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"Diversity and the Bottom Line: Top-Performing Companies Have More Women at the Top"

Kathleen J. Wu
Texas Lawyer
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I've noticed a recent trend in decision-making that you might call anti-group think. Whether it's the Sarbanes-Oxley Corporate Fraud and Accountability Act of 2002 or criticism over government decision-making, those seats of power are more likely today to seek divergent opinions than they were a year ago.

With any luck, the inevitable consequence of that trend will be more diversity (in gender and ethnicity) among decision-making bodies, such as boards of directors. Fortunately, diversity doesn't just look good, it also can bring positive results for companies that practice it.

Why should lawyers care about corporate diversity? For a number of reasons. As corporations – which are firm clients – push to diversify their boards and management teams, they will want to see more diversity among the firms that represent them. Secondly, lawyers, particularly corporate lawyers, frequently are tapped to serve on boards. In addition, as our clients' trusted advisers, we're called on to help find candidates to fill open board seats.

Not only can having a variety of voices in the decision-making process ward off so-called "group think" – which has been blamed for everything from intelligence failures to corporate collapses – but there is also reason to believe that it's better for a company's bottom line.

Catalyst, a New York-based organization that studies women's advancement in business, found that companies with the largest proportion of women in top management had better financial performance than those with the lowest proportion of women in those positions. Specifically, of 353 Fortune 500 companies between 1996 and 2000, the companies with the most women at the top had a return on equity 35.1 percent higher, and a total return to shareholders 34 percent higher, than the companies with the lowest female representation, according to Catalyst. The link worked the other way, too: On average, top-performing companies had more women in their leadership teams. (Catalyst cautions that its survey doesn't directly attribute those companies' financial performance to the presence of women in top management, something that statistically would be impossible to prove.)

If the presence of women on boards of directors is any indicator, women are increasing their voice in corporate decision-making. Take a look at the Fortune 500. You'll see that in 2003, women held 13.6 percent of all board seats in the Fortune 500, up from 12.4 percent in 2001 and 9.6 in 1995.

Granted, 13.6 percent isn't great. But it's better than 9.6 percent. And if the recent push to shake up the state of corporate governance is successful, it's a good bet those numbers will improve year by year.

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OK, so I'm a bit biased when I promote diversity. Not only am I a woman, but I'm also Asian. So of course I'd like to see people like me in decision-making seats. But I'm also a businesswoman, having served in several management positions at my own firm. And I can attest to the worth of having more than one viewpoint represented in the decision-making process.

It makes intuitive sense that the more heterogeneous a decision-making body is, the more likely it will be to challenge management and ask the probing questions that might find weaknesses that an otherwise similarly qualified but homogeneous body.

Yes, we all want to reach consensus, to work and play well with others. Believe me, most women are hard-wired with this particular gene. But it's easy to overestimate the value of consensus. As any good lawyer knows, unless we challenge our own assumptions and actively seek out divergent opinions, we can't make the sound decisions our clients need and

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deserve.

A primary function of board members is to bring their varied expertise and experience to the corporate decision-making process. It only stands to reason that a more diverse board is more likely to bring additional (but previously unheard or unknown) views to the table.

So it's hard to dispute the notion that diversity on decision-making bodies is good business. And, as a woman in the professional world, I certainly want to see every available avenue open to me and my female colleagues.

But I'm not sure I'd go as far to accomplish that diversity as Norway did. The Norwegian government recently mandated that women make up 40 percent of corporate boards of directors by mid-2005, lest violating companies face legal action. Nevertheless, it's admirable that the government of Norway believes enough in the worth of diversity to put its money where its mouth is. Now, if corporate America could just do the same and start putting women and minorities in seats of power, we might all be better off.