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Corporate Governance and Gender Diversity on Papua New Guinea's Corporate Boards

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1. Introduction - Background

- ▶ Generally, small number of women make up corporate boards in many countries (Du Plessis, et al, 2012; Klettner et. 2016; Klettner et al. 2013)
- ▶ Women are underrepresented on the boards of the world's largest publicly traded corporations (Ararat et al. 2014)
- ▶ Despite increasing number of qualified women in labour force, there is relatively low number of female directors (Campbell & Bohdanowicz, 2015)
- ▶ In PNG, women make up less than 1% on corporate boards (Business Advantage, 2014).

Introduction - Background

- ▶ Why small number of women are on corporate boards in PNG?
- ▶ How can PNG increase the number of women on corporate boards?
- ▶ What are the advantages of having women on corporate boards?

2. Women on boards in some countries of the world

- ▶ Generally, small number of women are on corporate boards in many countries
- ▶ South Africa, women represent 1/5 of all directors on boards of companies listed on Johannesburg Stock Exchange (Viviers et al. 2017)
- ▶ In Malaysia's Publicly listed companies, women make up only 8.2% of total corporate board members (Ahmad et al. 2018)
- ▶ In Sweden, women are under-represented on private company boards (Andre and Bourrousse, 2017)
- ▶ In Jordan, very low percent of gender diversity at top management including board level (Mohammad et al. 2018)

Women on boards around the world

- ▶ In India, only a handful of top 500 companies have a women on their board (Mahalakshmi & Peddy, 2017)
- ▶ In USA, women are often absent from leadership roles such as CEOs, board member and president (Chisholm-Burns et al., 2017)
- ▶ In Australia, by August 2018, 30% of ASX200 directors were females, a leap from 19.4 per cent in 2015 (Australian Institute of Directors, 2018).
- ▶ Norway, 42% of women make up corporate boards (Mission of Norway to EU, 2017).

3. Women on corporate boards in PNG

- ▶ Women make up 50% of PNG's working population, but only represent 1/3 of employment in formal sector and make up less than 1% of boards in PNG (Business Advantage, 2014).
- ▶ BSP, 2/10 directors are females, where one is a PNG national (BSP, 2017a)
- ▶ BSP 2/12 senior managers are females, both are PNG nationals (BSP, 2017b)
- ▶ Kina Bank, 2/5 board members are females (both non-nationals) and 1/9 senior manager is a female (PNG national) (Kina Bank, 2019).
- ▶ Nambawan Super Ltd, 3/9 of board members are females (2 are PNG nationals) (Nambawan Super Limited, 2019a)
- ▶ Nambawan Super Ltd, 2/7 senior managers are females (both are PNG nationals) (Nambawan Super Limited, 2019b)
- ▶ NASFUND, 2/8 of board members are females (none of them are PNG nationals) (NASFUND, 2019a)
- ▶ NASFUND, 1/7 of senior managers is a female (PNG national) (NASFUND, 2019b)

4. Why small number of women are on corporate boards in PNG?

- ▶ No qualified females?
- ▶ Unfavourable selection process?
- ▶ Is it because of culture? Distinguished roles of male & female?
- ▶ Husbands not willing to allow their wives to be on boards?
- ▶ Too many family responsibilities?
- ▶ Is it because of queen bee syndrome?

5. How can PNG increase the number of women on corporate boards?

- ▶ Quotas (develop policies and enact laws to have certain percentage of women on the boards)
- ▶ E.g. Norway did that. Passed quota law in 2007 - 40/60 percent. Female board members rose from 6 percent in 2002 to 42 percent in 2016 (Mission of Norway to EU, 2017).
- ▶ If quotas, then will it be enacted by the Parliament? Will it be like the 22 reserved seats in Parliament?
- ▶ Should Institute of PNG Directors (PNGID) and Central Bank of PNG and other relevant authorities emphasise on gender diversity on PNG's corporate boards?

6. Why having more women on boards?

- ▶ Gender diversity can lead to more creativity and greater innovation (Adams & Kirchmaier, 2016)
- ▶ Having women directors enhance corporate disclosure transparency in regard to climate change (Ben-Amar et al. 2017)
- ▶ Gender diversity of corporate boards bring 'added value' thus create greater efficiency since these women bring different skills and behaviour to the board (De Beaufort & Summers, 2014)
- ▶ Gender-diverse boards perform better due to unique pool of resources and human capital that women bring to the business (Isidro & Sobrol, 2015)
- ▶ Women are effective on monitoring role (Lakhal et al. 2015)
- ▶ Companies with gender diversity and women chairpersons on board are likely to have higher level of corporate social responsibility disclosures (Osei et al. 2017)

Why having more women on boards?

- ▶ Better governance structure goes favourably with increased board gender diversity (Oyenike et al. 2016)
- ▶ Women on boards play important role in enhancing perceptions of board's legitimacy and trustworthiness (Perrault, 2015)
- ▶ Gender diversity could improve economic and social performance of companies (Solimene et al. 2017)
- ▶ Presence of women on corporate boards increase board effectiveness through reducing the level of conflict and ensuring high quality of board development activities (Nielsen & Huse, 2010)
- ▶ Board gender diversity brings greater heterogeneity to boards which aids decision making (Du Plessis et al. 2014)
- ▶ In gender balanced board, female leadership style help improve the effectiveness of the board across three main roles; monitoring, strategic direction and rational function (Valsan, 2015)

7. Conclusion

- ▶ We need a paradigm shift in our thinking to break the glass ceiling that has been preventing women from leading organizations as CEOs and board members.
- ▶ We should now think differently and emphasise gender diversity in boards of both public and private organizations.
- ▶ PNG Parliament should enact quota law to improve gender diversity on corporate and public organization boards.
- ▶ There are many advantages that women bring to the boardroom and so gender diversity should be encouraged .

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