



# Gender Diversity in Jordan

Research on the Impact of Gender Diversity on the Economic Performance of Companies in Jordan.

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A Research Paper on the Impact of Gender Diversity  
on the Economic Performance of Companies in Jordan.

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## Foreword

Increasing women's participation on corporate boards and in senior management is among the crucial requirements of companies all around the world. IFC is no exception. We have seen for ourselves the positive results from greater diversity in corporate leadership.

Stated simply, gender balance is good for business. The participation of women in the labor market has been a major driver of growth and competitiveness in economies. Yet, when it comes to corporate leadership positions, there remains a huge gap between the numbers of men and women represented.

In Jordan this is no different. Men have assumed the highest positions of corporate leadership, even as women represent a strong untapped asset for the country.

Until now, very little was known about Jordanian women in senior leadership positions, the types of roles they play, or the sectors in which the under-representation was particularly notable. This publication, *Gender Diversity in Jordan – Research on the Impact of Gender Diversity on the Economic Performance of Companies in Jordan*, is the first step in addressing the knowledge gap. Among the findings of the research are that out of nearly 1,200 publicly listed and private shareholding Jordanian companies, women hold only 6 percent of board positions. The figures vary from industry to industry, ranging from 10.7 percent representation in the health sector to 4 percent in financial services.

This publication reveals both the opportunities and challenges for Jordan in its effort to increase women's participation on boards. A holistic and multi-faceted approach that emphasizes the need for broad-based education on the importance of board diversity is required. Gender diversity in boards should also become a core ingredient of good corporate governance.

We know that the efforts will pay off, because the empowerment of women contributes to growth, poverty reduction, and social welfare of families and communities.



Ahmad Attiga  
Country Manager, Jordan and Iraq





## Preface

This document was prepared in good faith, based on information collected through primary and secondary research. Much of the statistical data came from desk research of publicly available information, including annual reports. Primary research consisted of focus group discussions, one-on-one interviews, and an online questionnaire.

### Disclaimer and limitations to the research

The information collected for this document was not verified independently, and no third-party verification was carried out to confirm companies' responses or input. Financial data for publicly listed companies were collected online from the Amman Stock Exchange (ASE) website ([www.ase.com.jo](http://www.ase.com.jo)). Information for private shareholding companies and limited liability companies was also collected online, from the Companies Controller's Department's (CCD) website (<http://ccd.gov.jo>). However, no financial data are available online, and the CCD was not able to share such information with us.

There were some discrepancies between the financial data found online, especially regarding ROA and ROE ratios published on the ASE website and those published at the Securities Depository Center website. The authors elected to use financial data from ASE, since it is considered the most accountable body for information related to publicly listed companies in Jordan. Financial information was collected for 2012, since 2013 information was not yet available at the conclusion of the data-collection period.

Although the utmost care went into the preparation of this publication, the International Finance Corporation and the Jordan Institute of Directors does not guarantee or warrant the accuracy or reliability of the information herein, and it should not be relied on as a substitute for legal or corporate advice. The views expressed in this report are an analysis of the data and respondents comments and do not necessarily reflect the views of the authors.

### Acknowledgments

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## About the publication sponsor and author

### IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence, to create opportunity where it's needed most. In FY15, our long-term investments in developing countries rose to nearly \$18 billion, helping the private sector play an essential role in the global effort to end extreme poverty and boost shared prosperity.

IFC provides leadership in promoting good corporate governance practices in developing and emerging markets. Good corporate governance helps companies operate more efficiently, mitigate risk and safeguard against mismanagement, and improve access to capital that will fuel their growth. It makes companies more accountable and transparent to investors and gives them the tools to respond to stakeholder concerns, including implementation of good environmental and social practices.

Corporate governance also contributes to development. Increased access to capital encourages new investments, boosts economic growth, and provides employment opportunities. Businesses that operate more efficiently tend to allocate and manage resources more sustainably. Better stakeholder relationships help companies address environmental protection, social, and labor issues.

With strong donor support, IFC continues to strengthen corporate governance programs in underserved regions, particularly in Sub-Saharan Africa, Latin America, and the Middle East and North Africa by closely integrating its investments and advice, and focusing on capacity building of intermediaries, resulting in improved operational efficiency.

More information on IFC's corporate governance services is available online at [ifc.org/corporategovernance](http://ifc.org/corporategovernance). For a summary of IFC's *Women on Boards* work globally, visit [bit.ly/1GwQmx1](http://bit.ly/1GwQmx1).

### JIoD

Jordan Institute of Directors (JIoD) is a registered trademark owned by Jordanian House for Corporate Governance Training, a nonprofit limited liability company registered in Jordan. JIoD's vision is to witness improved corporate governance practices in Jordan and the Middle East region, and its mission is to raise awareness of and contribute to such improvement. JIoD's aim in increasing awareness about corporate governance is to enhance the understanding of the principles, to strengthen the integration of corporate governance best practices, and to build the capacity of boards of directors in Jordan to improve board performance and effectiveness. The Institute is eager to cooperate with all related organizations to achieve these goals.

To spread the culture of corporate governance and its best practices, JIoD conducts various events, such as awareness programs, training, and development courses, and sponsors research and studies related to corporate governance in Jordan. JIoD is confident that these activities will improve the competitive environment; attract foreign investments; emphasize the importance of transparency, accountability, sustainability, and succession planning; and ensure the effectiveness of companies' operations.

JIoD's target audiences are mainly board members, directors, senior executives, board secretaries, and shareholders of all types of companies – public shareholding companies, family-owned enterprises, and small and medium enterprises (SMEs) – as well as other stakeholders. The Institute also serves all individuals and groups interested in corporate governance from the public and private sectors. IFC is JIoD's main partner and provides it with the necessary technical expertise.

## Executive Summary

Despite constituting a large portion of society in Jordan, women have a minor presence in boardrooms and in senior decision-making positions. The research in this publication sets out to demonstrate:

1. the degree of involvement by women in boardrooms and senior decision-making positions in the corporate world;
2. the value of their presence when they are involved in those positions (specifically whether there is a correlation between women in the boardroom and the financial performance of companies); and
3. some of the challenges that women face in reaching such decision-making positions. The publication also includes some recommendations for ways to overcome those challenges.

### **Involvement in decision-making positions in the corporate world**

As detailed in Chapter 1, below, women in Jordan represent a significant portion of the labor force but only a tiny fraction of top-level positions. This is true for publicly listed companies as well as for private shareholding companies.

### **Value of the presence of women in decision-making positions**

#### **Impact on corporate governance**

From annual reports, an online survey, and focus group discussions, we ascertained that companies with increased gender diversity have experienced, to a certain extent, more improvement in corporate governance implementation than companies without gender diversity in the boardroom. Focus group participants agreed that women on boards increase board effectiveness by contributing to better and more constructive discussions, leading to a better decision-making process during board meetings.

#### **Higher return on assets and equity for firms with higher gender diversity**

This research publication is a mere representation of data and has not revealed a causation link between financial performance of companies and gender diversity in the boardroom and in senior decision-making positions. However, the data do appear to be supportive of some positive correlation between gender diversity in these positions and the 'return on assets' ROA and 'return on equity' ROE.

In 2012, for example, the average ROA of publicly listed companies without female representation was 0.99, and for companies with at least one woman in the boardroom it was 3.03. In other words, the ROA for companies with female representation is higher than the average ROA and almost three-times more than the ROA of companies without female representation. In 2011, 2010, and 2009 the data showed similar results.

The average ROE in 2012 for publicly listed companies without female representation was 9.83, and for companies with at least one woman in the boardroom it was 17.51. In other words, the ROE for companies with female representation is higher than the average ROE and almost twice the ROE of companies without female representation. In 2011, 2010, and 2009 the data showed similar results.

Sector analysis further broke down the investigation of publicly listed companies. *Tables 0.1* and *0.2* show the results of a review of performance by sector for the years 2012 and 2011, respectively.

### **Challenges that women face to reach decision-making positions**

This publication enumerates many of the challenges that women face in reaching the boardroom and senior decision-making positions. It groups these challenges into four key areas: cultural, capacity, interpersonal, and appointment process.

### **Recommendations**

Change is critical for the development of Jordan and the economy. Out of the research have come several key recommendations for expediting change to overcome the gender disparity in boardrooms and senior positions. The following are examples of these recommendations:

- Lobbying for a temporary voluntary quota for women on boards;
- Working with organizations to expand the female labor force and improve opportunities for women in middle management to grow into senior-level positions – for example, through tailored capacity-building programs and mentorships; and
- Encouraging better disclosure of gender statistics on board and senior-management positions, and increasing transparency in the appointment process.



Table o.1  
Summary of Sector Performance in ASE in 2012  
(Amman Stock Exchange)

	Performance against average for companies without women		Performance against average for companies with women	
	ROA	ROE	ROA	ROE
<b>Banking</b>	0.06	1.41	-0.07	-1.56
<b>Insurance</b>	-0.24	-4.88	0.71	14.66
<b>Financial Services</b>	-2.02	-3.29	5.54	9.45
<b>Services</b>	-0.69	-0.44	1.85	2.37
<b>Industrial</b>	-0.25	-0.44	1.76	3.10

Source: Authors, based on data collected.

Table o.2  
Summary of Sector Performance in ASE in 2011  
(Amman Stock Exchange)

	Performance against average for companies without women		Performance against average for companies with women	
	ROA	ROE	ROA	ROE
<b>Banking</b>	-0.13	0.18	0.15	-0.21
<b>Insurance</b>	0.30	4.19	-0.95	-13.26
<b>Financial Services</b>	-0.78	-1.03	2.34	3.11
<b>Services</b>	-1.48	-1.61	4.31	4.77
<b>Industrial</b>	-0.077	-0.684	0.57	6.41

Source: Authors, based on data collected.



# 1 Introduction

The term *corporate governance* is generally defined as a system of rules, practices, and processes by which an organization is directed and controlled. It involves balancing the interests of the many stakeholders, including shareholders, management, customers, suppliers, financiers, government, and the community. Good corporate governance practices safeguard accountability, transparency, and trust.

One of the key corporate governance challenges we observed in Jordan and the Middle East is that the composition of boards appears to be ad hoc, in that a variety of social, political, and cultural influences play a large part in determining board membership, when in fact greater emphasis should be placed on independence of directors and diversity in the boardroom. Most Jordanian companies are family businesses, so choosing board members is primarily based on personal relationships and not on the organization's need or professionalism, and accordingly such businesses do not recognize the importance of separating ownership and management – until crises happen.

The issue of independent directors has been a core focus of many regulators and institutions for years in the effort to transform the boardroom from a management vehicle to a strategic vision-driven body, and the lack of independence remains a challenge. On the other hand, diversity has not received the same level of attention. Although diversity covers a wide range of characteristics, such as age, experience, background, and so on, the focus of this publication is on diversity of gender in the boardroom.

## 1.1 About corporate governance in Jordan

As the system by which organizations are directed and controlled, corporate governance addresses the distribution of rights and responsibilities among the different participants in an organization – such as the board of directors, managers, shareholders, and other stakeholders – and lays down the rules and procedures for decision making. In Jordan, corporate governance is increasingly important if Jordanian organizations are to prosper in a competitive global marketplace (CCD no date). Although the importance and value of corporate governance is not the primary focus of this publication, some of its significant benefits are highlighted in Annex 1.

Since 2002, more than 25 codes and guidelines have been issued in the Middle East and North Africa region. All codes are based on the OECD Principles of Corporate Governance but focus on different dimensions. In Jordan, four voluntary regulations and codes directly address corporate governance and require companies either to comply or to explain their implementation of corporate governance:

- Corporate Governance Code for Banks, by the Central Bank of Jordan;<sup>1</sup>
- Corporate Governance Code for Shareholding Companies, by the Amman Stock Exchange (also called the Corporate Governance Code for Listed Companies);
- Corporate Governance Instructions from the Insurance Commission; and
- Corporate Governance Code for Privately Held Companies, by the Companies Controller Department.

In addition to the corporate governance codes, other rules, regulations, and legislation also affect the implementation of corporate governance in Jordan – for example, Securities Law, Listing and Disclosure Rules for shareholding companies; Banking Law for banks; and so on. In addition, the Companies Law No. 22 for 1997 (as amended) creates a baseline for companies regarding corporate governance.

It is notable that most of the codes were drafted primarily in Arabic, the official language of the country, and are nuanced with gender-biased language. Male terminology dominates all aspects of these codes.

<sup>1</sup> At the time of writing this report, the Central Bank of Jordan issued a new regulation on corporate governance that required full compliance with some aspects of corporate governance.

## 1.2 Importance of gender diversity in the boardroom

There is value in having diversity – in age, skills, and experience – on the board. Such diversity can lead to increased innovation (Post et al. 2009), more productivity (Page 2007), and better representation of core groups for the business (Kline 2010). (See Box 1.1.)

Although there has been little research on gender diversity in the boardroom, there is evidence that it has many advantages. For instance, gender diversity can open up access to an untapped pool of resources (Martins and Parsons 2007), result in better problem solving (Woolley et al. 2010; Science Daily 2010), increase diversity of thought (Ernst & Young 2009), and enhance employee satisfaction (Catalyst 2010). Examples of such benefits are detailed in Annex 2.

The issues under discussion here are as relevant to improving business performance as they are to promoting gender diversity in the boardroom. There is a clear business case for balanced boards. If they are inclusive and diverse, boards are more likely to be effective and in a better position to understand their customers and stakeholders and better manage risk. Gender diversity also brings fresh perspectives and new ideas into the boardroom and in turn leads to better decision making. Research by the Harvard Business Review about boardroom diversity surveyed 294 women and 104 men in U.S. companies; 34 percent of women and 57 percent of men said that women bring fresh perspectives and diversity of thought (Groysberg and Bell 2013).

Globally, a growing body of evidence backs the business case that there is a positive relationship between gender diversity in boardrooms and companies' financial performance. Companies with more women on their boards were found to outperform their rivals with a 42 percent higher return in sales, 66 percent higher return on invested capital, and 53 percent higher return on equity (Joy et al. 2007). Box 1.2 provides additional evidence.

Box 1.1

Excerpt from "Human Resources: The Business Case for Diversity"

Of the more than 21,000 people Royal Bank of Canada has hired since 2006, 52 percent have been women and 26 percent have been "visible" minorities. It also actively recruits immigrants and has some 2,600 interpreters on call to help translate 180 different languages, including indigenous Canadian languages like Cree and Inuktitut.

"There's no reason a man can't do a better job of serving a female customer, or a Chinese Canadian can't do a better job of serving an East Indian customer," [Chief Executive Gord] Nixon says. "But as an organization, we need to ensure that our makeup reflects the overall makeup" of the customer base. "It just makes good business sense."

Source: (Kline 2010)

Box 1.2

Profit, Thy Name is... Woman?

Using *Fortune* magazine's list of the 100 most desirable employers of women MBAs, Pepperdine University researchers found that those firms outperformed the industry medians on every measure, such as the following:

- For profits as a percent of revenue, the results showed 55 percent of the companies were higher than the median, 36 percent were lower, and 11 percent were tied.
- For profits as a percent of assets, the results showed 50 percent were higher than the median, 28 percent were lower, and 23 percent were tied.
- For profits as a percent of equity, the results showed 59 percent were higher than the median, 30 percent were lower, and 11 percent were tied.

Source: (Adler 2009)

A study by Credit Suisse's Research Institute looked at over 2,000 global companies. Its results show that companies with female representation in the boardroom clearly outperform their peers in performance and share price. Also, the study shows that companies with greater gender diversity in their boardrooms tend to exhibit less share price volatility (Credit Suisse 2012).

Earlier research (McKinsey & Company 2007) also showed that companies perform best – organizationally and financially – when women are most strongly represented on the board or at the top management level. Companies with the most gender-diverse management teams outperformed the industry average in the following financial measures:

- 10 percent higher ROE (return on equity)
- 48 percent higher EBIT (earnings before interest and tax)
- 1.7x stock price growth

Also, increasing gender diversity is becoming high on the global agenda, with a growing demand from shareholders, consumers, and stakeholders. For example, pressure from shareholders drove Apple to make changes to diversify its board. Other social-networking companies, such as Facebook and Twitter, were also criticized for not having any female directors (Satariano 2014).

Blue-chip companies in London are also under scrutiny for their all-male boards, with pressure to bring in female directors. The scrutiny and pressure came from key investors and shareholders, such as the Local Authority Pension Fund. This resulted in companies such as Antofagasta and Glencore adding women to their boards (Hume and Aglionby 2014). Other companies, such as American Apparel, also are increasing the number of women on their boards to overcome various challenges (Duprey 2014).

### 1.3 Putting Jordan into perspective

In Jordan, women represent 15.60 percent of the labor force. Yet in publicly listed companies, where the average board size is eight members, only 3.54 percent of board members are women, and women hold only 21 percent of senior decision-making positions. Of the 237 publicly listed companies, 185 (78 percent) have no women on their boards.

In private shareholding companies, only 9.10 percent of board members are women, and women chair 2.56 percent of companies. Of the 930 companies, 717 (77 percent) have no women on their boards. These statistics are some of the lowest in the world, even compared to other Middle Eastern countries. By contrast, the percentage of females in top management positions in high-income countries is 23 percent and can be up to over 30 percent in countries such as the Philippines (World Bank Group 2015).





## 2 Objective of this Publication

This research aims to raise awareness on the representation of women in the boardroom and in senior decision-making positions in Jordan – and illustrate the potential importance and value of such diversity to companies.

The scope of the research is to:

1. capture the degree of female involvement in boardrooms and senior decision-making positions in the corporate world;
2. demonstrate the value of the presence women in the boardroom and senior decision-making positions; and
3. present some of the challenges that women face in reaching such decision-making positions.

