

Why gender diversity is critical to sustaining business performance

 By [Lyndy van den Barselaar](#)

5 Aug 2016

While the issue of gender diversity in business is nothing new, the nature of the modern business environment has made this issue all the more important. In the run up to Women's Month, I feel it is important to look more closely at the benefits that gender diversity offers businesses operating in the modern business environment, and what businesses can do to ensure they remain successful in this regard.



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Diversity on boards is critical to sustaining business performance. Not only does it assist to broaden the pool of eligible candidates for board positions, but also assist in expanding perspectives at a management level. While many businesses have recognised the importance of appointing members of different ages, races, educational backgrounds and expertise, the issue of gender diversity has often been overlooked.

Last year, a study carried out by Grant Thornton found that companies perform better when they have at least one female executive on their board. Analysis of the return on assets ratio (also known as return on investment) showed that, on average, companies with at least one female executive board member outperformed those with male-only boards in each of the three markets analysed. In the US, S&P 500 companies with diverse boards outperformed rivals by 1.91%. In the UK FTSE 350 the gap was 0.53% and for the Indian CNX 200, 0.85%. This translates into an opportunity cost of US\$567bn, US\$74bn and US\$14bn in each of the three markets respectively - or around 3% of GDP in the UK and US.

As part of the 30% Club, Manpower SA strongly advocates for gender balance on boards, as it encourages better leadership and governance, and contributes to better all-round business performance.

The modern business environment also calls for businesses to actively empower the communities in which they operate, of which a large part is empowering women. Millennials entering the workforce are looking to enter into companies who care for the environment, are mindful of the communities in which they operate, operate sustainably and that are active in pursuing certain social causes. Advocating for gender diversity across their boards could increase the appeal of businesses to millennials and prosumers, thereby attracting and retaining multi-talented, tech-savvy individuals.

Also important in this regard is assisting young, previously disadvantaged individuals in their educational and career paths. This will ensure that the next generation of job seekers are equipped with the necessary skills and experience to become great business leaders.

There are several ways businesses can go about introducing and sustaining gender diversity in their boards and within their organisations. Manpower SA runs several initiatives, including a PhD programme for women, a graduate program, a BEE partnership and an educational career programme all aimed at assisting females and disadvantaged youth, and being part of the 30% Club – which aims to assist companies in achieving gender balance at all levels of their organisations.

In order to remain successful and relevant in the modern business environment, businesses must take the necessary steps to achieving gender diversity within their organisations.

ABOUT LYNDY VAN DEN BARSELAAR

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