

## Women on Boards: A Review of Zimbabwe's Listed Companies

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**Abstract:** Diversity in the composition of the board of directors and the participation of women in decision making is one important non-financial issue affecting firm performance. Greater female representation on boards provides some additional skills and perspectives that may not be possible with all-male boards. Despite the existence of policies compelling the appointment of a quota of female board members in some countries and general acceptance of the important role of women on boards, company boards still have a small number of women directors. A review of the board composition of companies listed on the Zimbabwe stock Exchange was carried out. It confirmed that the number of female board members remains very low. Training of women on company direction and recruitment of women so trained is recommended. It is further recommended that instead of forcing companies to appoint female board members, governments should introduce incentives for training and appointment of women trained in company direction.

**Keywords:** Appointment of female board members; Board of Directors; Gender balance; Zimbabwe StockExchange; Training in company direction

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### I. Introduction

In its Abridged annual report for 2018, at page 3, First Capital Bank, a bank listed on the Zimbabwe Stock Exchange said

The First Capital Bank Board recognises the importance of diversity and inclusion in its decision making processes. The board is made up of six independent non-executive directors, three non-executive directors and two executive directors. Three members of the board (27%) are female. The Board members have an array of experience in commercial and retail banking, accounting, legal, corporate finance, marketing, business administration, economics, human resources management and executive management.

First Capital bank is one institution which reported on its board gender composition. The above captures the essence of board composition and the emphasis placed by companies on board diversity and skills. The central issue in this paper is the composition of boards of companies listed on the Zimbabwe Stock Exchange with particular focus on the number of women on boards of directors. There is general consensus on the need for gender equality but this yet to be realised. The number of women on boards of listed companies remains woefully low.

### Research Objectives

In undertaking this research, my objective was to assess and evaluate the number of women on boards of listed companies in Zimbabwe with a view to identifying the reasons for such a low number and making recommendations on increasing the number of women on boards of listed companies in Zimbabwe.

### Research Methodology and design

The research entailed a review of profiles of companies listed on the Zimbabwe stock Exchange. Emphasis was placed on the number of women on the boards as well as the positions they occupy on such boards. I visited the website of the Zimbabwe Stock Exchange as well as websites of the listed companies. Unfortunately some of the companies do not regularly update their websites and in instances where the websites are updated, the names of the directors are listed without indicating whether the said director is male or female necessitating a further search on the internet. Save for a few companies, the listed companies do not report on the gender composition of their boards. Emphasis is placed on the distinction between executive and non executive directors as well as independent non executive directors. The research was entirely document based.

### II. Literature Review

Board composition is one of the important factors affecting firm financial performance (Fauzi & Locke, 2012). Diversity in the composition of the board of directors and the participation of women in decision making is one important non-financial issue affecting firm performance (Oladi, Gerivani, & Nasibeh, 2013). Board

gender diversity refers to the inclusion or presence of female directors in the boards (Ekdah&Mboya, 2012). Fauzi and Locke (2012) argued that greater female representation on boards provides some additional skills and perspectives that may not be possible with all-male boards. Some countries have enacted laws on the mandatory appointment of women on the boards of listed companies.(Groysberg & Bell, 2013). Despite the existence of the law and general acceptance of the important role of women on boards, company boards still have a small number of women directors(Torchia, Calabrò, &Huse, 2011). The concept of gender diversity can be explained by both agency and resourcedependence theories (Wagna&Nzulwa, 2016).

The presence of women on boards in significant numbers enhances the performance of the business (Joecks, Pull, Vetter, 2013;Oba&Fodio, 2013; Shafique, Idress, &Yousaf, 2014; Tu, Loi, &Yen (2015). Female board members are considered more independent, and may have a better understanding of consumer behavior when compared to their male counterparts (Fauzil& Locke, 2012). Women on a board will enable it to make high-quality decisions because more alternatives will be considered by virtue of their diverse approaches (Torchia et al., 2011). Women are believed to be more intuitive in decision making and have the ability to multitask, whereas men tend to be more task-focused (Jhunhunwala& Mishra, 2012).Women on boards can increase the effectiveness of board control as they are more strict and trustworthy than their male counterparts (Dang &Vo, 2012). Women bring to the board resources such as prestige, skills, knowledge, and connection to external resources (Dang &Vo, 2012; Fauzi& Locke, 2012; Perrault,2015).