The focus of this research is to assess whether a correlation can be made between gender diversity in the boardroom and the financial performance of Jordanian companies. We believed that such a correlation does exist, and we tested that hypothesis by collecting and analyzing gender-disaggregated company and board information.

There is some evidence that increased diversity (in all its forms) in the boardroom generally improves the performance of boards and in turn companies, as demonstrated earlier in Section 1.2. However, we were disappointed to discover that, for Jordan, there is insufficient annual data (quantitative or qualitative) reflecting the gender diversity of boardrooms in connection with the financial performance of companies. The latest data were from March 2006, at which time “... when the top 50 companies were ranked by size of their market capital ... there was a correlation ( $p = 0.032$ ) between size of market capital and the presence of women directors” (Singh 2006).

The objective of this research is to improve the awareness and understanding of the current status of Jordanian companies regarding gender diversity; to explore the possible correlation of gender diversity with financial performance – and the potential benefits; and to identify challenges associated with gender diversity in the boardroom and in senior decision-making positions. This report also includes some recommendations to address circumstances that came to light from the research.



- 4. KLO
- 5. LATI
- 6. LIBE
- 7. ILLIS
- 8. LINK
- 9. LOGU
- 10. MED
- 11. PUBB
- 12. SLDE
- 13.
- 14.
- 15.
- 16.

# 3 Research Methodology

In undertaking this research, we used a variety of formats to collect information, namely the following:

1. Desk research
2. Review of annual reports
3. Focus groups
4. One-on-one interviews
5. Online survey

## 3.1 Desk research

The desk research entailed the following:

- Identifying the total number of publicly listed companies, private shareholding companies, and limited liability companies that are still active in Jordan (*Table 3.1*);
- Discovering and quantifying those companies that have women on their boards;
- Collecting financial data from publicly available sources; and
- Analyzing the financial data for ROE and ROA.

## 3.2 Review of annual reports

This review focused on publicly listed companies and captured general information on each company's compliance with corporate governance codes and degree of interest in diversity in the boardroom. We also collected information on the size of boards in certain sectors and the number of women on the boards per sector, focusing on such sectors as banking, insurance, health, and so on.

Table 3.1  
*Numbers of Organizations in Jordan by Type*

Type of company	Companies registered	Companies still active
<b>Publicly listed companies</b>	237	237
<b>Private shareholding companies</b>	996	936
<b>Limited liability companies</b>	36,197	35,697

Source: Authors, based on data collected.



### 3.3 Focus groups

We held a total of six focus groups, each with a different target audience, as follows:

1. Only female senior executives and board members;
2. Senior executives and board members from family businesses;
3. Senior executives and board members from listed companies;
4. Senior executives and board members from not-for-profit organizations;
5. Senior executives and board members from companies and organizations based in a city outside the capital, Amman; and
6. Senior executives and board members from SMEs.

We selected participants for each focus group based on their experience, position, interest in supporting this research, and gender. Each focus group worked with a set of discussion points designed to ascertain the importance and value of diversity in the boardroom as well as the challenges involved. Input from the participants is integrated into the report. The set of discussion points can be found in Annex 3. *Table 3.2* summarizes the attendance at the focus groups.

Table 3.2  
*Details of Focus Group Participants*

No	Date	Target audience	No. of attendees	Men	Women
1	October 1, 2013	Female senior executives and board members	7	0	7
2	October 9, 2013	Senior executives and board members from listed companies	7	2	5
3	October 28, 2013	Senior executives and board members from family businesses	3	0	3
4	December 3, 2013	Senior executives and board members from SMEs	10	1	9
5	January 16, 2013	Senior executives and board members from not-for-profit organizations	8	6	2
6	January 23, 2014	Senior executives and board members from companies and organizations based in a city outside the capital, Amman	6	5	1

Source: Authors, based on data collected.



### 3.4 One-on-one interviews

In addition to collective data, we captured the opinions of key influential leaders in Jordan through individual interviews. A summary of those interviews can be found in Annex 4.

### 3.5 Online survey

To collect as much information as possible from a wider range of participants, JIoD administered an online survey. We circulated it online to over 300 senior executives and directors in Jordan, and 34 people (roughly 11 percent) responded. Here is the breakdown of those who responded to the online survey:

- 50 percent from publicly listed companies;
- 15 percent from not-for-profit companies; and
- 35 percent from private shareholding and limited liability companies.

Unfortunately, we were not able to break down the responses by sector. Where applicable, the relevant responses are integrated into the report.



## 4

## Benefits of Women on Boards and in Senior Positions

Obviously, not all board members, whether women or men, have the same impact, and not all necessarily bring an added value to the boardroom. Contributions of board members can depend on such factors as personality, commitment, education, professionalism, and many other traits. However, the presence of these variables does not diminish the need for a better understanding of the benefits of gender diversity, particularly in view of the lack of gender balance in boardrooms and senior decision-making positions in Jordan.

Participants from the focus groups agreed that women on boards add value. They noted, for example, that women are committed to work and prepare for meetings well; that they tend to be more detail oriented and more cautious than men, which can result in better performance; and that women often feel obliged to expend more effort, to prove themselves in front of male colleagues, which can drive them to improve their performance. On that last point, an article in the *Harvard Business Review* reports that 14 percent of men say women have to work harder to prove themselves (Groysberg and Bell 2013).

**The presence of women also influences the language used in boardrooms and the quality of conversations that take place in board meetings. We asked one of our interviewees, Maha Al Ali: *Do the dynamics change when there are women directors? Here is her response: "The dynamics certainly change. I feel that men on the board become more professional. They address matters more efficiently, and they do not joke as much as when there are women around."* (The text of the interview with Maha Al Ali appears in Annex 4.)**

Research shows two key benefits to having more gender diversity in the boardroom and in senior decision-making positions:

- Increased impact on corporate governance; and
- Positive correlation with the financial performance of companies

#### 4.1 Increased impact on corporate governance

Some data suggested that gender diversity had an impact on the degree of implementation of good corporate governance practices. This information came largely from annual reports, the online survey, and focus group discussions. From those sources, we ascertained that companies with increased gender diversity have, to a certain extent, more improved corporate governance implementation than companies without gender diversity in the boardroom.

In the focus groups, participants agreed that women on boards increase board effectiveness through better and more constructive discussions, thus ensuring a better decision-making process during board meetings. Charlotte Laurent-Ottomane of the Thirty Percent Coalition – an American lobbying group devoted to having women fill 30 percent of U.S. board seats by 2015 – is quoted as saying that “female board members are more likely to speak out, pose challenging questions, and encourage the entire group to become more collaborative and less hierarchical” (Rayasam 2013).

**There is also a perception that women are more detail oriented, tend to be more accurate, and have good follow-up skills, and that they are also less likely to take risks and are more committed to following internal regulations and laws. In an interview, we asked Lina Hundaileh: *In your opinion, what is the business case for focusing on gender diversity at the board level? She responded, "Diversity leads to excellence in business, less corruption, and more proactive and productive boards."* (See Annex 4 for the full interview.)**

We also found a consensus that women tend to be less corruptible than men. A 2010 Insync survey had similar results, finding that board members on gender-diverse boards believe that they have directors who act with greater integrity (Barnett, Morley, and Piterman 2010).

**Do all of these traits make women well suited and effective as board members and in senior decision-making positions? We asked Suhail Jouaneh: Do the dynamics change when there are women directors? Here's what he said: "It was good to see women reaching such positions with their qualifications and professionalism. The dynamics certainly change, as male domination seemed to decrease, which enhances the implementation of decisions." (See Annex 4.)**

Women tend to be more outspoken and have higher commitment, which creates an atmosphere that pushes their male colleagues and challenges them. An NBC News report asserted that even one woman on the board makes a difference (White 2014):

*"One of the key attributes boards need to look for is women who ask really good questions,"* said Jim Alampi, CEO of executive leadership firm Alampi & Associates, who suggested women are more willing to ask questions and challenge the status quo.

*"Even if she doesn't think of herself as breaking new ground... she's going to ask questions men stopped asking years ago or wouldn't think to ask,"* he said.

Women have an impact on the corporate governance performance of the board through the dynamics of discussions and the quality of decision making. They take a more collaborative approach, and boards with women are likely to conform to best practices in board evaluations, codes of conduct, conflict of interest, and remuneration in alignment with performance (Braund 2011).

**We asked Maha Al Ali: In your opinion, does diversity lead to good corporate governance practices or does good corporate governance lead to more diversity? She responded, "Diversity leads to good corporate governance, because it brings in more ideas, as men might be concerned with maintaining strong internal control, while women might be concerned more with succession and developing senior staff, which would lead to better corporate governance." (See Annex 4.)**

Participants in the focus groups generally agreed that companies with at least one woman in their boardroom have the following characteristics:

- Better risk-management processes;
- Better performing boards;
- Better meetings (in structure, time, and record keeping);
- More committees; and
- Better representation of issues – the bigger picture.

The focus groups provided the following reasons for the better performance of companies that include women on their boards:

- Board members come to meetings better prepared, therefore the board meetings are more effective.
- Women are less risk averse and more detail oriented, which results in better risk management and more careful decision-making processes.
- Women have a more collaborative approach.

A *Harvard Business Review* survey (Groysberg and Bell 2013) asked board members what they thought their strengths as board members were. In general, women responded that their strength is in their ability to communicate effectively. Women also are more likely than their male counterparts to ask tough questions or move boardroom discussions forward in skilled and effective ways. Male and Female survey respondents also voted on their strengths and weaknesses as board members and the responses are listed in *Table 4.1*.

Table 4.1  
Comparative Strengths of Female and Male Board Members

	% of women	% of men
Industry and business experience	38	43
Leadership and strategic vision	30	27
Board and governance experience	25	24
Communication	25	17
Finance and investment expertise	24	29
Relationship skills and people management	18	16
Operations experience	14	22
Marketing and sales	13	9
Preparations and organization	10	1
Risk management	5	1
Global experience	5	16
M&A	3	5
Technology experience	3	3
HR and talent management	3	5
Commitment and passion	3	6

Source: (Groysberg and Bell 2013)



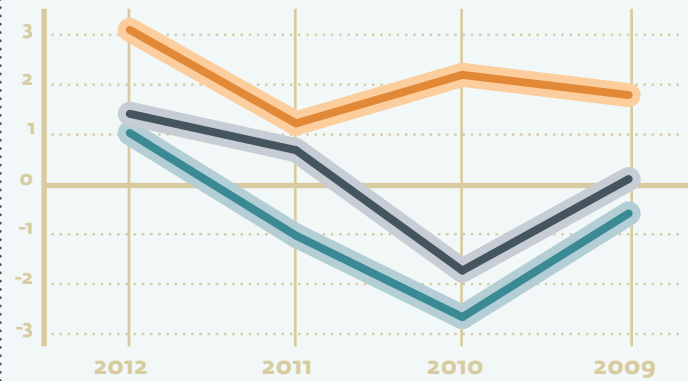
One area of disagreement is whether it matters how many women are serving on a board. Some people argue that the number of women in the boardroom does make a difference and that gender diversity doesn't really kick in until there are enough women on the board to reach "critical mass" of three or more (Kramer, Konrad, and Erkut 2006). According to this point of view, a lone woman is a mere token.

Yet other research suggests that even one woman in the boardroom makes a difference. Of the companies in Jordan that have women in the boardroom, 81 percent (42 out of 52 of publicly listed companies and 173 from 213 of private shareholding companies) have only one. Therefore, we can assume that, of the participants in our focus groups and respondents to the online survey that represent companies with women in the boardroom, the majority are from companies with one woman in the boardroom. Based on the results and opinions shared, we may conclude that some gender diversity is better than none.

#### **4.2 Gender diversity and financial performance of companies**

It is almost impossible to establish with complete certainty that the improved ROA and ROE in companies with women in the boardroom is directly correlated with gender diversity. However, it appears that diversity plays a role in promoting improved financial performance of companies and is reflected in ROA and ROE. *Tables 4.2 and 4.3 and Figures 4.1 and 4.2* suggest a correlation.

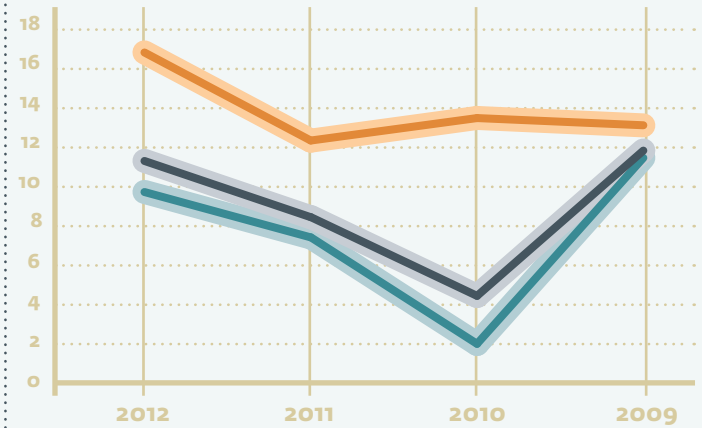
Figure 4.1  
ROA of Listed Companies (2012–2009)



**With woman**  
**Average**  
**Without women**

Source: Authors, based on data collected.

Figure 4.2  
ROE of Listed Companies (2012–2009)



**With woman**  
**Average**  
**Without women**

Source: Authors, based on data collected.

Table 4.2  
ROA (2012–2009)

	2012	2011	2010	2009
<b>With woman</b>	3.03	1.18	2.14	1.74
<b>Average</b>	1.37	0.65	-1.73	0.08
<b>Without women</b>	0.99	-1.04	-2.65	-0.60

Source: Authors, based on data collected.

Table 4.3  
ROE (2012–2009)

	2012	2011	2010	2009
<b>With woman</b>	17.51	12.67	13.90	13.52
<b>Average</b>	11.54	8.45	4.12	12.11
<b>Without women</b>	9.83	7.34	1.48	11.71

Source: Authors, based on data collected.



## 5

## Analysis of the Financial Impact of Gender Diversity

This chapter examines the impact of gender diversity on the financial performance of companies that have women on their boards. It offers a cross-sector analysis of publicly listed companies and private shareholding companies.

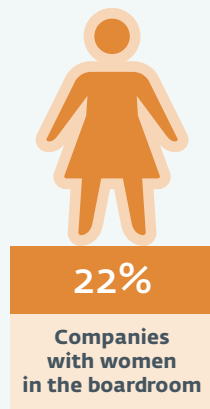
### 5.1 Gender diversity on boards of publicly listed companies

There are 237 publicly listed companies trading on the Amman Stock Exchange. Of those, only 52 companies (22 percent) have women on their boards. (See Figure 5.1.)

The 237 publicly listed companies represent a total of 1,866 board members. Only 66 of them (3.54 percent) are women. (See Figure 5.2.)

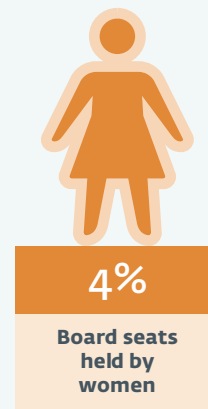
The average board size of the 237 companies is eight members, and 185 of the companies (78 percent) do not have any women on their boards. Of the 52 companies that have at least one female board member, 42 companies (17.72 percent of listed companies) have one woman, eight companies (3.40 percent of listed companies) have two women, one company (0.42 percent of listed companies) has three women, one company (0.42 percent of listed companies) has four women on its board. (See Figure 5.3.)

Figure 5.1  
Companies with Female Representation  
in the Boardroom



Source: Authors, based on data collected.

Figure 5.2  
Percentage of Board Seats by Gender  
for Listed Companies in Jordan



Source: Authors, based on data collected.

Figure 5.3  
Number of Publicly Listed Companies with Women on the Board



Source: Authors, based on data collected.

Participants in the focus groups linked the weak representation of women on boards in Jordan with the general unemployment rate, which is 10.6 percent for males and 22.2 percent for females (Jordan Department of Statistics 2013). Unemployment for those who hold a bachelor's degree or higher was 26.9 percent of men and 73.8 percent of women, with variations within those categories according to the level of education. Limited representation of women on boards may also be linked to investment practices. Few women invest in shares of companies.

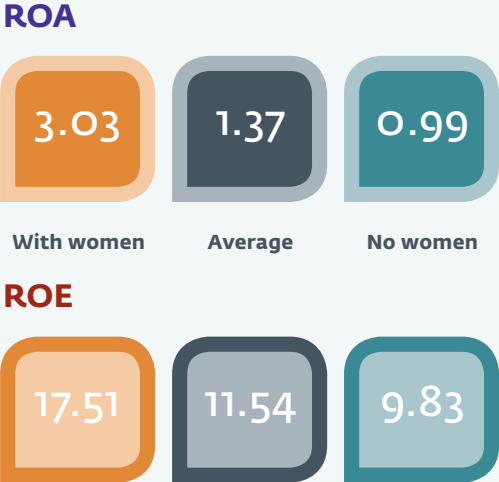
Section 6.3 will present further analysis, by sector, of the data cited above, along with the financial correlation, taking into consideration the different expectations of each sector. However, in an overall review there were some key findings – for ROA, ROE, women in senior management, and deposits owned by women – that we will note in this section.

**Return on assets**

Even with such nominal representation, we found a correlation between the presence of women on boards and the financial performance of companies. For example, the average ROA for companies in 2012 was 1.37. For companies without female representation it was 0.99, and for the 52 companies with female representation, it was 3.03 – indicating that companies that have women on their boards have above-average performance, and companies without women on their boards have below-average performance. (See Figure 5.4.)

We further broke down the assessment of ROA for companies with women in the boardroom, based on the number of female board members. In ROA, the company with four women on the board performed best, with an ROA of 11.74. And all companies with at least one woman performed well above the average ROA. (See Figure 5.5.) The data trend holds true from 2009 to 2012. A breakdown of the data in the previous years can be found in Annex 5.

