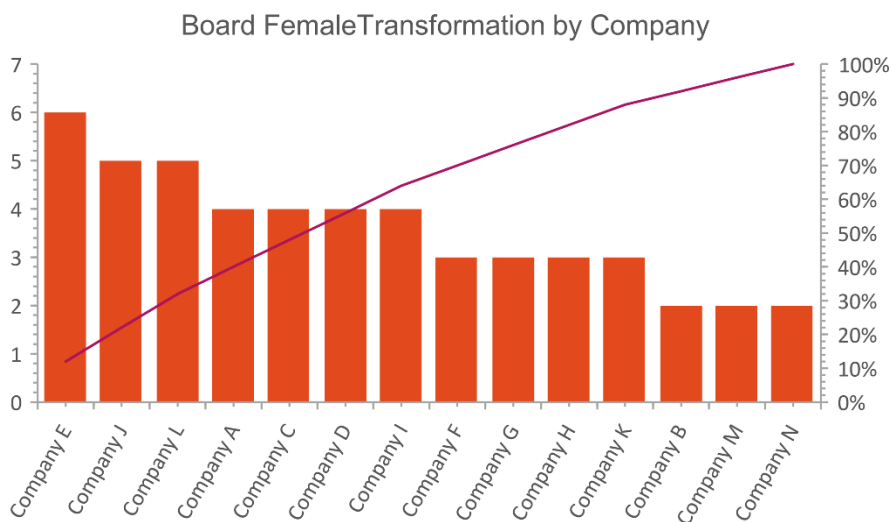


Figure 5. Individual organisations' transformation in terms of female representation on boards



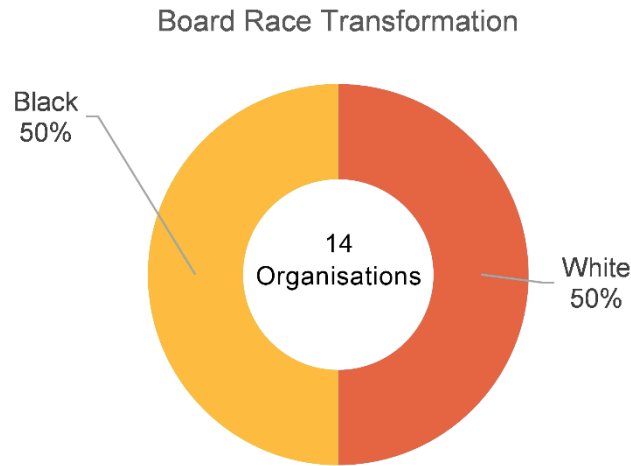


Figure 6. Board Race transformation

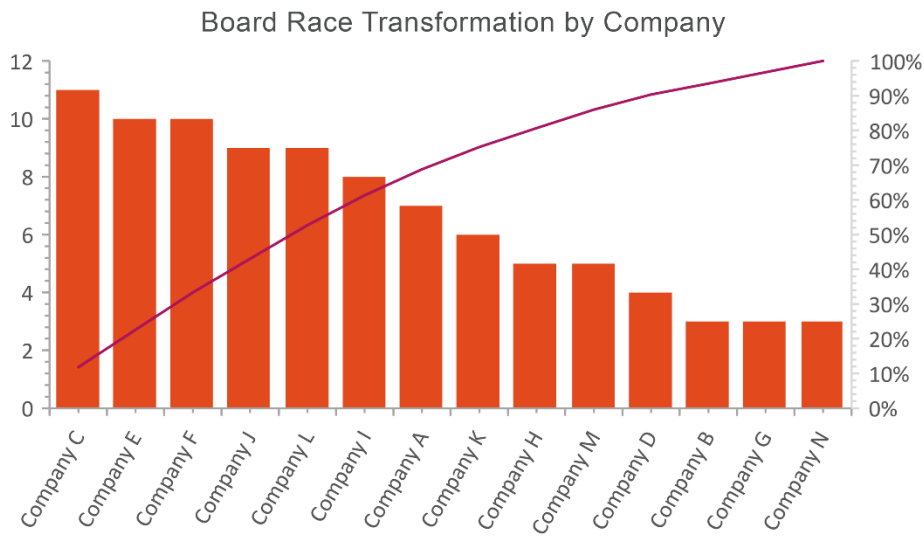


Figure 7. Individual organisations' board race transformation

It is gratifying to note that there is now an equal split between White and Black members at board level. We would suggest that this transformation is directly related to the implementation of black economic empowerment legislation which began in 2007.