Sifile, Suppiah, Muranda, and Chavunduka (2015) investigated the importance of board heterogeneity, the importance of women board members in improving corporate governance and stakeholder value and concluded that women are few on boards, yet they are risk averse, prepare for meetings diligently, are objective, have integrity and are protective of the organization. One criticism of men is that they focus on money and quantifiable issues and less on the human and social aspects of the business (Sifileetal, 2015).

The African Development Bank (AfDB) in its 2015 report, titled *Where Are the Women? Inclusive Boardrooms in Africa's Top-Listed Companies*, stated that in the 307 top African companies, women accounted for only 14% of total board membership. That translates to one woman out of every seven board members. And one-third of the boards have no women at all. Countries with the highest percentage of women board members were Kenya (19.8%), Ghana (17.7%), South Africa (17.4%), Botswana (16.9%) and Zambia (16.9%) while the country with the lowest percentage of women on boards was Côte d'Ivoire (5.1%).

Njaya and Chimbadzwa, (2015), explored the gender differences on board of directors of companies listed on the Zimbabwe Stock Exchange. The study was carried out in 2015. It was found that there are fewer females on the boards of directors and this was attributed to male-domination of the nominating committees and corporate leadership groups; alleged lack of qualified women directors; systematic sex-based bias against women and women's inability to develop strong networks. It was recommended that individual initiative by women and changes in both government policy and policy and procedures of companies when recruiting directors was required. A mandatory quota representation for each gender in non-executive board positions for companies listed on the Zimbabwe Stock Exchange was recommended.

This paper reviews the state of female board representation on companies listed on the Zimbabwe stock Exchange four years later.

### **Presentation and Discussion of Research Findings**

The Zimbabwe Stock Exchange has Sixty (60) listed and trading companies which constituted the population in this study. Out of the Sixty (60) companies, twenty are made up of males only, sixteen (16) have only one (1) woman on their boards, six (6) have two (2), eleven (11) have three (3). The highest number of women on boards is at Zimpapers where out of the eleven (11) board members five (5) are female. Out of the sixty (60) listed companies only five (5) are chaired by women. Clearly therefore the number of women sitting on boards of listed companies remains woefully low.

Company name	Total number of directors	Number of Female directors
African Distillers	9	0
African sun Limited	7	1
Amalgamated Regional Trading (ART) Holdings Limited	5	0
Ariston Holdings Limited	7	1
Axia Corporation	6	1
Bindura Nickel Corporation Limited	6	0
British American Tobacco Zimbabwe Limited	11	3
Cafca Limited	9	0
Cassava SmarTech Zimbabwe	5	0
CBZ Holdings Limited	10	0
Dairibord Zimbabwe	10	3
Dawn Properties Limited	8	0