Figure 5.4  
**ROA and ROE for Companies in Jordan with and without Women on Boards (2012)**



Source: Authors, based on data collected.



Figure 5.5  
Comparing ROA and ROE; Based on Number of Women on Boards

### ROA



### ROE



Source: Authors, based on data collected.

### Return on equity

We identified a similar correlation for ROE. The average ROE for listed companies in 2012 was 11.54, and for companies without female representation it was 9.83. However, for companies with one or more women on their boards, the ROE was 17.51. (See Figure 5.4.)

ROE data for companies with women on the board show that companies with two women in the boardroom performed best, with an ROE of 22.06. The company with three women in the boardroom performed just a little below market average<sup>2</sup>, while all other companies with women on boards performed well above market average. (See Figure 5.5.) The data trend holds true from 2009 to 2012. A breakdown of the data in the previous years can be found in Annex 5.

<sup>2</sup> This is a financial services company, and no additional research was done to assess this data anomaly.

### **Women in senior management**

Based on the data just presented, it is difficult to justify resistance to gender diversity in the boardroom. To better understand the minimal representation of women in high-level positions in Jordanian companies, we used publicly available information, such as companies' reports and information disclosed to ASE, to research the number of senior management seats held by women. We found that women hold only 21 percent of the senior management positions in publicly listed companies. (See Figure 5.6.)

One of the criteria in choosing a board member is the candidate's professional position. It is especially advantageous for the prospective board member to have served as a CEO or general manager. Given that there are few women in senior management positions, it is harder for women than men to be considered for a board post.

Although the low representation of women in senior management positions helps explain why there are not many women in the boardroom, it does not fully explain how low the numbers actually are. For instance, only 3.54 percent of board members are women, and only 2.60 percent of privately held companies have a female chair. (For more on this topic, see Section 6.2.)

Another factor to consider is that, although 21 percent of women are in senior positions, the influence of these positions may vary. Many of them are not on a path that can lead to the boardroom. A 2014 Credit Suisse research report contended that some senior positions "reflect less influential positions in the management's structure... The relative scarcity of women overseeing product lines or entire business units risks slowing their advance to the very top. Even when looking at management structures – aside from boards – women appear to have more supervision than direct influence" (Credit Suisse 2014). Table 5.1 illustrates findings from the Credit Suisse research, and Box 5.1 provides a more personal view.

Several of the participants in our focus groups suggested that some companies discriminate against married women. Such discrimination limits the opportunities for a married woman to grow in her career, hence limiting her chance of rising to an executive position and in turn the boardroom. There appears to be a perception that single women are more devoted to work and so they deliver better than married women. In upper management, single women and men have almost the same opportunities and options, while married women have fewer opportunities and options compared to married men.

Type of industry also can be a factor in the rise of women to decision-making positions. Banking, for example, encourages women to advance and makes it easier for them to gain access to executive management and to boardrooms. In some other sectors, such as industrial, it is harder for women to advance. However, some professional women have a better understanding of specific industries, especially when the beneficiaries or targeted groups are females. Therefore, they bring a perspective that adds value.

Also, we cannot overlook the role that company culture plays in women's professional advancement in Jordan. Companies with a foreign influence, for example, or international organizations have values and systems that support women representation more than local organizations.

Table 5.1  
Women in Senior Management Positions, by Function and by Region

	Shared Services	CFO/ strat	Ops	CEO	Total
North America	26.6%	15.6%	10.8%	3.3%	15.0%
Europe	23.1%	18.9%	11.4%	3.5%	14.7%
EMEA	23.7%	12.6%	7.8%	1.9%	11.4%
Latin America	17.3%	11.2%	7.4%	2.0%	9.1%
Developed Asia	22.9%	18.5%	6.7%	4.4%	12.6%
Emerging Asia*	22.7%	22.7%	13.1%	6.6%	10.4%
Global average	18.9%	17.5%	8.5%	3.9%	12.9%

\*Excluding South Korea

Source: (Credit Suisse 2014)

Box 5.1  
Why More Women Aren't on Boards

Research by the Harvard Business Review asked this question: Why aren't more women on boards? Here are two of the responses:

- "Women are not thought of first as candidates unless a board is looking for gender diversity specifically."
- "I'm not part of the old boys' network. Directorships go to people who are known. I've been so busy leading my company and raising my family that I'm less well known."

Source: (Groysberg and Bell 2013)

### Deposits owned by women

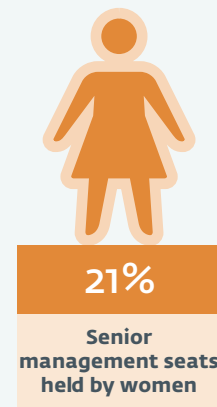
Some of the male participants in our focus groups suggested that one of the reasons for not selecting women to serve on boards is that they lack economic power, since most of them are not major shareholders. These men felt that women should have some economic influence, such as owning stocks or shareholdings, before they can reach senior levels.

The governance system in Jordan and current regulations do require directors to have a certain level of shareholding to be nominated, which means that only women with shares can be directors. Alternatively, women can be nominated as directors on behalf of corporate shareholders; however, in this case, they would need to be in senior positions to be nominated.

From the online surveys of publicly listed companies, we learned that most women who attain high-level positions are representatives of various shareholders and accordingly are not there based on their own capital. Therefore, their lack of capital, or nominal holdings, should not be hindrance for women in accessing boardrooms.

To better understand female representation in publicly listed companies, we researched the share ownership by women. The Securities Depository Centre analyzes deposited ownership by investor type (individuals, corporate, and joint) and then by nationality. Individual ownership is further divided by gender. The total value of deposits owned by individuals amounts to 30.497 percent – 6.357 percent by women (foreign and Jordanian) and 24.140 percent by men (foreign and Jordanian). The total value is approximately 5.494 billion Jordanian dinars JD, JD 1.145 billion of which is owned by women and JD 4.349 billion of which is owned by men (Jordan Securities Commission no date).

Figure 5.6  
Percentage of Senior Management Positions by Gender in Listed Companies (2012)



Source: Authors, based on data collected.

Of the deposits owned, categorized by gender, Jordanian women own 4.896 percent of the value, and Jordanian men own 19.376 percent. The total value is approximately JD 4.372 billion, with women owning JD 882 million and men owning JD 3.49 billion (Jordan Securities Commission no date). *Figure 5.7* provides additional information.

We asked board members what, in their opinion, helped them become board members, and 57 percent of the respondents said their level of previous experience is what helped them, 14 percent said it was their competencies, 14 percent said it was their ownership of shares, and 14 percent said “other,” which includes reasons such as family relationships. None of the respondents said that it was their relations and network, specific technical knowledge, or their political engagement.

From the online survey, 42 percent of board members said their professional experience comes from executive management, followed by 17 percent from a public relations background. So it would be a mistake not to highlight the importance of having women in senior executive positions if they are to get into the boardroom.

## 5.2 Gender diversity in private shareholding companies

Two types of shareholding companies are permissible in Jordan: a limited liability company and a private shareholding company. Simply put, the difference between them is that a private shareholding company has the flexibility to have varying governance structures and allows for preferential shares, if necessary, to streamline the company to become a publicly listed company or attract foreign investors.

It was very difficult to collect data for private shareholding companies and limited liability companies because of the minimal public disclosure of information required by law. There are 936 active private shareholding companies and 35,697 active limited liability companies in Jordan. This analysis is limited to private shareholding companies and based on publicly available information on the Companies Controller’s Department’s (CCD) website<sup>3</sup>. We collected more qualitative information from focus group discussions.

Of the 993 private shareholding companies in Jordan, 936 were still operational at the time we conducted this research. It is worthy to note that not all private shareholding companies are required to have a board, and there are six companies that do not. Of the 930 companies with boards, 213 companies (22.75 percent) have women in their boardroom. (*See Figure 5.8.*)

The 930 private shareholding companies have a total of 3,126 board members. Of those, only 284 (9.1 percent) are women. (*See Figure 5.9.*)

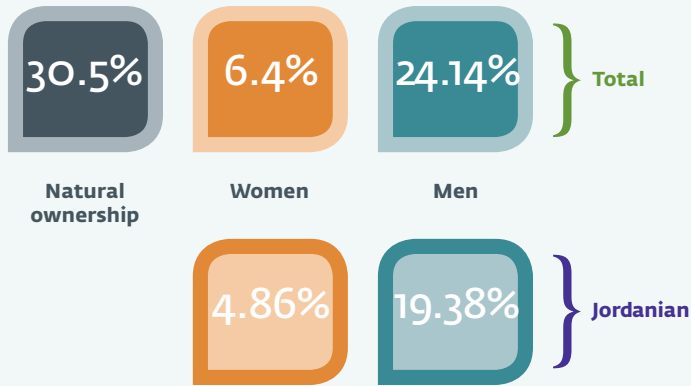
Of the 930 private shareholding companies, we learned that there are 24 female chairs, which translates to female leadership in 2.6 percent of companies. (*See Figure 5.10.*) This low percentage underscores the lack of female presence in leadership positions, a circumstance that some companies believe should be addressed.

Of the 930 private shareholding companies, 717 companies (77 percent) do **not** have any women on boards. Of the 213 companies that do have women board members, 173 companies (18.48 percent) have only one woman in the boardroom; 36 companies (3.85 percent) have two women; three companies (0.32 percent) have three women; and only one company (0.11 percent) has four women in the boardroom. (*See Figure 5.11.*)

<sup>3</sup> <http://www.ccd.gov.jo/> or (English) [http://www.sdc.com.jo/english/index.php?option=com\\_content&task=view&id=397&Itemid=67](http://www.sdc.com.jo/english/index.php?option=com_content&task=view&id=397&Itemid=67).

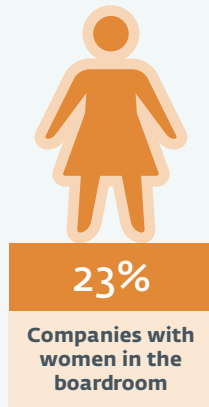


Figure 5.7  
Value of Deposits Owned in ASE for Natural Persons, by Gender



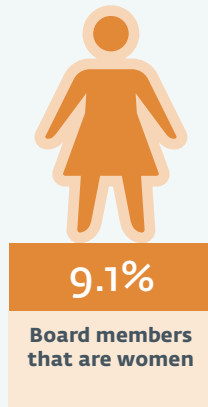
Source: Authors, based on data collected.

Figure 5.8  
Private Shareholding Companies with Women in the Boardroom



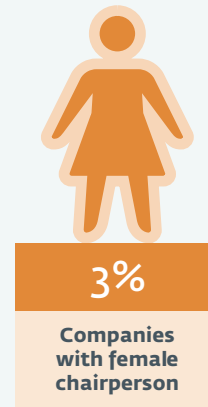
Source: Authors, based on data collected.

Figure 5.9  
Percentage of Board Seats by Gender in Private Shareholding Companies



Source: Authors, based on data collected.

Figure 5.10  
Percentage of Private Shareholding Companies with Female Chairs



Source: Authors, based on data collected.

Figure 5.11  
Number of Companies with Women on Boards



Source: Authors, based on data collected.

### 5.3 Cross-sector analysis

In view of the limited information available for private shareholding companies, we decided to focus on publicly listed companies for further sector analysis. Our analysis took two routes, as follows:

- Based on ASE's sector division (banking, insurance, financial services, industrial, and services); and
- Based on sectors where women have a high presence compared to where women have no presence.

#### **Sector analysis based on ASE sectors**

A generic sector analysis, built on the ASE sector divide, demonstrates a positive correlation between female representation in the boardroom and the financial performance of companies in all sectors. *Table 5.2* shows a summary of the ASE sectors.

Credit Suisse research mapped more than 28,000 senior managers at over 3,000 companies in 40 countries. *Table 5.3* provides a global comparison of female representation on boards in those countries, by sector (Credit Suisse 2014).

It appears that Jordan's female representation in the boardroom is well below the global average by sector as well. However, even with such minimal representation, raw data suggest that companies with women in the boardroom outperform companies without any women representation in the boardroom. *Tables 5.4* and *5.5* summarize sector performance for the years 2012 and 2011, respectively. A more detailed sector analysis based on ASE sectors can be found in Annex 7.

#### **Sector analysis: High female presence versus no female presence**

Our research showed that women have the highest representation in the health (10.71 percent) and education (7.14 percent) sectors, compared to many sectors where women have no representation at all, such as engineering and communication and technology. A breakdown of female representation in additional sectors can be found in Annex 8. We chose to analyze gender diversity within the sectors where women have a high representation (health and education) against sectors without female representation (engineering and communication and technology).

#### **Health sector**

The health sector has a total of four companies, and three of them have one female board member each. The four companies have a total of 28 board members, only three of which are women – a representation rate of 10.7 percent. We compared the companies' ROA and ROE. On average, the companies with women outperformed the company without women in 2012. But in 2011, they performed below average. (See *Table 5.6*.)

#### **Education sector**

There are six companies in the education sector. Three of them have women on the board. Two of those three companies have only one woman on the board, and the third has two women on the board. The six companies have a total of 56 board members, only four of whom are women – a representation rate of 7.1 percent. We compared the companies' ROA and ROE. On average, companies with two women outperformed the other companies in 2012 and 2011; companies with only one woman performed below average in 2011 and 2012. (See *Table 5.7*.)

Table 5.2  
Summary of Sectors in ASE

	Number of companies	Number of companies with women representation	Percentage of women representation
<b>Banking</b>	15	7	5.20% (8 of 155)
<b>Insurance</b>	26	7	4.00% (9 of 223)
<b>Financial Services</b>	34	8	3.97% (10 of 252)
<b>Services</b>	57	15	4.32% (20 of 463)
<b>Industrial</b>	70	8	1.86% (10 of 538)

Source: Authors, based on data collected.

Table 5.3  
Percentage of Women on Boards, by Industry

	2010	2011	2012	2013
<b>Consumer discretionary</b>	10.6%	11.3%	12.4%	13.4%
<b>Consumer staples</b>	13.3%	14.2%	14.9%	16.3%
<b>Energy</b>	6.7%	7.7%	8.3%	9.4%
<b>Financials</b>	11.3%	12.0%	13.0%	14.8%
<b>Healthcare</b>	11.7%	12.4%	12.9%	14.1%
<b>Industrials</b>	7.8%	8.7%	9.9%	11.0%
<b>Materials</b>	6.8%	7.7%	8.6%	10.0%
<b>Technology</b>	8.1%	8.4%	9.0%	10.9%
<b>Telecoms</b>	11.1%	11.0%	12.4%	14.2%
<b>Utilities</b>	10.6%	11.0%	12.0%	14.4%
<b>Total</b>	9.6%	10.3%	11.3%	12.7%

Source: (Credit Suisse Research)

Table 5.4  
Summary of Sector Performance in ASE in 2012

	Performance against average for companies without women		Performance against average for companies with women	
	ROA	ROE	ROA	ROE
<b>Banking</b>	0.06	1.41	-0.07	-1.56
<b>Insurance</b>	-0.24	-4.88	0.71	14.66
<b>Financial Services</b>	-2.02	-3.29	5.54	9.45
<b>Services</b>	-0.69	-0.44	1.85	2.37
<b>Industrial</b>	-0.25	-0.44	1.76	3.10

Source: Authors, based on data collected.

Table 5.5  
Summary of Sector Performance in ASE in 2011

	Performance against average for companies without women		Performance against average for companies with women	
	ROA	ROE	ROA	ROE
<b>Banking</b>	-0.13	0.18	0.15	-0.21
<b>Insurance</b>	0.30	4.19	-0.95	-13.26
<b>Financial Services</b>	-0.78	-1.03	2.34	3.11
<b>Services</b>	-1.48	-1.61	4.31	4.77
<b>Industrial</b>	-0.077	-0.684	0.57	6.41

Source: Authors, based on data collected.

### Communication and technology sector

There are two listed companies in the communication and technology sector, with total of 13 board members. (See Table 5.8.)

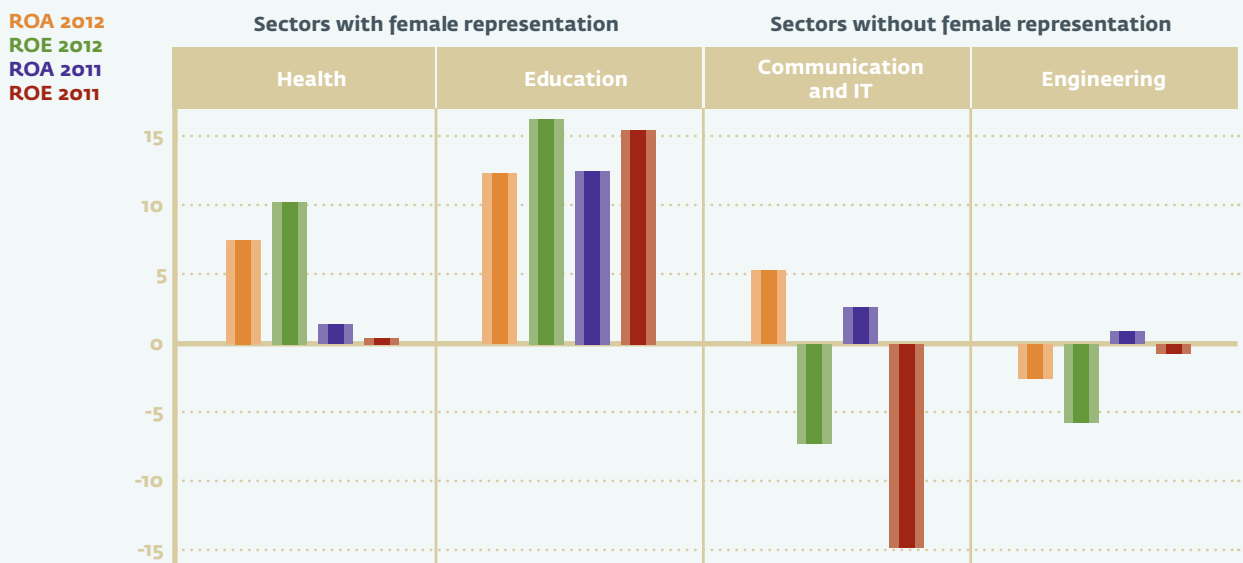
### Engineering sector

There are seven listed companies in the engineering sector, with a total of 72 board members. (See Table 5.9.)