4 Executive Management (EXCO) Gender Transformation

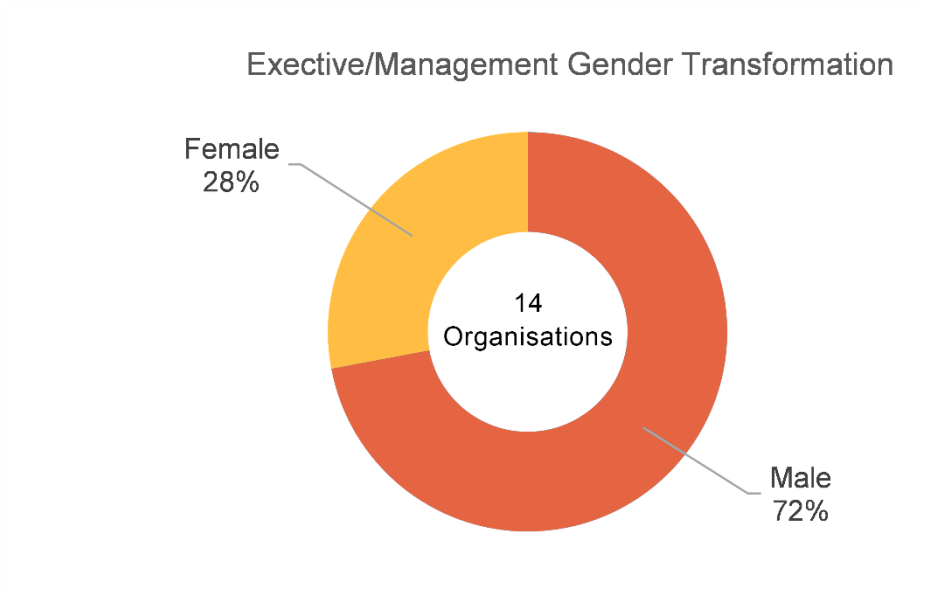


Figure 8. Executive management gender transformation

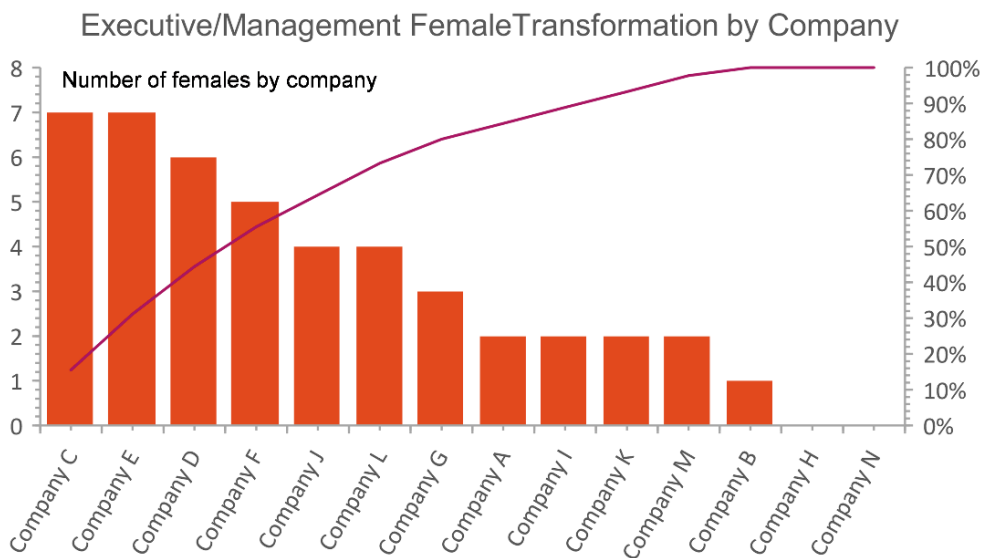


Figure 9. Individual organisations' executive management female transformation





The findings on the board composition in relation to the ways in which management teams were made up were mixed. In most cases, the only member represented on the board was the CEO and, in some instances, the board included the CFO and COO. The management teams were composed of senior-level executives. What this demonstrates is the management team (EXCO) comprises leaders from within the organisation and is responsible, together with the CEO, for the day-to-day operations of an organisation. The EXCO, in the absence of gender parity on the board, can play a significant role in motivating for gender equality as women can perform a crucial role in effecting change.

The World Economic Forum states: “The single most powerful thing an organisation can do to promote more women leaders is to create a culture of ‘Conscious Inclusion’ – building the desire, insight and capacity of people to make decisions.