Delta Corporation Limited	13	3
Econet Wireless	11	3
Edgars Stores Limited	8	2
Falcon Gold Zimbabwe	3	0
FBC Holdings Limited	10	2
Fidelity Life Assurance Limited	6	1
First Capital Bank Limited	11	3
First Mutual Holdings Limited	10	2
First Mutual Properties	7	2
General Beltings Holdings Limited	7	0
Getbucks	9	1
Hippo Valley Estates Limited	9	0
Inscor Africa	6	0
LARFARGE Cement Zimbabwe	8	1
Mashonaland Holdings Limited	8	3
Masimba	6	1
Medtech	6	1
Meikles Limited	4	0
Nampak Zimbabwe Limited	7	0
National Foods Holdings Limited	9	3
National TryeServices Limited	7	0
NMBZ Holdings Limited	9	3
Ok Zimbabwe Limited	8	3
Old Mutual Limited	15	3
Padenga Holdings	6	1
Power speed Elecetrical Limited	6	0
Pretoria Portland Cement Limited	10	4
Proplastics	7	1
Rainbow Tourism Group	9	2
Rio Zim Limited	7	0
Seedco International Limited	15	1
Seedco Zimbabwe Limited	11	2
Simbisa	5	0
Star africa corporation	10	1
Truworths Limited	7	0
TSL Limited	14	2
Turn all Holdings Limited	9	3
Unfreight Africa Limited	6	1
Willdale	9	1
ZB Financial Holdings Limited	9	2
Zeco Holdings Limited	6	0
Zimpapers	11	5
Zimplow Holdings Limited	7	0
Zimre Holdings Limited	8	1
Zimre Property Investments	7	1

**Table 1:** Companies listed on the Zimbabwe Stock Exchange and their board compositions.

Njaya and Chimbadzwa (2015) found that 27 (or 45 percent) of the listed companies had one or more women on their boards. Only three companies had three female board members while a majority had two or less. More than half (58.3 percent) of the companies listed on the ZSE did not have a female board member. Further investigation of this small group of women directors revealed that a majority of them sat on more than one company board.

This paper confirms that the number of female directors remains very low. Whereas in the 2015 paper it was reported that more than half (58.3 percent) of the companies listed on the ZSE did not have a female board member, presently only twenty are made up of males only. The number of women on boards of listed companies remains very low. The profiles of those women on boards are solid. The female directors are highly skilled. They have a minimum of a first university degree. It is clear that in selecting board members, companies consider educational qualifications.

The low number of female board members is attributable to a number of factors among them an alleged shortage of skilled women, and the patriarchal nature of society. I contend that it is not correct that Zimbabwe has a shortage of skilled and competent female leaders who are eligible for appointment to company boards.

Ten countries have established quotas for female representation on state owned enterprise boards of directors, ranging from 33 to 50 %, with various sanctions for non compliance (Terjesen, Aguilera, & Lorenz, 2015). Gender quota legislation significantly impacts the composition of boards of directors. Women's talents are currently being underutilized at decision-making levels (Terjesen et al., 2015).

A board of directors is appointed by shareholders to act on behalf of the shareholders, to give strategic direction to management and to control management. The company's constitutional documents being the memorandum and articles of association define the board size and composition usually in terms of skills or expertise but often these documents are silent on gender balance or the appointment of women on boards. In selecting a board of directors, a company is driven by performance and profit considerations. It is for this reason that I argue that forcing companies to appoint a mandatory number of women on its board will be resisted unless it enhances the profitability of the firm, hence the failure of the policy where it has been enacted.

A board chairperson plays a pivotal role. The board chairperson is responsible for providing leadership of the board and managing the business of board through setting its agenda, establishing and developing a link between the executive management as well as the board and shareholders.

Listed companies can help address the issue of the alleged capacity and shortage of skilled women by funding the training of women in company direction and recruiting women so trained. Government on its part in stead of forcing companies to appoint women on their boards may grant incentives or tax breaks to companies which fund the training of women in company direction and further incentives to companies which appoint to their boards women so trained.

Professional bodies such as the Chartered accountants of Zimbabwe or the law society of Zimbabwe can also provide training in partnership with the Institute of directors on company direction and then lobby for the appointment of their members so trained. The listed companies often want to recruit trained personnel but are not keen to be involved in the training.

It may be appropriate that the Zimbabwe Stock Exchange requires its members to report on the number of women on their boards. This will bring the issue of gender balance to the fore. By this I am not suggesting that companies should be compelled to appoint female board members. I argue that as they prepare their annual reports and also on seeing what other companies are doing, the listed companies may be pressured to follow what other companies will be doing.

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