The above data show little correlation of gender diversity with companies financial performance. If anything, it shows that companies with female representation are performing below average.

Nonetheless, it appears from the sectors selected for evaluation that sectors with female representation (health and education) outperformed sectors without any female representation (communication and technology and engineering). Also, it appears that the education sector, with companies that had more than one woman in the boardroom, outperformed the health sector, with only one women in the boardroom. (See Figure 5.12.)

Figure 5.12  
Analysis of Performance of Different Sectors with and without Women Representation



Source: Authors, based on data collected.

Table 5.6

## Summary of Health Sector Performance

	Return on assets		Return on equity	
	2012	2011	2012	2011
Average performance	7.58	1.53	10.42	0.05
Average without women representation	5.80	5.18	9.87	7.41
Average with women representation	8.17	0.32	10.60	-2.40

Source: Authors, based on data collected.

Table 5.7

## Summary of Education Sector Performance

	Return on assets		Return on equity	
	2012	2011	2012	2011
Average of all companies	12.57	12.59	15.63	16.38
Average, companies without women	12.33	13.37	15.27	17.45
Average, companies with one woman on the board	11.81	10.31	13.98	12.98
Average, companies with two women on the board	14.80	14.80	20.02	20.01

Source: Authors, based on data collected.

Table 5.8

## Summary of Communication and Technology Sector Performance

	Average all companies 2012	Average all companies 2011	Average companies without women 2012	Average companies without women 2011
ROA	5.38	2.87	5.38	2.87
ROE	-7.22	-14.71	-7.22	-14.71

Source: Authors, based on data collected.

Table 5.9

## Summary of Engineering Sector Performance

	Average all companies 2012	Average all companies 2011	Average companies without women 2012	Average companies without women 2011
ROA	-2.43	1.00	-2.43	1.007
ROE	-5.68	-0.73	-5.68	-0.73

Source: Authors, based on data collected.





## 6

## Link between Gender and Financial Performance

While the data suggest a positive correlation between having women in the boardroom and the financial performance of companies, we acknowledge that we cannot state that women in the boardroom are the reason behind improved performance, since we cannot identify a direct connection between gender and financial performance or provide any form of solid evidence to support such a connection. Data do not exist to answer some key questions, such as the following:

- Is it a mere coincidence that women are in the boardrooms of companies that are more successful?
- Do women tend to join companies that are more successful?
- Are companies that are more successful more inclined to bring in women to serve on their boards?
- Do women have an impact on the performance of companies?

However, it would be valid to assume, based on the data, that there is some connection between the improved performance of companies and having women in the boardroom. Therefore, we contend that there is a connection between gender diversity and the financial performance of companies, for various reasons, such as the following:

### 1. Improved diversity ensures greater effort across the board.

Having women in the boardroom encourages the board to perform better and therefore affects the financial performance of the company. Women's role in this dynamic may be to facilitate better discussions, encourage more innovative thinking, ask the difficult questions, challenge the status quo, and so on – resulting in better decisions. Does this mean that the women in the boardroom made a better decision or played a role in bringing about a better decision? Also, to what extent was the women's role critical? These causality questions are very difficult to answer.

### 2. Diversity provides for a mix of leadership skills.

Neither gender is intrinsically better than the other. However, speaking in generalities, each gender does bring in a different skill set and mindset. Having women in the boardroom enables the board to manage broader issues and consider different perspectives, resulting in a more well-rounded approach to decision making. For example, NASA has completed various studies on the impact of mixed-gender crews. The studies found that women's leadership styles were characterized by task orientation, mentoring others, and concern with the needs of others, while all-male expeditions were characterized by competitiveness and little sharing of personal concerns. According to NASA, crew members reported a general sense of “calmer missions” with women on board. Also, 75 percent of male crew members noted a reduction in rude behavior.

### 3. Diversity reflects a better understanding of the stakeholders.

Women represent a large part of the population. Having women in the boardroom to speak to and better understand consumers is an advantage that can steer decisions toward increased success and better performance. Such input that can affect decisions in the boardroom can also affect the direction and performance of companies. (See Box 6.1.)

Box 6.1

#### ***Women Appealing to Stakeholders***

**A 2011 study by a management professor at the Karlsruhe Institute of Technology found no relationship between women in the boardroom and the stock market performance, with two exceptions: consumer-oriented companies (because women tend to control household purchases, and other women understand what appeals to them) and companies with a large female workforce (because women can hold onto talent better and decrease employee turnover).**

Source: (KIT 2011)





## 7

## Challenges for Women in Jordan

To gain better insights into the cultural influences on women in board and upper-management positions, and the challenges they face, we asked our participants for their views on the subject. The following are summaries of some of the key points they made:

- Participation of women at high levels is a result of their ambition to reach top management. However, some women lack this ambition and enter the job market merely to supplement their family incomes or to become financially independent; these women are not likely to make the effort to attain a senior position. *(See Box 7.1.)*
- Some women with good educational backgrounds and career paths lose their credibility at work because of their feminine characteristics. For instance, they approach decisions emotionally instead of professionally and take issues more personally.
- Young women often have no clear objectives and take no practical steps toward building a career path, and some of them consider working as a chance to find their life partner or for guaranteeing a particular level of financial independence.
- When women do get to boardrooms, they have to deal with the negative attitudes of some male board members who just look at them as women, not taking into consideration their professional qualifications. A female board member typically must prove herself before her colleagues start to see her as a peer.
- Women should be encouraged to perceive themselves as equal to men, and the corporate world should place more trust in them.

We reiterate that these points are the opinions of some of the participants in the focus group and not evidence based on data. However, we include them here as a representative sample of current views on professional women in Jordan.

Box 7.1

#### **Conflicting Data about How Ambitious Women Are**

On the one hand, there is evidence that women are not as ambitious as men. Some survey data show particular character traits that are likely to impede professional progress for women, and women appear to have lower professional ambitions than men. According to a *Harvard Business Review* survey, only 15 percent of highly qualified women aspire to positions of power, as compared to an average 27 percent of men. A 2011 survey of 3,000 members of the Institute of Leadership and Management suggested that women's aspirations to lead and manage were well below that of their male colleagues for all working ages: in the survey, only half of women said they expected to become managers, versus nearly two-thirds of men (Credit Suisse 2012).

On the other hand, there is evidence that women are more ambitious than men and have clearer career paths than men (Groysberg and Bell 2013). But cultural influences appear to be a factor. For example, one survey found that 85 percent of women in India and 92 percent of women in the United Arab Emirates consider themselves very ambitious. The same survey found that 63 percent of women in Russia and 65 percent of women in China consider themselves ambitious, compared to only 36 percent of U.S. women (Hewlett and Rashid 2010).

Source: (Credit Suisse 2012, Groysberg and Bell 2013, and Hewlett and Rashid 2010)

The many challenges and barriers preventing women from getting to the boardroom can be grouped into four categories:

- Cultural
- Capacity
- Interpersonal
- Appointment process

## 7.1 Cultural

Cultural barriers are perhaps the hardest to capture. In an attempt to do so, we further divided them into different components: society, sheer numbers, financial ability, and social (unconscious) bias.

### **Society**

Within society, values may be driven through religion. A view held by many Jordanians is that the role of women should be confined to the family and household and should not extend to the business world and workplace. Other barriers come from the corporate culture of companies and the way organizations operate. Corporate culture in Jordan appears to limit the growth, development, and advancement of women (Scheme 2013).

Women in Jordan are expected to manage a lot of their family-related responsibilities, which creates pressure on them because it is hard to balance professional and family responsibilities (Jordan Department of Statistics 2013b). Further, some families put enormous pressure on young professional women, preventing them from working long hours, encouraging them not to take evening shifts, and so on, which hinders them from taking on more responsibilities and reaching higher management levels. Some professional women who reach middle management sometimes have to leave their posts because of family or social pressures (Jordan Department of Statistics 2013b).

But it is not just others' perceptions of female employees that create potential barriers to promotion; more women than men choose to opt out of a professional career to have – or look after – a family. This automatically reduces the talent pool that managers can choose from and limits the number of women available for board positions (Credit Suisse 2012).

### **Sheer numbers**

Part of the reason women are not accessing boardrooms in Jordan is that they are generally underrepresented in the workforce. Jordan's population is 51.5 percent males and 48.5 percent females. Yet only 15.6 percent of Jordan's permanent fulltime employees are female, and only 13.2 percent of women are in the labor force. The female unemployment rate is 22.2 percent, compared to the male unemployment rate of 10.6 percent (Jordan Department of Statistics 2013c). Women's low participation in the workplace leaves women in Jordan not only without professional exposure, experience, and networks, but also without financial power, making it generally difficult for women to reach senior decision-making positions. Also, women are concentrated in certain fields such as education (41.0 percent), health and social work (14.7 percent) and public administration (14.1 percent) (Jordan Department of Statistics 2013b).



### **Financial ability**

Some family cultures hinder women members from participating in family capital management, fearing interference from external members (spouses of female family members), as they consider them strangers when it comes to family business or money issues. Moreover, some male family members prefer to divide the fortune and exclude females from any family business; accordingly, women are excluded from being business partners, managers, or board directors.

This insufficient financial ability is made worse by the fact that women invest only nominally in shares and so have limited representation in companies. For example, Jordanian women own 4.896 percent of the value of security deposits versus 19.376 percent owned by Jordanian men (Jordan Securities Commission no date).

### **Social (unconscious) bias**

Social bias exists in Jordan, consciously or in many instances unconsciously. Many experiments, such as the following, have verified the presence of bias:

Harvard Business School ran a gender-based experiment on students entering its MBA program in 2011 - 2013. The objective was to ascertain why fewer women were making the top 5 percent, even though both men and women had comparable test results when entering the program.

The team conducting the experiment began by eliminating unconscious grading and memory bias in the classroom. First, they noted that male-dominant behavior in classroom participation did two things: 1. it affected the professor's memory of classroom participation, and 2. it minimized female participation. To counterbalance this male dominance, they introduced court stenographers and provided hand-raising coaching to female students. The team also found that female students were socially conditioned to choose between academic and social success, while for men these aspects were closely intertwined.

After the two-year experiment, the gender gap in performance narrowed dramatically, and women made up 40 percent of the top 5 percent at graduation. However, it was difficult to know with certainty why this change occurred. *The New York Times* analyzed the experiment and identified three possible potential drivers for this change: 1. efforts to reduce unconscious bias in grading through the court stenographer and hand-raising techniques; 2. creating an improved environment inside and outside the classroom to create more welcoming surroundings for women; and/or 3) an easing of grading on women. It is most probably a combination of all three, but the key takeaway is that in an unbiased environment women can narrow the gender gap considerably (Kantor 2013).

Another study confirmed that behavior patterns are generally perceived differently for men and women. For example, an ambitious male is seen as wanting to succeed, as driven, and as someone with leadership potential; a similarly ambitious woman is often dismissed as not a team player and as someone difficult to manage (Credit Suisse 2014).

Another study, by the Harvard University John F. Kennedy School of Government, revealed the specific impact of stereotyping in the boardroom. The study gave two groups of MBA students separate case studies that were identical in all but one detail: the chief executive was named John in one and Jane in the other. The students evaluated the performance of Jane more severely than the performance of John, even though the two had delivered exactly the same performance. The perception embodied in the stereotype is that men are better leaders than women (Credit Suisse 2012).

This social bias exists everywhere, including Jordan. For example, if a women applies for a job that is traditionally a male-dominated post, she is not likely to be considered for such post, even if she is as qualified as the male applicants (Scheme 2013).

## 7.2 Capacity

Of course, not all women (or men, for that matter) have the capacity, training, and necessary skills to become board members. However, certain factors assist people in attaining board membership and senior decision-making positions. Two key factors are education and training.

### Education

According to education data in Jordan, women are as educated as men in general; 51 percent of women have an intermediate diploma, a BA degree, or higher. However, the disciplines most favored by women differ from those pursued by men.

For example, substantially more women than men enter into the educational sciences (22.5 percent versus 5.8 percent for men) and the humanities (23.8 percent versus 14.0 percent for men), while substantially more men enter into engineering, manufacturing, and construction (17.1 percent versus 4.3 percent for women) and services (4.1 percent versus 1.4 percent for women).

It is interesting to note that the female and male graduates are comparable in the social sciences, business, and law. But those fields are still more preferred by men (34.0 percent versus 22.3 percent for women).

Based on the above data, women seem to be confined to education in certain sectors that offer limited opportunity to advance to senior decision-making posts in key sectors such as engineering, manufacturing, and construction.

### Training

Women tend to receive less on-the-job training than men. Research undertaken in Jordan in 2013 about corporate social responsibility and gender (Scheme 2013), found that companies inadvertently invest more in the training of their male employees than their female employees. In one example, internal training was provided and accessible to all employees; however, external training was provided to 29 percent of the men and only 17 percent of the women.

Most of the companies in the study made the in-house training open to all employees equally. However, the timing and location of such training made it inaccessible to some of the female employees. Based on that research, it is important for companies to invest more in providing on-the-job training for women and to make the times and locations accessible to them.

### 7.3 Interpersonal

To advance in a company, it helps to be known to the people who can facilitate such advancement. Social networks and informal relationships are important to being “seen” by the “higher-ups.” One of the observations that came out of the focus groups is that women have a limited ability to network with board chairs and board members, which limits their opportunity to be nominated to join boards.

In a study reported in the *Harvard Business Review* (“Dysfunction in the boardroom”), 33 percent of the men who took part in the study said that women have limited access to and acceptance on boards because of weaker networks (Groysberg and Bell 2013). If women are not “seen” in the workplace or through various networking activities, they are unlikely to be considered for promotions or board memberships.

**In our interview with Ghassan Nuqul (Vice chair of Nuqul Group, one of the major investors and biggest industrial groups in the Middle East), we asked: How would you characterize the opportunities for professional women in Jordan today? He responded, “There are opportunities, but I believe women need to be seen as more active in their fields to become future leaders and board members.” (See Annex 4.)**

Also, there are usually *godfathers* in the workplace to support potential members before and after reaching the boardroom. However, there are few if any *godmothers* providing that kind of support for women. We identified several reasons for this lack of female mentoring, including the following:

1. there are only a few women in positions to provide mentoring;
2. those few women invest little or no time in bridging the gender gap;
3. traditionally and socially, women are not geared to support other women; and
4. the media do not cover many, if any, success stories and achievements of female role models to encourage other women.

Participants in the focus groups also mentioned that some women in top management or in boardrooms do not deal positively with each other, making women their own enemies. A study of Danish companies found that having a woman in a very senior position in a company does not lead to increased recruitment of female board directors, nor does a female board chair improve the representation of women on a board. In fact, it appears that companies with a female chair have, on average, a 9 percent lower share of women board members (Parrotta and Smith 2013).

However, there is not universal agreement on this point. Some observers argue that having more women in senior decision-making positions encourages having more women in the company, thus increasing the pipeline of women in the organization. (See Box 7.2.)

## 7.4. Appointment process

The way people are appointed to board and management positions is a critical component in the analysis of gender diversity. The factors mentioned earlier – culture, capacity, and interpersonal challenges – contribute to an environment in which women are less likely to be nominated for appointment to boards or other decision-making posts. This challenge is part of what has come to be called the “glass ceiling,” a notion that makes it even more unlikely that women will be considered for such positions.

Ideally, there should be a well-defined process for appointing board members and senior decision makers. And it should be based on talent, qualifications, and other such attributes. (See Box 7.3.)

In reality, however, the appointment process is typically ad hoc. Shareholders and board members tend to elect people they know, relatives, and people considered within the communities as leaders. Women generally are not considered part of that pool for several reasons:

- Because of their minimal networking activities and involvement, they are not as well known as men;
- That no “outsiders” (the spouses of these women are considered outsiders) get involved in the intricate details of the family business; and
- Women are not promoted socially as leaders, because of social bias.

Box 7.2

### *The Connection between Women Board Directors and Women Corporate Officers*

The following is an excerpt from a Catalyst “Advancing Women Leaders” press release:

Catalyst’s latest research shows a clear and positive link between the percentage of women board directors in the past and the percentage of women corporate officers in the future:

- Companies with 30 percent women board directors in 2001 had, on average, 45 percent more women corporate officers by 2006, compared to companies with no women board members.
- Companies with the highest percentages of women board directors in 2001 had, on average, 33 percent more corporate officers in 2006 than companies with the lowest percentages.
- Companies with two or more women members on a company’s board in 2001 had 28 percent more women corporate officers by 2006 than companies with one woman board member in 2001.

Furthermore, the presence of women on boards had a stronger impact on the growth of women in line positions than in staff positions. Line experience is necessary for advancement into CEO and top leadership positions, and Catalyst’s annual censuses show that women are historically underrepresented in these roles. This research demonstrates the important contribution that women board directors make in ensuring that women get this critical experience.

Source: (Joy 2008)

Box 7.3

### *What Should an Appointment Process Consider?*

In the *Harvard Business Review* study, slightly more than half of the male directors interviewed said that women bring a fresh perspective to the boardroom, and 19 percent said that gender should not be a factor when selecting directors. Instead, they said, selection should be based solely on qualifications and experience.