“Companies need to lead, think and act with the conscious intent of including everyone. We cannot remain rooted in the past. We must accelerate our efforts to build an equal and inclusive future. Our economic growth, workforce participation and future generations depend on it.”^{vi}

Of serious concern was the fact that the data revealed there were some organisations within the research sample that had no female representation at executive management level. This demonstrates the shift in mindset that is required by male leaders to truly commit to gender equality and recognise that women are just as accomplished as men.





5 Executive Management (EXCO) Race Transformation

Executive Management Race Transformation



Figure 10. Executive management race transformation

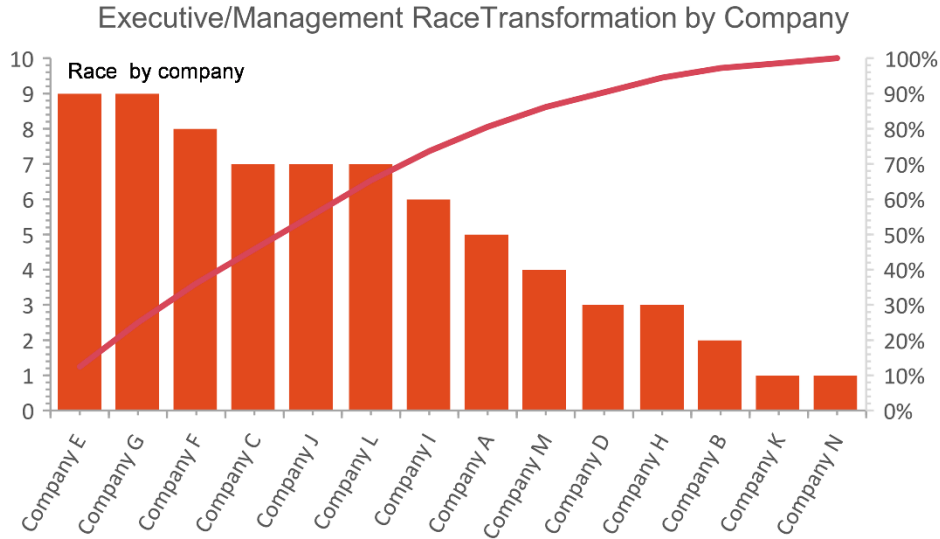


Figure 11. Individual organisations' executive management race transformation

While the results on the executive management team (EXCO) gender transformation are disappointing, the race transformation represented much better outcomes.



6 Conclusion

As we move into 2021 it is clear that attempts to address gender parity in the workplace and society need to not only continue but to intensify as well. According to the UN, in 2020 only 47% of women of working age participated in the labour market compared to 74% of men.

Gender inequality is not just a pressing moral and social issue but also a critical economic challenge. If our business leaders want to stay true to building inclusive, sustainable and job-creating growth in Africa as per the discussion at the 2021 World Economic Forum, organisations must move forward in actively pursuing the creation of gender parity in the workplace.

Women must be part of both the strategic and operational decision-making processes at every level within a business. No policies and procedures should be created without women being afforded the opportunity to provide input and contribute. The 2015 McKinsey Global Institute report, *The Power of Parity: How advancing women's equality can add \$12 trillion to global growth*, should have been a wake-up call for all leaders. Sadly, gender inequality in the workplace continues.

Local companies reaching their 30% minimum requirement from a board representation perspective appear to be resting on their laurels. The economy cannot progress and deliver on the economic growth that we need and leadership teams must take full responsibility for their role in the lack of real progress in addressing gender inequalities.

Our research on the 14 companies contained in this report shows that the minimum requirements at board level have been met. What we need to ask ourselves as leaders is meeting the minimum requirement what we are about as organisations? What is even more concerning is that some companies in the research sample had no female representation on their executive management teams.

The decisions taken on the day-to-day operations of these firms, including decisions on operating policies and practices, are made by males without any female inputs taken into consideration. This need to change and leadership within organisations need to address these inequalities and take responsibility to contribute to Gender Parity in the workplace and in doing so contribute to not only to growing the economy but also contribute to creating a more equal society.

It is our hope that this report will encourage all leadership to consciously address gender parity not only in the boardroom but also in the entire organisation. In addition, to relook executive management team structures and include more women in the day-to-day management and decision making roles within organisations.





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^v WEF 5 ways we lack gender balance in the workplace <https://www.weforum.org/agenda/2020/01/5-ways-companies-can-progress-more-women-into-leadership-roles>



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