One male director explained, “Women – and any board member – should be judged on their background and skills, not because they have attributes based on gender, race, etc.” Another said, “People bring special attributes, and they are not related to diversity.” A third director offered this view: “Any shareholder wants the most qualified board members they can get. Diversity is a plus.”

Source: (Groysberg and Bell 2013)

Accordingly, women are disadvantaged at the get-go of the nomination process and in turn the appointment process. It is not enough to create a gender-blind appointment process, but there also needs to be an active proposition to search for and identify qualified women (Kramer, Konrad, and Erkut 2006). Even where family and social pressures do not exist, there is a perceived glass ceiling for women in organizations: only 21 percent of women reach senior management positions, and only 4 percent of women are represented in the boardrooms of publicly listed companies.

Social conditioning over centuries, depicting a father as the breadwinner and a mother as the primary caregiver, has led to a pervasive unconscious bias against women in the workplace today and a reluctance to promote women because of the expectation that they will eventually put any family responsibility first. This old “too risky to promote” attitude can trigger a self-fulfilling prophecy and a vicious cycle; lack of promotion is one of the top reasons cited by women for leaving their jobs (Credit Suisse 2014).

Credit Suisse’s research identified slightly different obstacles standing between women and the boardroom or senior decision-making positions. *Table 7.1* depicts the way Credit Suisse grouped those obstacles.

Table 7.1  
Main Obstacles in the Way of Women’s Advancement

Individual	Cultural	Workplace	Structure/policy
<ul style="list-style-type: none"> <li>• Educational choices</li> <li>• Sector choices</li> <li>• Pipeline available</li> <li>• Risk aversion disparity</li> </ul>	<ul style="list-style-type: none"> <li>• Perception of female commitment</li> <li>• Double standards</li> <li>• Spousal role and support</li> <li>• Work-life balance priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Face time and flexibility</li> <li>• Staff rather than line role promotions</li> <li>• Mentoring for women rather than sponsorship</li> <li>• Promotion rates</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of shared parental leave</li> <li>• Lack of childcare assistance</li> <li>• Differentiated taxation</li> <li>• Organizations were designed for men and manufacturing</li> </ul>

Source: (Credit Suisse 2014)





## 8

## Trends for Implementing Board Diversification

Now that we have identified a business case for gender diversity in the boardroom, let's consider some of the means that can be used to change the status quo and increase gender diversity in boardrooms in Jordan. Countries around the globe have used various strategies to address the issue of gender diversity. We will examine five strategies – regulations, quotas, disclosure requirements, voluntary requirements, and corporate policies – and briefly discuss how they may apply to Jordan.

### 8.1 Regulations

Some countries have adopted various regulations that encourage and enable increased female participation in the workplace in general and in some cases in the boardroom. However, it is difficult to ascertain with complete certainty the impact of such regulations, since they aim at addressing the gender gap in general, are voluntary, or are very recent. Nonetheless, practically any effort to support increasing diversity in the workplace will inevitably provide more women with the opportunity to rise up the ranks in organizations. The following are examples of such regulations issued by various countries:

- Establishing quotas for women (described in further detail below);
- Issuing diversity guidelines – Australia (*see Box 8.1*);
- Establishing a national advisory council to promote the participation of women on corporate boards – Canada;
- Encouraging boards to have more formal processes and cultures that leverage individual contributions;
- Requiring companies to implement corporate policies and strategies to increase gender diversity and increase the employment of women;
- Addressing certain labor-law rights that discriminate against women, if applicable;
- Ensuring equal pay to men and women who perform the same job, and eliminating any barriers to equal pay in the workplace;
- Increasing harassment regulations in the workplace, creating a more secure working environment for women; and
- Amending regulations to provide improved parental rights, thus encouraging women to return to work after maternity leave and men to take paternity leave – Sweden.

In the context of Jordan, some of these regulations would be of great value but would be challenging to implement. Some of them have been issued, but they have yet to be implemented in full force. For example, the Social Security Fund created the Maternity Fund to encourage the employment of women, the Labor Law was amended to consider sexual harassment in the workplace, and there is a requirement to have a crèche in the workplace under certain conditions, to enable women to return to work if they have children below the age of four. These laws, regulations, and national initiatives (with the exception of the Maternity Fund) are still not fully enforced or implemented.

#### Box 8.1

#### Diversity Charter

A 2008 survey of 335 European companies that signed on to a diversity charter found the following:

- 73 percent said that charters increased internal awareness of diversity issues;
- 50 percent reported a beneficial effect on company reputation; and
- 47 percent witnessed an increased commitment of management on diversity issues.

Source: (Sealy, Doldor, and Vinnicombe 2009)

## 8.2 Quotas

The idea of quotas has generated much debate and many different approaches. Quotas can be imposed on a compulsory or a voluntary basis and with sanctions (Italy) or without (Austria). Quotas can be applied to senior management positions and board membership. And they can be applied in absolute terms as a percentage or fraction of the board (Belgium) or merely as a representative sample (Germany).

Some of the participants in the focus groups expressed resistance to the idea of regulatory quotas with sanctions. (In discussing regulations, there had been general agreement that regulations without sanctions are less likely to be implemented, and this led to the discussion of quotas with sanctions.) The basis of the participants' objection to quotas with sanctions was the belief that change has to take place in the community itself through working on cultural barriers, and that this change will result in change in the boardroom without legislation.

Another argument against setting a quota is that it does not effectively address the issue of the pipeline of women in companies and in senior decision-making positions. Rather, it is a short-term box-ticking solution that may have the unintended consequence of harming the financial performance of markets, since a number of companies might delist to avoid having to comply with such a requirement (Bertrand et al. 2014).

Also, setting a quota may lower the morale and confidence of women. The Scandinavian markets have delivered significantly higher female board representation, but other research suggests that forcing the issue via quotas has been to the detriment of morale, the working environment, and potentially profitability (Credit Suisse 2012).

Participants of the focus groups also pointed out that the quota system weakens the position of women and invites such risks as the appointment of women who lack the necessary experience to be a board member, which in turn creates a “bad image” of the presence of women in the boardroom.

**In an interview, we asked Laith Al Qasem (Owner and chair of Arabian Business Consultants for Development.): What has been your experience sitting on boards with women directors? Here is his response: “I have generally had good experiences with women board members. Most women are better listeners than men and take more time in making and weighing decisions. Some women, however, feel that they need to be more impetuous (that is, macho), and they tend to be abrasive, erratic, and often wrong. Also, I have witnessed poor cooperation between women on a board, which was destructive and alarming.”**

On the other hand, participants pointed out that having a quota is a good step to help overcome some cultural barriers and facilitate women's access to boardrooms, giving them a chance to show their ability. In Jordan, quotas have been used for parliamentary elections and have resulted in increased female representation; more women run for elections. Also, in view of some of the successes of women in parliament, some women are now winning elections outside the quota confines. (See also Box 8.2.)

In addition to the debate for and against quotas, it is important to consider the potential challenges of implementing such quotas on a corporate level. Also, will the quotas apply to listed companies, state-owned enterprises, or all types of companies? Table 8.1 shows countries that have implemented a quota system.

Box 8.2

**Quotas in Politics**

A study on the impact of quotas in politics examined the effect that the 1998 implementation of reserved seats for women in local village elections in India had on gender-stereotypical beliefs. Under this quota, one-third of village councils were randomly selected at every election and made to appoint a female chief councilor. The study looked at 7,000 households in 495 villages in West Bengal and perceptions following the 1998 and 2003 elections.

The findings show a dramatic impact on the perceptions of the effectiveness of female leadership, but only after the second round of having a female chief councilor. The introduction of these quotas also raised parental aspirations for daughters and the aspirations of girls for themselves. However, even with this positive change in attitude toward female effectiveness, both female board and management participation levels in India are only about 7 percent today.

Source: (Groysberg and Bell 2013)

Table 8.1

**Countries with Quota Systems**

Countries with quotas for publicly-listed companies	Countries with quotas for state-owned companies	Municipal and provincial quotas	Proposed quotas
 <b>Norway</b> (2003)	 <b>South Africa</b> (1996)	 <b>Berlin, Germany</b> (2002)	 <b>European Commission</b>
 <b>Spain</b> (2007)	 <b>Denmark</b> (2000)	 <b>Nuremberg, Germany</b> (2009)	 <b>Brazil</b> (State-owned companies)
 <b>Iceland</b> (2010)	 <b>Finland</b> (2004)	 <b>Quebec, Canada</b> (2006)	 <b>Canada</b> (Publicly-listed companies)
 <b>France</b> (2010)	 <b>Ireland</b> (2004)		 <b>Switzerland</b> (State-owned companies)
 <b>Belgium</b> (2011)	 <b>Iceland</b> (2006)		
 <b>Malaysia</b> (2011)	 <b>Kenya</b> (2010)		
 <b>Italy</b> (2011)	 <b>Austria</b> (2011)		
 <b>Netherlands</b> (2012)	 <b>Slovenia</b> (2011)		
 <b>Denmark</b> (2013 - soft target)	 <b>Poland</b> (2012)		
 <b>India</b> (2013 - one woman min)	 <b>UAE</b> (2012)		
 <b>Germany</b> (2014)	 <b>Greece</b> (2012)		

Source: (Global Summit of Women 2014)

### 8.3 Disclosure requirements

In some countries, regulators have imposed a disclosure requirement for gender data, including plans and targets to limit the gender gap in boardrooms and senior management. In some cases disclosure extended to gender initiatives, gender-sensitive training, and so forth. *Box 8.3* shows the value of disclosure in the form of public reporting.

This would be of great value in Jordan, considering that disclosure is a key requirement by the ASE for publicly listed companies. However, there is very limited public disclosure required for private shareholding companies. And even the publicly listed companies sometimes are not incentivized enough to disclose. Publicly listed companies are required to report on their corporate governance, which includes listing the board members and a brief paragraph about each member, but often this information is kept at a minimum.

Without key incentives to address the ongoing need for disclosure, disclosure will remain a challenge. It may be worth considering tax incentives or other forms of incentives to encourage companies to disclose more.

### 8.4 Voluntary requirements

Many countries have encouraged voluntary standards, such as the Global Reporting Initiative (GRI), Good Company, and so on. Such standards focus on diversity for the improvement of the work environment and company performance. Although these standards touch on diversity throughout the organization, they also address diversity in governing bodies such as the board of directors and senior management.

It is difficult to assess the added value of voluntary standards for Jordan. It is worth noting that such voluntary standards exist and have existed for years, but not many companies have brought into the idea. (*See Box 8.4.*)

It would appear that, to ensure the advancement of voluntary standards in Jordan, companies require an incentive. This incentive can be a tax deduction or other advantage for export or import. Otherwise, without any incentive, such voluntary standards will continue to be of no value in Jordan.

Box 8.3

#### *Factors Driving Increase in Women on Boards*

A survey to find out why women are good for business identified the following factors driving an increase in the number of women in boardrooms:

- Changes public reporting – 73 percent
- Advocacy (by Women on Boards and others) – 56 percent
- Increased awareness – 43 percent
- Other – 9 percent

Source: (Braund 2011)

Box 8.4

#### *Compliance of Banks in Jordan*

Of the 26 banks operating in Jordan, 38.5 percent (10 banks) issue corporate responsibility/sustainability reports. Four are local banks, three are regional, and three are multinational. Six of them are foreign banks and issue their reports on either a global level or specifically for their home country.

As for the reporting standards, five banks issued their reports based on GRI, three for year 2012 and four for year 2011. And they announced their commitment to continue with their GRI reporting practices in the years to come.

Source: (ABJ 2013)

Box 8.5

#### *One Company's Gender Target*

In one company, the CEO announced targets to increase the number of women in executive management roles to 35 percent by 2014, requiring a hiring ratio of 60:40 women to men for the next two to three years.

Source: (Braund 2011)

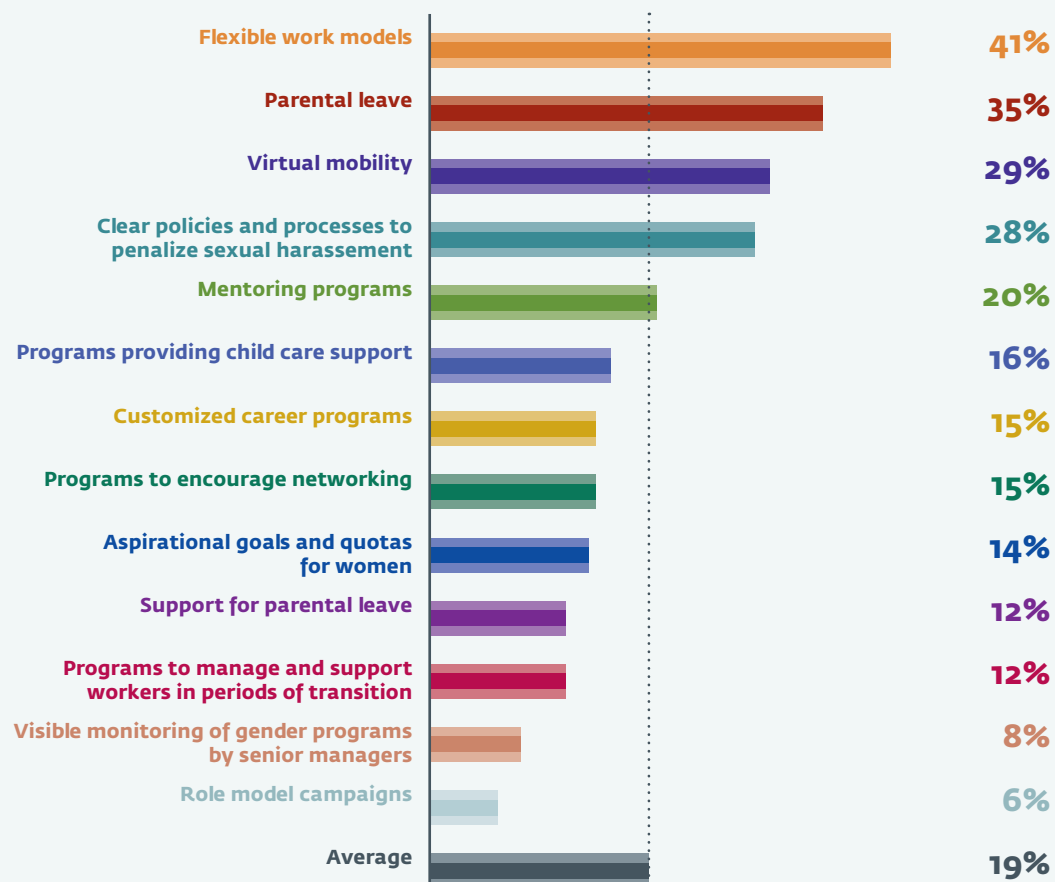


## 8.5 Corporate policies

Some countries have taken a different approach, requiring companies to implement policies that encourage gender balance in the workplace and channel a percentage of women into the boardroom. Companies also have used different strategies to achieve gender diversity. Here are some examples:

- Creating a fast track to accelerate the advancement of women’s careers – including a great deal of training and support to ensure that women with the right qualifications achieve their goals and attain senior positions;
- Creating mentorship programs to provide role models for women – offering encouragement, assistance, and advice for up-and-coming women to help them learn how to handle situations that their experience has not prepared them for;
- Creating tailored programs for women, addressing some of the personal issues that women may have, such as lower confidence, less ambition, and so on;
- Creating targets (along with financial targets) and incentives to ensure that CEOs comply with the mandate of increased gender diversity (*see Box 8.5*);
- Creating a better work environment for women to excel (*Figure 8.1 summarizes examples of what other companies have done*).

Figure 8.1  
Percentages of Companies with Measures to Promote Gender Diversity



Source: (Caye et al. 2011; de Beaufort 2014)



## 9

## Conclusion and Recommendations

We believe that the data we have cited, as well as the information provided from focus groups, interviews, and online surveys, make a strong case that greater gender diversity on boards and more women in senior decision-making positions add value to companies. We also have shown that there are many challenges involved in increasing gender diversity at these top levels of organizations.

In collaboration with the participants of the study, we have identified specific areas of challenges in addressing gender issues: cultural, capacity, interpersonal, appointment process, and overall. Below, we offer – in each of those areas – some suggestions and recommendations to encourage greater gender diversity in the boardroom. We also recognize that undertaking such a change requires the engagement and buy-in of all the stakeholders involved, such as governments, corporations, communities, associations, and individuals.

### 9.1 Cultural

For purposes of making recommendations, we have divided the “cultural” area into subcategories: society, sheer numbers, financial ability, and social (unconscious) bias.

#### Society

To offset the cultural and social challenges, it is worth considering establishing voluntary quotas for companies (public, state-owned, and private). Quotas would be voluntary for a period of two or three years, after which they would be enforced with sanctions and penalties for noncompliance. This transitional approach would create increased awareness of the importance of gender diversity and encourage organizations to invest in gender diversity throughout the workplace.

#### Action items:

- Lobby the organizations to encourage them to implement the quota.
- Advocate that companies create more awareness of the value of gender diversity by integrating a gender-sensitive training component into all programs.

#### Sheer numbers

To overcome the imbalance of women to men in the workplace, it is important for favorable regulations to be enforced – for example, regulations associated with crèches in the workplace – and for companies to implement initiatives that 1. encourage women to enter the workplace; 2. retain women in the workplace; and 3. facilitate their development in the workplace.

#### Action items:

- Lobby the appropriate authorities for the creation of friendlier working environments for women, including but not limited to increased enforcement of the labor law related to crèches, creating flexible working options, and so on.
- Integrate some of the findings in this report with the many ongoing gender initiatives as a way to create within companies more buy-in for investing in gender diversity in the workplace.
- For the JIoD in particular, lobby a number of public shareholding companies to adopt the gender diversity concept as a pilot step for other company types while measuring the changes and potential impact of such diversity.

### **Financial ability**

Women earn less than men, they invest less than men, and they inherit less than men. This is a very difficult challenge to overcome in the short term. However, a long-term approach could effect a shift over the next decade by influencing the dynamics of women in the workplace and developing their financial know-how. Also, there is already a growing financial focus on investment in women-owned microbusinesses and female entrepreneurship.

#### **Action items:**

- Initiate or increase women-focused training on financial investments.
- Increase the focus on financial solutions for women that would enable more women to become financially capable.

### **Social (unconscious) bias**

Addressing this challenge on a national level might be unconventional, but it could be of high value. Social biases should be addressed in schools, universities, and the workplace.

#### **Action items:**

- Work with academic institutions to eliminate unconscious social bias.
- Encourage organizations to implement training on social bias, which will in turn affect attitudes in the communities (*see Box 9.1*).

Box 9.1

#### **Addressing Bias Head-On**

The Commonwealth Bank of Australia is one organization that has taken on unconscious bias head-on. It won the 2012 Catalyst Award in recognition of its leadership in gender diversity. The bank implemented a compulsory program for all senior executives, requiring them to participate in “unconscious bias training” with Helen Turnbull, chief executive of Human Facets, and Heather Price, chief executive of Diversity Consulting – both thought leaders in the field of global inclusion.

Source: (*Investment Magazine* 2012)

## 9.2 Capacity

Participants in focus groups, interviews, and the online survey came up with several recommendations for improving women's capacity:

- For more women to participate in capacity-building programs;
- More board-specific training programs;
- For women to attend a more diverse range of educational programs (and to pursue degrees in less-traditional fields of education);
- For organizations to mainstream women in middle management through fast-track programs and tailored training programs to help them reach senior decision-making positions;
- For organizations to provide women with increased exposure, international or otherwise (see Box 9.2);
- Use of different media to introduce female role models and their success stories – to encourage other women.

### Action items:

- Run a certified “board of directors” program for women.
- Promote training programs that focus on encouraging female leadership.
- Support organizations in creating streamlined programs to advance women in organizations.

#### Box 9.2

##### Helping Women Take Assignments Overseas

A survey reported on in a *Harvard Business Review* article, “The battle for female talent in emerging markets,” found that women are more likely to break through the glass ceiling in multinational companies that can make it easier for them to work overseas, even if for short periods. However, in emerging markets these assignments work best when companies can be flexible in providing support to lighten the burden on spouses and families. In one case, a company sent the mother of the employee to accompany her during her travels.

Source: (Hewlett and Rashid 2010)

#### Box 9.3

##### Helping Women Use Networks

Some leading companies are leveraging the use of networks to help women gain exposure and achieve their business goals. For example, General Electric is piloting a version of its My Connection talent-spotting and mentoring program in the United Arab Emirates. Its goal is to help women connect with one another across levels and functions in the company, recognizing how critical relationships are to career success.

Source: (Hewlett and Rashid 2010)

## 9.3 Interpersonal

Participants offered the following recommendations to overcome some of the interpersonal challenges women face in becoming and serving as directors:

- Create a database of qualified women directors.
- Promote women as directors.
- Create increased opportunities for women to network with male leaders (see Box 9.3).
- Provide mentors and sponsors for women who are serving on boards or in positions in senior or middle management, to support them in their development.



## 9.4 Appointment process

To overcome this challenge, it may be worthwhile to develop the disclosure requirement to include an analysis of the following:

- Gender diversity in the boardroom and senior management;
- Targets and strategies to increase gender diversity in the boardroom and senior decision-making positions;
- Process for appointment of members (what criteria the nomination committee used to nominate these directors, and so on);
- Diversity initiatives undertaken in the course of the year, and the resultant female retention rates.

Also, the Central Bank of Jordan, in its recent corporate governance regulation (Central Bank of Jordan 2014), has the right to object to the nomination of any board member. This may be a great tool to continually suggest that the nomination committee of boards consider gender diversity in their nomination strategy. It also may be worth considering to initiate tax incentives or other forms of incentives to encourage companies to disclose more.

### Action items:

- Promote more gender-sensitive disclosure.
- Work with companies to improve the nomination and appointment process of members.
- Lobby and advocate to amend language of internal governance charters, codes, and regulations to be more gender neutral. For example, Apple is adding the following language to its charter: “The nominating committee is committed to actively seeking out highly qualified women and individuals from minority groups to include in the pool from which board nominees are chosen” (Satariano 2014).
- Lobby for various incentives to encourage companies to disclose more and to work on the gender disparity in the boardroom.

## 9.5 Overall

Other recommendations that came from our research do not specifically address the challenges mentioned above but can aid in overcoming gender-related challenges in general. These recommendations include the following:

- Create a diversity watchdog that would report on companies’ performance regarding gender diversity.
- Issue a report on the top 10 places to work for women, to incentivize organizations to promote more gender-friendly environments.
- Lobby for various incentives to be granted to more gender-diverse working environments through awards or public recognition.

*Table 9.1* provides a summary of the recommendations in all of the categories discussed above.

Table 9.1  
Summary of the Recommendations

Challenge	Action items	Actions Items within the scope of JIoD
<b>Cultural</b> Society	<ul style="list-style-type: none"> <li>• Lobby organizations to encourage them to implement a quota.</li> <li>• Advocate for more awareness of the value of gender diversity by integrating a gender-sensitive training component in all programs.</li> </ul>	Yes
Sheer numbers	<ul style="list-style-type: none"> <li>• Lobby the concerned authorities to create friendlier working environments for women, including but not limited to increased enforcement of the labor law on crèches, creating flexible working options, etc.</li> <li>• Integrate some of the findings in this report to create more buy-in within companies to invest in gender diversity in the workplace.</li> <li>• Lobby to work specifically with five publicly listed companies to adopt the gender diversity concept as a pilot while measuring the changes and potential impact of such diversity.</li> </ul>	<ul style="list-style-type: none"> <li>• Integrate some of the findings in this report to create more buy-in within companies to invest in gender diversity in the workplace.</li> <li>• Lobby to work specifically with 5 publicly listed companies to adopt the gender diversity concept as a pilot while measuring the changes and potential impact of such diversity.</li> </ul>
Financial ability	<ul style="list-style-type: none"> <li>• Implement women-focused training on financial investments.</li> <li>• Increase focus on financial solutions for women to equip more women with financial ability.</li> </ul>	No
Social (unconscious) bias	<ul style="list-style-type: none"> <li>• Work with academic institutions to eliminate unconscious social bias.</li> <li>• Encourage organizations to implement training on social bias (which will in turn affect attitudes in the communities).</li> </ul>	Encourage organizations to implement training on social bias (which will in turn affect attitudes in the communities).
<b>Capacity</b>	<ul style="list-style-type: none"> <li>• Promote training programs that focus on encouraging female leadership.</li> <li>• Support organizations in creating streamlined programs to advance women in organizations.</li> <li>• Run a certified board of directors program for women.</li> </ul>	Run a certified board of directors program for women, targeting 15 women.
<b>Interpersonal</b>	<ul style="list-style-type: none"> <li>• Create increased opportunities for women to network with male leaders.</li> <li>• Provide women on boards and in senior and middle management positions with mentors and/or sponsors to support them in their development.</li> <li>• Create a database of qualified women directors.</li> <li>• Promote women as directors.</li> </ul>	<ul style="list-style-type: none"> <li>• Create a database of qualified women directors.</li> <li>• Promote women as directors.</li> </ul>
<b>Appointment Process</b>	<ul style="list-style-type: none"> <li>• Promote more gender-sensitive disclosure.</li> <li>• Work with companies to improve the nomination and appointment process of board members.</li> <li>• Lobby and advocate to amend language in internal governance charters, codes, and regulations to be more gender neutral.</li> <li>• Lobby for various incentives to encourage companies to disclose more and to work to correct gender disparity in the boardroom.</li> </ul>	Yes

Source: Authors, based on data collected.



# 10

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## Annexes

- Annex 1: Some Benefits of Corporate Governance
- Annex 2: Examples of Benefits of Gender Diversity
- Annex 3: Focus Group Questions
- Annex 4: Key Opinion Leaders
- Annex 5: ROA and ROE (2011, 2010, and 2009)
- Annex 6: Sector Analysis Based on ASE Sectors
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# A1

## Annex 1: Some Benefits of Corporate Governance

Numerous empirical studies have provided evidence that good corporate governance practices can accomplish the following:

1. Help define clear roles and responsibilities to improve accountability within the operations and finance departments, which is essential for developing efficient systems for improved performance;
2. Ensure that proper financial and nonfinancial controls are constituted;
3. Enhance the firm's reputation and build trust among stakeholders;
4. Improve disclosure, which helps enhance access to outside capital by building trust and understanding of the business;
5. Improve risk management by involving the board in risk oversight, ensuring that management focus is on key areas of risk management, and enhancing controls through stronger internal audit and compliance;
6. Improve valuations and lower the cost of capital, since investors are willing to pay a premium for companies with strong governance practices;
7. Increase shareholder value creation, since well-governed firms witness superior valuations; and
8. Increase competitiveness, since rating agencies consider the degree and extent of a firm's corporate governance in the rating process.

Moreover, corporate governance does the following:

1. Streamlines business processes, leading to better operating performance;
2. Formalizes structures and processes by codifying them for all to see;
3. Creates a strong board by guaranteeing uncompromising standards of meritocracy in personnel decisions, distinguishing between matters of day-to-day management and strategy, and allowing strategic issues to be properly and objectively addressed; and
4. Encourages nomination of independent directors, ensuring equal treatment of owners and executives and the infusion of new ideas that come with broader expertise.

## Annex 2: Examples of Benefits of Gender Diversity

# A2

This study reviewed numerous academic articles on the relationship between organizational attractiveness and diversity management programs, and the signals those programs send to key constituents. The excerpts in Boxes A2.1 – A2.5 illustrate the varied benefits of gender diversity.

### Box A2.1

#### Allows Organizations to Tap an Untapped Pool of Resources

Article: *“Effects of gender diversity management on perceptions of organizational attractiveness: The role of individual differences in attitudes and beliefs”*

Diversity matters, because it has a positive impact on recruitment, retention, and an organization’s ability to get the best people (women and men). In this article, the authors also found that, whereas there were no significant between-sex differences in the effects of gender diversity management on organizational attractiveness, there were strong within-sex differences based on individual attitudes and beliefs. Specifically, within the sexes, centrality of someone’s gender identity, attitudes toward affirmative action for women, and the belief that women are discriminated against in the workplace moderated the effects of gender diversity management on organizational attractiveness. The findings, combined with prior research, suggest that it is critical for organizations to incorporate efforts to manage perceptions of gender diversity management programs into their diversity management strategies.

Source: (Martins and Parsons 2007)

### Box A2.2

#### Encourages Better Problem Solving

Article: *“Number of women in a group is linked to effectiveness in solving difficult problems”*

A study from researchers at MIT, Carnegie Mellon University, and Union College found the following:

- A group’s general collective intelligence factor is correlated with the social sensitivity of the group members, the equality in distribution of conversational turn-taking, and the proportion of female members of the group.
- The group’s collective intelligence accounted for about 40 percent of the variation in performance on a wide range of tasks.
- Average and maximum intelligence of individual group members did not significantly predict performance of their groups overall.
- It is social sensitivity that is important, not gender. Although women on average exhibit higher social sensitivity, groups benefit as well from men with high social sensitivity.

Source: (Woolley et al. 2010; Science Daily 2010)

### Box A2.3

#### Increases Diversity of Thought

Article: *“Groundbreakers: Using the strength of women to rebuild the world economy”*

According to the article, adopting new ways of thinking will help overcome the challenges to the world economy and assist in realizing the vast economic potential of women.

Source: (Ernst & Young 2009)

### Box A2.4

#### Increases Employee Satisfaction

Article: *“Campbell Soup Company – Winning in the workplace, winning in the marketplace, winning with women”*

Campbell’s attributed much of its enormous improvement in employee engagement scores to diversity and inclusion. Since 2005, the company has focused on increasing all employees’ engagement and on promoting and developing women and people of color. This in turn helped revitalize Campbell’s stagnant sales. And it helped the company recover from some of the lowest Gallup engagement scores of any Fortune 500 company and replace them with world-class employee engagement and the achievement of Gallup’s “Great Workplace Award” in 2008 and 2009.

Source: (Catalyst 2010)

### Box A2.5

#### Improves Ethics and Performance

Article: *“Women on boards: The economic arguments”*

This European Commission factsheet presents the economic argument for gender diversity – that gender diversity can create the following benefits:

- Improved corporate governance and ethics: Studies have shown that the quality of corporate governance and ethical behavior is high in companies with a high share of women on boards.
- Improved company performance: Various studies suggest that companies with a higher share of women at top levels deliver strong organizational and financial performance. Studies have also shown that, where governance is weak, female directors can exercise strong oversight and have a “positive, value-relevant impact” on the company. A gender-balanced board is more likely to pay attention to managing and controlling risk.

Source: (European Commission no date)

# A3

## Annex 3: Focus Group Questions

1. **Barriers and obstacles that hinder women's access to boardrooms:**
  - Do women in Jordan face barriers and obstacles that do not allow them to enter the boardrooms?
  - Why is the number of women in executive and top management positions much larger than the number of those who reach boardrooms?
  - What types of barriers are there?
  - Are such barriers related to:
    - Cultural issues? Family restrictions?
    - Gender issues?
    - Social issues?
    - Professional issues?
  - Provide details and examples of such barriers.
2. **What kinds of environmental factors enabled women to reach the boardroom?**
  - Social factors?
  - Professional factors?
  - Or is it the company environment?
3. **What is the added value that women can bring or have brought to the company by being inside boardrooms?**
4. **How can gender diversity affect companies' performance?**
  - Suggested answers:
    1. Better productive discussion, problem solving, internal conflict management
    2. Better and broader debate
    3. Increase board dynamic
    4. Better communication skills/vocabulary in boardrooms
5. **Is there a good model for gender diversity to obtain the desired added value?**
  - What would be the optimal number for women in boardrooms?
  - Does it make a difference having one woman on the board or two or more? If yes, why?
  - Skills? Qualifications?
  - Professional experience?

**6. What challenges might women in boardrooms face?**

- Dealing with almost male-dominant board?
- Dealing with executive management?
- Negative attitude of some members (direct or indirect)?
- Cultural challenges?
- Stereotype challenges?

**7. [For men] As businessmen, what is your point of view on having women in boardrooms?**

- What is your experience (if any) serving on the board with women?

**8. How can we increase the number of qualified women in boardrooms?**

- Who is responsible for increasing the representation of qualified women in boardrooms?
- What can be done to reach a positive gender balance inside boardrooms?
- What can be done to reduce the challenges that women face in getting into the boardroom?

# A4

## Annex 4: Key Opinion Leaders



### Maha Al Ali

#### Country of origin:

Jordan

#### Board experience:

Currently a board member in a number of government institutions, such as the Jordan Enterprise Corporation and the Jordan Investment Board, and the Jordan Development Zones Company.

**1. What has been your experience sitting on boards with women directors?**

.....

My experience is limited, because I only had one fellow female on a board once, and she did not stay on it for more than three months. However, I was still able to touch the difference women make, as they ensure more effective board meetings and better results.

.....

**2. How is it different? Do the dynamics change when there are women directors?**

The dynamics certainly change; I feel that men on the board become more professional. They address matters more efficiently, and they do not joke as much as when there are no women around.

.....

**3. How would you characterize the opportunities for professional women in Jordan today?**

They exist, but not as often as one would hope for. And they are mainly in the public sector; the opportunities for women in the private sector are very few.

.....

**4. In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?**

Diversity leads to good corporate governance, because it brings in more ideas, as men might be concerned with maintaining strong internal control, while women might be concerned more with succession and developing senior staff, which would lead to better corporate governance.

.....

**5. How can policymakers encourage better female representation on boards? Are quotas an option?**

Women tend to have a hard time trying to prove themselves in this society, that they are capable of working as much as men; thus, policymakers can assist women by giving them proper training and employing as many qualified women as possible. This is what I try to do, I try to bring in qualified women to work with me, and support them so they can have better chances in becoming directors.

.....

Yes, quotas are an option, at least for the time being. This system has proved to be successful previously, when it gave women access to the Lower House of Parliament.

.....

**6. Can you offer some practical tips for women seeking directorships?**

I ask from every woman who is working in Jordan to just work hard, focus on her job, and be professional. She does not have to prove herself. Then her work will speak for itself.





**Suhail Jouaneh**

**Country of origin:**

Jordan

**Board experience:**

Currently a member of the advisory educational board of Baptist Schools of Jordan and of the International Baptist Theological Seminary, Prague-Amsterdam. Former board of trustees member, Baptist Schools of Jordan.

1. How many times were you represented in boardrooms?

.....  
Honestly, I cannot remember.

2. When was the first time you became a board member? How?

.....  
It was in the year 1999, when the president of the Baptist Convention in Jordan invited me to join the Baptist Schools of Jordan board of trustees.

3. What has been your experience sitting on boards with women directors?

.....  
It was an interesting experience, not very different from sitting on boards with only male directors, in terms of how discussions were carried out or how decisions were made. However, it was more enjoyable.

4. How is it different? Do the dynamics change when there are women directors?

.....  
It was good to see women reaching such positions with their qualifications and professionalism. The dynamics certainly change, as male domination seemed to decrease, which enhances the implementation of decisions.

5. How would you characterize the opportunities for professional women in Jordan today?

.....  
I believe that women have the power to change the world. Unfortunately in Jordan, women are still not using their full capacity, regardless of the reasons. The rate of women involvement is low. Opportunity and optimism are there, but I believe the system should be less limiting with more efforts to facilitate the integration of women into the labor market, and to encourage women to enter all kinds of occupations and sectors.

6. In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?

.....  
I think it is both. Having good corporate governance would lead to employing more women in senior positions, hence enhancement of diversity, while diversity on boards would result in more productive and dynamic dialogues and better decision making, leading to good corporate governance.

7. In your opinion, what is the business case for focusing on gender diversity at the board level?

.....  
I think better organizing skills, better financial performance, and more creativity would achieve that.

8. In family-owned companies, do women directors exert a different kind of influence?

.....  
Yes, from our experience, they tend to ensure more financial stability than male directors.

9. How can policymakers encourage better female representation on boards? Are quotas an option?

.....  
Policymakers should advocate for companies to attract and employ people based on their knowledge, experience, and abilities to learn, and not on their gender. Quotas can help get the process started, but I am not sure it can maintain a better female representation on boards.



**Lina Hundaileh**

**Country of origin:**

Jordan

**Board experience:**

Currently the President of the Young Entrepreneurs Association, she was previously on the boards of the Jordan Exporter Association and the Jordan Investors Association and is an expert in management and business development.

**Additional fact:**

She is the founder and general manager of a chocolate manufacturing company in Jordan.

1. **How many times were you represented in boardrooms?**

.....  
Many times.

2. **When was the first time you became a board member? How?**

.....  
It was 14 years ago, by election.

3. **What has been your experience sitting on boards with women directors?**

.....  
My experience so far has been insightful, as I have observed that women tend to take matters and criticism inside a boardroom personally, especially if it is coming from another woman.

4. **How is it different? Do the dynamics change when there are women directors?**

.....  
Yes, it is different in the sense that male directors will be more cautious in what they say during the meetings and voting processes. It would also bring more diversified topics for discussion.

5. **How would you characterize the opportunities for professional women in Jordan today?**

.....  
Unfortunately, they are not many, as we still live in a male-dominated society, thus very few women get the chance to serve on boards.

6. **In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?**

.....  
Diversity leads to good corporate governance, as it brings more ideas for discussion, and it brings in more information and different points of view.

7. **In your opinion, what is the business case for focusing on gender diversity at the board level?**

.....  
Diversity leads to excellence in business, less corruption, and more proactive and productive boards.

8. **In family-owned companies, do women directors exert a different kind of influence?**

.....  
Not entirely sure, but perhaps if they are the owners/family members, then they will have a greater influence.

9. **How can policymakers encourage better female representation on boards? Are quotas an option?**

.....  
Quotas are a very important method, as they would help advocate women's presence in all the boards and the decision-making committees.

10. **Can you offer some practical tips for women seeking directorships?**

.....  
Women need to work on strengthening their weaknesses and reinforcing their strengths. They also need to increase their capabilities, and build networks. They need to step up and take action, be creative, and stop accepting their inferior status.



**Nabila Hamza**

**Country of origin:**

Tunisia

**Board experience:**

Currently serving on the boards of CIVICUS world alliance for strengthening civil society and citizen action worldwide; the International Society for Third Sector Research; the International Center for Democratic Transition; and Equality Now. She is also a member of the professional bodies of the national board of the Urban Management Program, funded by the UN Development Programme, UNCEH, and the World Bank, and is on the High National Commission, as nominated by the Tunisian President.

**1. How many times were you represented in boardrooms?**

.....  
I have been represented in boardrooms in most assignments throughout my career.

**2. When was the first time you became a board member? How?**

.....  
Appointed on the UNDP-funded Urban Management Program in 1994.

**3. What has been your experience sitting on boards with women directors?**

.....  
My own experience in this respect is rather special, where I always use the opportunity being a director on a board, and they frequently have women members, to take the lead to promote awareness and advocate for strategic gender mainstreaming in general and in the Middle East and North Africa region in particular. I normally try to stimulate women's input in respect to their experiences and insight, adding an important dimension to enrich issues discussed on any board.

**4. How is it different? Do the dynamics change when there are women directors?**

.....  
As a woman myself, I cannot answer how different it can be without women. But in my views, I would say the presence of women on any board is significant not only for bringing in the important balance, but for also raising important issues that are often overlooked.

**5. How would you characterize the opportunities for professional women in Jordan today?**

.....  
Opportunities for Jordanian professional women are better than before in numbers, but the fields of work should be broader with full equality and no restrictions whatsoever, especially in political key positions.

**6. In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?**

.....  
In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?  
  
The starting point should be diversity with a democratic approach that would certainly lead to good governance.

**7. In your opinion, what is the business case for focusing on gender diversity at the board level?**

.....  
Women generally demonstrate excellent insight, timekeeping, and accuracy in financial matters, which add great value to the business case.



**Majd Shweikeh**

**Country of origin:**

Jordan

**Board experience:**

A board member of the Young Presidents' Organization and a member of the Economic and Social Council, she also serves on the board of trustees for Isra'a University and on the board of directors for Bank AlEithad.

**Additional fact:**

Founder and President of Masharek, an Exclusive Strategic Partner of 360Solutions LLC.

1. How many times were you represented in boardrooms?

.....  
Ten times or more.

2. When was the first time you became a board member? How?

.....  
It was in 2005, when I was the CFO of Orange Mobile and my CV was requested by the Social Security Inv.

3. What has been your experience sitting on boards with women directors?

.....  
So far, I have been the only woman on the boards, except for when I was on the board of N.S.O.

4. How is it different? Do the dynamics change when there are women directors?

.....  
I generally observe more seriousness among board members, and they rely on me, as the only woman present, to maintain focus.

5. How would you characterize the opportunities for professional women in Jordan today?

.....  
Unfortunately, women are not given the right opportunities yet to become board members, and I think legislation should assist them to gain more chances.

6. In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?

.....  
Both, since women are very good at management and advocating for good governance, then diversity definitely leads to good governance, and if good governance is found, then diversity will follow.

7. In your opinion, what is the business case for focusing on gender diversity at the board level?

.....  
Studies showed better results for companies which have women on their boards, as good communication and leadership abilities are usually demonstrated by women during board meetings.

8. In family-owned companies, do women directors exert a different kind of influence?

.....  
Honestly, I have not been exposed to such a situation. However, it is known that family businesses have more governance challenges.

9. How can policymakers encourage better female representation on boards? Are quotas an option?

.....  
Through quotas and tax exemptions.

10. Can you offer some practical tips for women seeking directorships?

.....  
Women should be prepared well before each meeting. They should speak simply and concisely while presenting their views.



**Ghassan Nuqul**

**Country of origin:**

Jordan

**Board experience:**

Currently a member of the advisory educational board of Baptist Schools Currently on the board of the National Council for Competitiveness and Innovation, the advisory board on Partnership between Private & Public Sector, and the Jordanian Hashemite Fund for Human Development. He is also on the board of the Jordan University of Science and Technology.

**Additional fact:**

Vice chair of Nuqul Group, one of the major investors and biggest industrial groups in the Middle East.

1. **How many times were you represented in boardrooms?**  
.....  
More than ten times.
2. **When was the first time you became a board member? How?**  
.....  
Since 1985, I have been on several boards (family business, partnerships, university boards, NGOs, and others).
3. **What has been your experience sitting on boards with women directors?**  
.....  
It has been a great and refreshing experience so far. Women on boards add diversity, depth, and different perspectives.
4. **How is it different? Do the dynamics change when there are women directors?**  
.....  
Yes, I feel that there is more respect, formality; and EQ [emotional intelligence] is higher during the meetings.
5. **How would you characterize the opportunities for professional women in Jordan today?**  
.....  
There are opportunities, but I believe women need to be seen as more active in their fields to become future leaders and board members.
6. **In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?**  
.....  
Both, I believe that good governance leads to diversity, and diversity leads to good governance.
7. **In your opinion, what is the business case for focusing on gender diversity at the board level?**  
.....  
Diversity is important, as it adds perspective, especially in FMCGs [fast-moving consumer goods].
8. **In family-owned companies, do women directors exert a different kind of influence?**  
.....  
Not necessarily. I think they exert the same influence as elsewhere.
9. **How can policymakers encourage better female representation on boards? Are quotas an option?**  
.....  
Not entirely sure, but I am against quotas.
10. **Can you offer some practical tips for women seeking directorships?**  
.....  
Women have to be more forthcoming, they need to be present in the labor market.
11. **Can you imagine yourself being the only man in a board composed of women?**  
.....  
Of course.





**Laith Al Qasem**

**Country of origin:**

Jordan

**Board experience:**

A member of the Jordan Economic and Social Council and the Jordanian National Competitiveness and Innovation Council, he has led and participated in national development initiatives such as the Jordan Vision 2020, the National Agenda, and the Global Entrepreneurship Monitor.

**Additional fact:**

Owner and chair of Arabian Business Consultants for Development.

**1. How many times were you represented in boardrooms?**

.....  
NGO/nonprofit boards, starting in 1996/7. Nine limited liability companies, starting in 1987, and one private shareholding company.  
.....

**2. When was the first time you became a board member? How?**

.....  
I became a board member for the first time in 1987. I was a founding shareholder of this company. Most other company seats was because I was either a founding shareholder or represented an investment fund which was a founding shareholder.  
.....

**3. What has been your experience sitting on boards with women directors?**

.....  
I have generally had good experiences with women board members. Most women are better listeners than men and take more time in making and weighing decisions. Some women, however, feel that they need to be more impetuous (that is, macho), and they tend to be abrasive, erratic, and often wrong. Also, I have witnessed poor cooperation between women on a board, which was destructive and alarming.  
.....

**4. How is it different? Do the dynamics change when there are women directors?**

.....  
Women ask more questions and require male board members to be more communicative in their proposals. So dynamics do change and mostly for the better.  
.....

**5. How would you characterize the opportunities for professional women in Jordan today?**

.....  
There are plenty of professional opportunities for women in Jordan. These opportunities can be improved by getting women to want to take on leadership roles and responsibilities. The majority of women are educated to a high level, but the majority, in general, do not go out to develop new or exploit existing commercial opportunities.  
.....

**6. In your opinion, does diversity lead to good corporate governance practices, or does good corporate governance lead to more diversity?**

.....  
I would say that good corporate governance will lead to diversity, as it is a valuable objective (that is, recruit a diverse board). I have noticed that boards that are diverse tend to be better and more holistic in their evaluation of the company. Women add questions that most men do not normally ask. This requires the board to think more broadly about the decisions they are taking (that is, less tunnel vision).  
.....

**7. In your opinion, what is the business case for focusing on gender diversity at the board level?**

.....  
Gender diversity increases board diversity by virtue of the fact that a female's view and perception of the world is, by default, different than a man's. This is true in both a business and general worldview context.  
.....

**8. In family-owned companies, do women directors exert a different kind of influence?**

.....

I am not completely familiar with family businesses. However, I can imagine that women are likely to have a generational view instead of a transactional view of decisions, which is likely to facilitate longer-term successful governance.

.....

**9. How can policymakers encourage better female representation on boards? Are quotas an option?**

Quotas scare me. Board membership needs to be accompanied by some level of experience and/or training. The question is how to encourage women into the workplace to obtain relevant business experience and bolster that with relevant governance experience and capability. Maybe quotas can be required to reflect the percentage of females in management in a particular sector or country. The challenge would be getting more women to pursue professional managerial careers.

.....

**10. Can you offer some practical tips for women seeking directorships?**

Work on building and developing your professional career. Take courses, invest in yourself. Advocate for women participation at a board level among professional and accomplished women

.....

**11. Can you imagine yourself being the only man in a board composed of women?**

Yes. Challenges are learning to listen and understanding the female worldview.

# A5

## Annex 5: ROA and ROE (2011, 2010, and 2009)

### Return on assets (2011)

In 2011, the average ROA for all listed companies in Jordan was 0.65. For companies without female representation, it was -1.04, and for the 52 companies with female representation, it was 1.18. (See Figure A5.1.)

### Return on equity (2011)

The average ROE for all listed companies in Jordan was 8.45 in 2011. For companies without female representation, it was 7.34, and for the 52 companies with female representation, it was 12.67. (See Figure A5.1.)

### Historical data (2010 and 2009)

Based on the supposition that board members are elected for a period of four years, historical data are built on the assumption that the same number of women served in the previous year. This assumption is founded on the following:

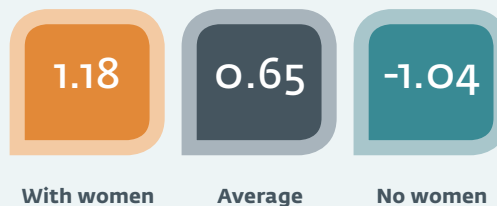
- Research concerning average terms;
- Notes and comments from an online survey.

Similar historical data exist for 2010 and 2009. In 2009 and 2010, all companies with at least one woman in the boardroom had above-average ROA and ROE performance, with the exception of the ROE of one company with four women in the boardroom in 2009. (See Table A5.1.)

In 2010, companies with the best-performing ROE were those with two women on their boards. For 2009, the best performers were companies with three women on their boards. In 2010 and 2009, companies with the best-performing ROA were those with four women on their boards. (See Figure A5.2.)

Figure A5.1  
ROA and ROE for Companies in Jordan with and without Women on Boards (2011)

### ROA



### ROE



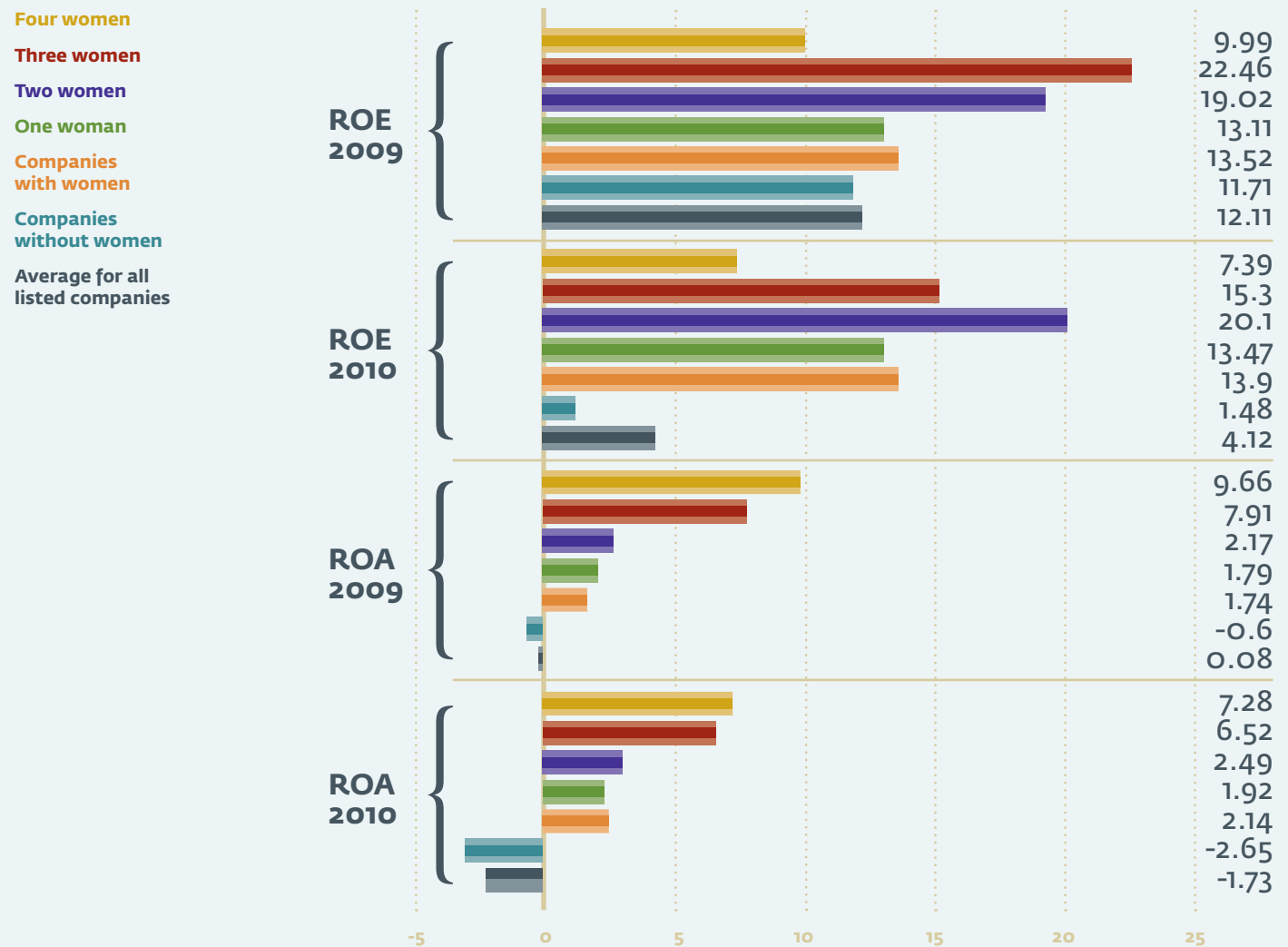
Source: Authors, based on data collected.

Table A5.1  
ROA and ROE for 2010 and 2009

	Return on assets		Return on equity	
	2010	2009	2010	2009
Average performance	-1.73	0.08	4.12	12.11
Average without women representation	-2.65	-0.60	1.48	11.71
Average with women representation	2.14	1.74	13.90	13.52

Source: Authors, based on data collected.

Figure A5.2  
ROA and ROE for Listed Companies in Jordan with and without Women on Boards (2010 and 2009)



Source: Authors, based on data collected.

# A6 Annex 6: Sector Analysis Based on ASE Sectors

This Annex provides information on four sectors covered by the Amman Stock Exchange ASE: banking, insurance, financial services, and industrial.

## Banking sector

The ASE has 15 banks. There are 10 other banks that are not listed because they are foreign banks, and one that is not listed because it is wholly owned by another bank. There is also a microfinance bank that is registered as a not-for-profit private shareholding company, and Philadelphia Investment Bank was acquired by Jordan National Bank. Seven out of the listed banks have women on boards. One of the seven banks has two women on its board. (See Figure A6.1.)

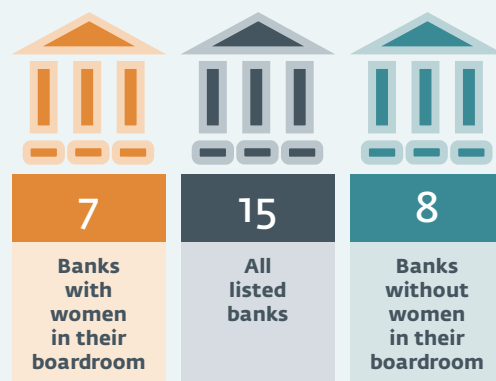
The 15 listed banks together have a total of 155 board members. In the banking sector in Jordan, there are only eight female board members, which means there is a 5.16 percent female representation in the boardroom. (See Figure A6.2.)

According to 2012 data, the average ROA for banks in Jordan was 1.22. For banks with female representation it was 1.15, and for banks without female representation it was 1.28. (See Table A6.1 and Figure A6.3.)

In 2012, the average ROE for banks in Jordan was 8.79. For banks with female representation it was 7.23, and for banks without female representation it was 10.16. (See Table A6.1 and Figure A6.3.)

For 2011, the data indicate similar findings, the average ROA and ROE for banks were 1.14 and 8.04, respectively. For banks with women they were 1.29 and 7.83, and for banks without women they were 1.01 and 8.22. (See Table A6.1 and Figure A6.3.) It appears that banks with female representation averaged slightly worse than banks without – except in ROA in 2011, where they performed above average.

Figure A6.1  
Listed Banks with Female Representation in the Boardroom



Source: Authors, based on data collected.

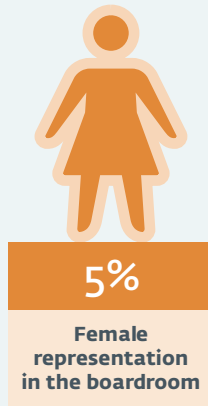
Table A6.1  
Banking Sector ROA and ROE Figures for 2012 and 2011

	Average for all banks		Average for all banks with women		Average for all banks without women	
	2012	2011	2012	2011	2012	2011
<b>ROA</b>	1.22	1.14	1.15	1.29	1.28	1.01
<b>ROE</b>	8.79	8.04	7.23	7.83	10.16	8.22

Source: Authors, based on data collected.



Figure A6.2  
**Percentage of Board Seats by Gender in the Banking Sector**

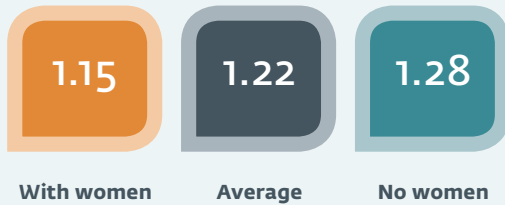


Source: Authors, based on data collected.

Figure A6.3  
**ROA and ROE for Listed Banks in Jordan with and without Women on Boards (2012 and 2011)**

## 2012

### ROA

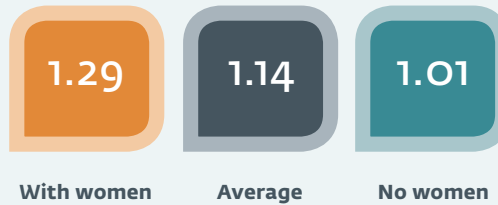


### ROE



## 2011

### ROA



### ROE



Source: Authors, based on data collected.

### Insurance sector

The Amman Stock Exchange lists 26 insurance companies. Seven of them have women on boards. Two of those seven insurance companies have two women on their boards. (See Figure A6.4.)

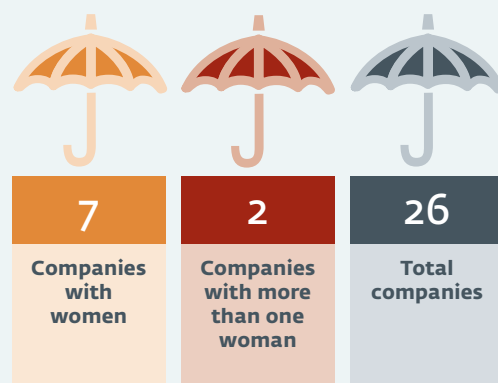
Jordan's insurance sector has a total of 223 board members. Only nine of those board members are women – a 4.04 percent female representation in boardrooms. (See Figure A6.5.)

Based on 2012 data, the average ROA for insurance companies was -2.00. For companies with female representation it was -1.29, and for insurance companies without female representation it was -2.24. (See Table A6.2 and Figure A6.6.)

In 2012, the average ROE for insurance companies in Jordan was 99.92. For companies with and without female representation the figures were 114.58 and 95.04, respectively. (See Table A6.2 and Figure A6.6.)

For 2011, the average ROA for insurance companies was -2.57. For companies with female representation it was -3.52, and for insurance companies without female representation it was -2.27. The average ROE for insurance companies in 2011 was 108.62. For companies with and without female representation the figures were 112.81 and 95.36, respectively. (See Table A6.2 and Figure A6.6.) It appears that insurance companies with female representation averaged better performance than insurance companies without women representation in 2012 but worse in 2011.

Figure A6.4  
Companies with Female Representation in the Insurance Sector



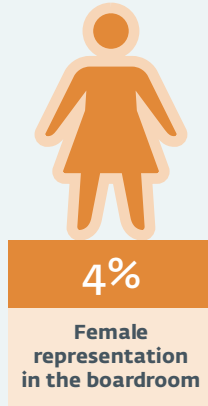
Source: Authors, based on data collected.

Table A6.2  
Insurance Sector ROA and ROE Figures for 2012 and 2011

	Average for all insurance companies		Average for all insurance companies with women		Average for all insurance companies without women	
	2012	2011	2012	2011	2012	2011
<b>ROA</b>	-2.00	-2.57	-1.29	-3.52	-2.24	-2.27
<b>ROE</b>	99.92	108.62	114.58	95.36	95.04	112.81

Source: Authors, based on data collected.

Figure A6.5  
Percentage of Board Seats by Gender in the Insurance Sector

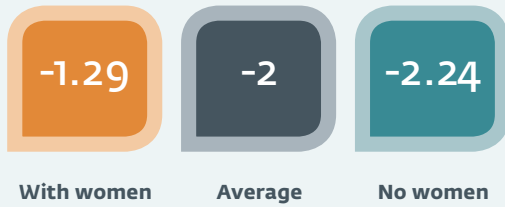


Source: Authors, based on data collected.

Figure A6.6  
ROA and ROE for Insurance Companies in Jordan with and without Women on Boards (2012 and 2011)

## 2012

### ROA

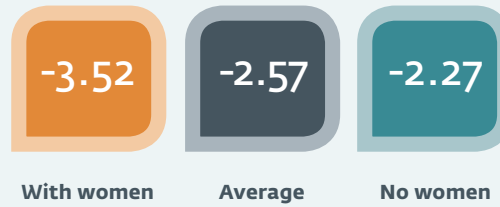


### ROE



## 2011

### ROA



### ROE



Source: Authors, based on data collected.

### Financial services sector

Eight out of the 34 listed financial services companies have women on boards. One of the eight financial services companies has three women on the board. (See Figure A6.7.)

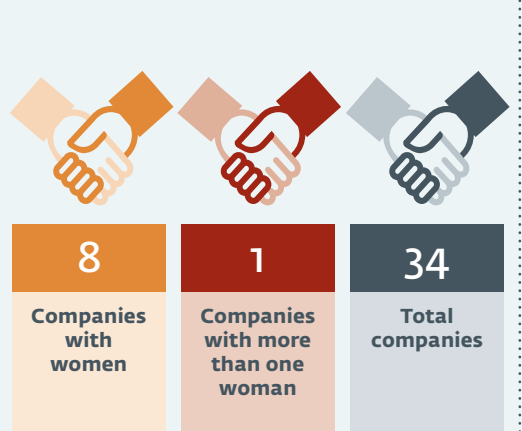
With a total of 252 board members in the financial services sector, there are only ten female board members – that is, 4 percent female representation in the boardroom. (See Figure A6.8.)

Based on 2012 data, the average ROA for financial services companies was –2.13. For financial services companies with female representation, it was 3.41, and for financial services companies without female representation it was –4.15. (See Table A6.3 and Figure A6.9.)

The average ROE for financial services companies in 2012 was –4.94. For those with and without female representation, the ROE was 4.51 and –8.23, respectively. (See Table A6.3 and Figure A6.9.)

For 2011, the average ROA for financial services companies was –2.85. For financial services companies with female representation, it was –0.51, and for financial services companies without female representation, it was –3.63. The 2011 average ROE for financial services companies was –6.82. For companies with and without female representation, the figures were –3.71 and –7.85, respectively. (See Table A6.3 and Figure A6.9.) It appears that financial services companies with female representation averaged much better performance than financial services companies without women representation – and above average.

Figure A6.7  
Companies with Female Representation in the Financial Services Sector



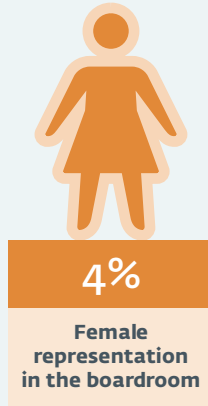
Source: Authors, based on data collected.

Table A6.3  
Financial Services Sector ROA and ROE Figures for 2012 and 2011

	Average for all financial services companies		Average for all financial services companies with women		Average for all financial services companies without women	
	2012	2011	2012	2011	2012	2011
<b>ROA</b>	-2.13	-2.85	3.41	-0.51	-4.15	-3.63
<b>ROE</b>	-4.94	-6.82	4.51	-3.71	-8.23	-7.85

Source: Authors, based on data collected.

Figure A6.8  
**Percentage of Board Seats by Gender in the Financial Services Sector**



Source: Authors, based on data collected.

Figure A6.9  
**ROA and ROE for Financial Services Companies in Jordan with and without Women on Boards (2012 and 2011)**

## 2012

### ROA

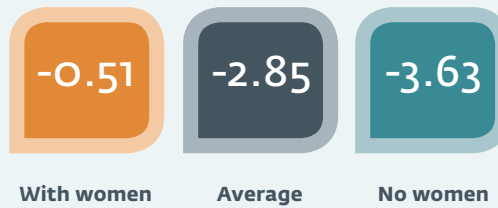


### ROE

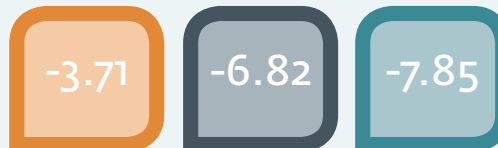


## 2011

### ROA



### ROE



Source: Authors, based on data collected.



### Services sector

Of the 57 listed services companies, 15 have women on boards. With a total of 463 board members in the services sector, there are only 20 female board members – that is, 4.3 percent female representation in the boardroom. (See Figure A6.10.)

Based on 2012 data, the average ROA for services companies was 4.21. For services companies with female representation, it was 6.06, and for services companies without female representation, it was 3.24. (See Table A6.4 and Figure A6.11.)

The average ROE for services companies in 2012 was 4.16. For services companies with and without female representation, the figures were 6.53 and 3.27, respectively. (See Table A6.4 and Figure A6.11.)

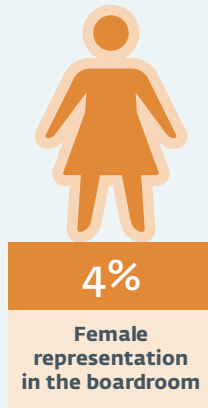
For 2011, the average ROA for services companies was 1.46. For services companies with female representation, it was 5.77, and for services companies without female representation it was –0.08. The average ROE for services companies was 0.62. For services companies with and without female representation, the figures were 5.39 and –1.08, respectively. (See Table A6.4 and Figure A6.11.) It appears that services companies with women representation averaged much better performance than services companies without women representation – and well above average.

Table A6.4  
Services Sector ROA and ROE Figures for 2012 and 2011

	Average for all services companies		Average for all services companies with women		Average for all services companies without women	
	2012	2011	2012	2011	2012	2011
<b>ROA</b>	4.21	1.46	6.06	5.77	3.52	-0.08
<b>ROE</b>	4.16	0.62	6.53	5.39	3.27	-1.08

Source: Authors, based on data collected.

Figure A6.10  
**Percentage of Board Seats by Gender in the Services Sector**

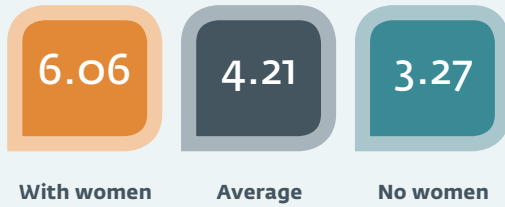


Source: Authors, based on data collected.

Figure A6.11  
**ROA and ROE for Services Companies in Jordan with and without Women on Boards (2012 and 2011)**

## 2012

### ROA

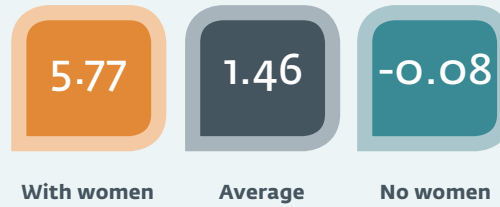


### ROE



## 2011

### ROA



### ROE



Source: Authors, based on data collected.

### Industrial sector

Eight of the 70 listed industrial companies have women on boards. With a total of 538 board members in the industrial sector, there are only 10 female board members – that is, 1.86 percent female representation in the boardroom. (See Figure A6.12.)

Based on 2012 data, the average ROA for industrial companies is 2.85. For industrial companies with female representation, it was 4.61, and for industrial companies without female representation, it was 2.60. (See Table A6.5 and Figure A6.13.)

In 2012, the average ROE for industrial companies was 1.66. For industrial companies with and without female representation, the figures were 4.74 and 1.22, respectively. (See Table A6.5 and Figure A6.13.)

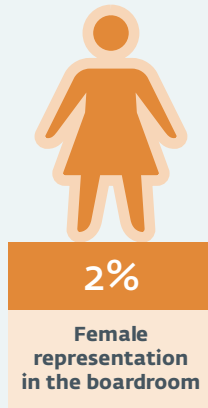
For 2011, the average ROA for industrial companies was 0.21. For industrial companies with female representation, it was 0.78, and for industrial companies without female representation it was 0.13. The average ROE for industrial companies was –5.82, and for companies with and without female representation, the figures were –0.59 and –6.50, respectively. (See Table A6.5 and Figure A6.13.) It appears that industrial companies with women representation averaged much better performance than industrial companies without women representation – and well above average.

Table A6.5  
Industrial Sector ROA and ROE Figures for 2012 and 2011

	Average for all industrial companies		Average for all industrial companies with women		Average for all industrial companies without women	
	2012	2011	2012	2011	2012	2011
<b>ROA</b>	2.85	0.21	4.61	0.78	2.60	0.13
<b>ROE</b>	1.66	-5.82	4.74	-0.59	1.22	-6.50

Source: Authors, based on data collected.

Figure A6.12  
**Percentage of Board Seats by Gender in the Industrial Sector**

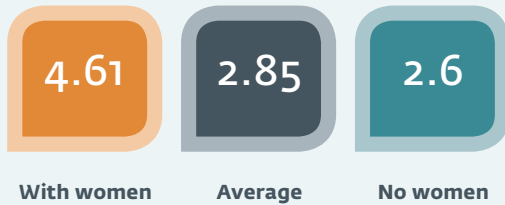


Source: Authors, based on data collected.

Figure A6.13  
**ROA and ROE for Industrial Companies in Jordan with and without Women on Boards (2012 and 2011)**

## 2012

### ROA

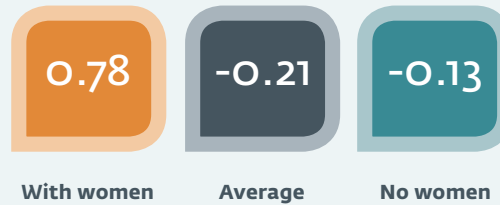


### ROE



## 2011

### ROA



### ROE



Source: Authors, based on data collected.

# A7

## Annex 7: Women Representation in the Boardroom per Sector

### Less than 1%:

Sector	Percentage of women representation
Chemical Industry	0.00%
Printing Industry	0.00%
Cigarette and Tobacco Industry	0.00%
Mining Industries	0.79%
Engineering Industry	0.00%
Glass and Ceramic Industry	0.00%
Communication and Technology	0.00%
Energy Industry	0.00%
Commercial Industry	0.99%

Source: Authors, based on data collected.

### From 1% to 5%:

Sector	Percentage of women representation
Construction Sector	4.74%
Insurance Sector	4.04%
Financial Services Sector	4.00%
Food Industry	4.00%
Electricity Industry	2.33 %
Clothing Industry	2.00%
Hotels and Tourism Industry	4.35%

Source: Authors, based on data collected.

### Above 5%:

Sector	Percentage of women representation
Banking Sector	5.16%
Medical and Pharmaceutical Industry	6.25%
Paper Industry	5.26%
Educational Industry	7.14%
Health Industry	10.71%
Transportation Industry	6.25%
Media Industry	5.56%

Source: Authors, based on data collected.





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