

A RESEARCH BY



PROMETHEANS
AUGMENTING PEOPLE CAPABILITIES

BREAKING THE GLASS CEILING: ACHIEVING GENDER PARITY IN THE BOARDROOM



About

THIS RESEARCH

- This research explores the impact and implication of the recent government announcement in its 2023-24 budget speech to implement a quota for gender board diversity.
- Our analysis is based on 91 companies (out of 100) listed on the Stock Exchange of Mauritius (Official & DEM)¹.
- Data was extracted and consolidated from various publicly available resources i.e., the registrar of companies, Stock exchange of Mauritius, company website etc (where available) as of 23 June 2023.

PROMETHEANS

We are an HR consulting firm helping organisations build and scale up their capabilities to attract, motivate and retain talents to win in their respective markets.

We are fuelled by the belief that a people-centric organisational culture, astute adoption of technology, evidence-based decision-making, and a strong talent pipeline help organisations create competitive advantage.

Through our network of partners, we provide access to cutting edge solutions and thought leadership across a broad spectrum of people related challenges.

Visit us at www.prometheans.mu

Timeline



2003

- Norway becomes the first country to legislate a quota for gender board representation



2016

- 2016-17 budget outlines proposal to have at least 1 woman on boards of listed companies
- New national Code of Corporate Governance published



2023

- Government announces legislation to have 25% female board representation



To what extent will this new legislation impact companies

Context: Board characteristics

On average ...



Board Size*

9 Directors



Composition

35% Independent



Gender Representation

17%















Tenure

8.8 years

* We noted a positive correlation between board size and market capitalisation

Context: Directors' profile

- Skills and experience are often cited as key criteria in the selection and nomination process of directors.
- Women directors typically have lower tenure and are more likely to be appointed as independent non-executive directors. However, they have the same number of appointments (on average) as their male peers.

TOTAL		AGE*		TENURE	
	89		53.9		5.0
	432		59.3		9.3
INDEPENDENT**		AFFILIATED***		# APPOINTMENTS	
	28.0%		12.0%		1.5
	72.0%		88.0%		1.5

* based on 256 available records

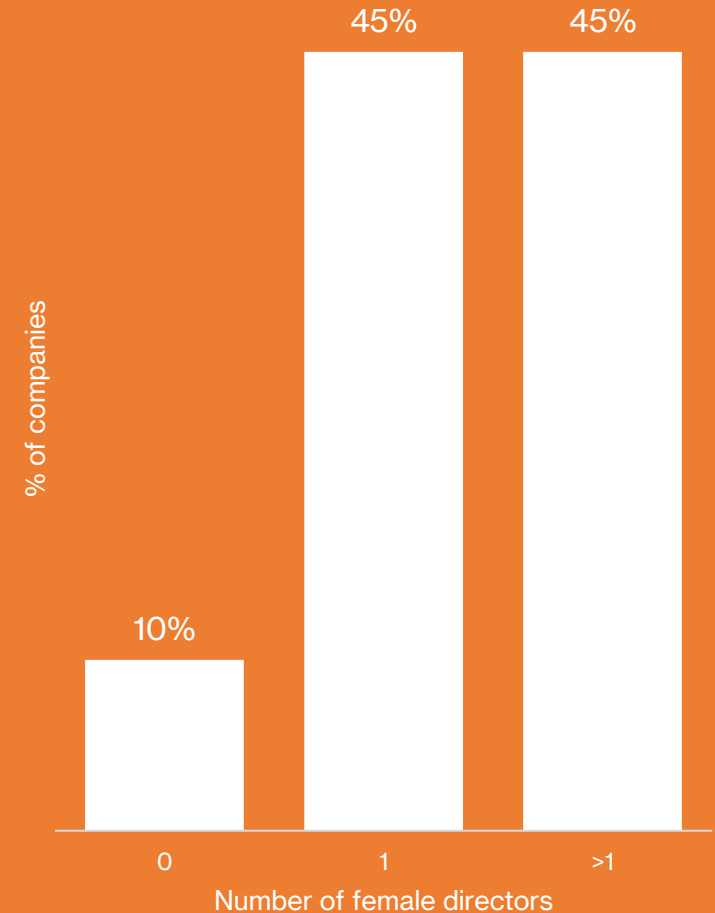
** based on 211 available records.

*** based on 464 available records. An affiliated director is a member of a company's board of directors who has a direct or indirect relationship with the company, such as through stock ownership or a business relationship

Our starting point...

- Diversity and inclusion is a 'hot topic' that is pervasive across contemporary literature and referenced in almost all company websites and annual reports. What impact is this legislation looking to make?
- In general, the sampled listed companies have responded positively and embraced the spirit of the code – evidenced by the fact that **45% of sampled companies went beyond the recommended minimum in terms** of female directorship appointments.
- Whilst the number of female chairperson remains on the low end (**6.3%**), appointed female directors chair sub-committees in **51%** of sampled organisations. The data suggest that at least in 1 in 2 companies, the topic of gender diversity has moved beyond tokenism.

Distribution of listed companies and number of female directors



The impact of the new legislation

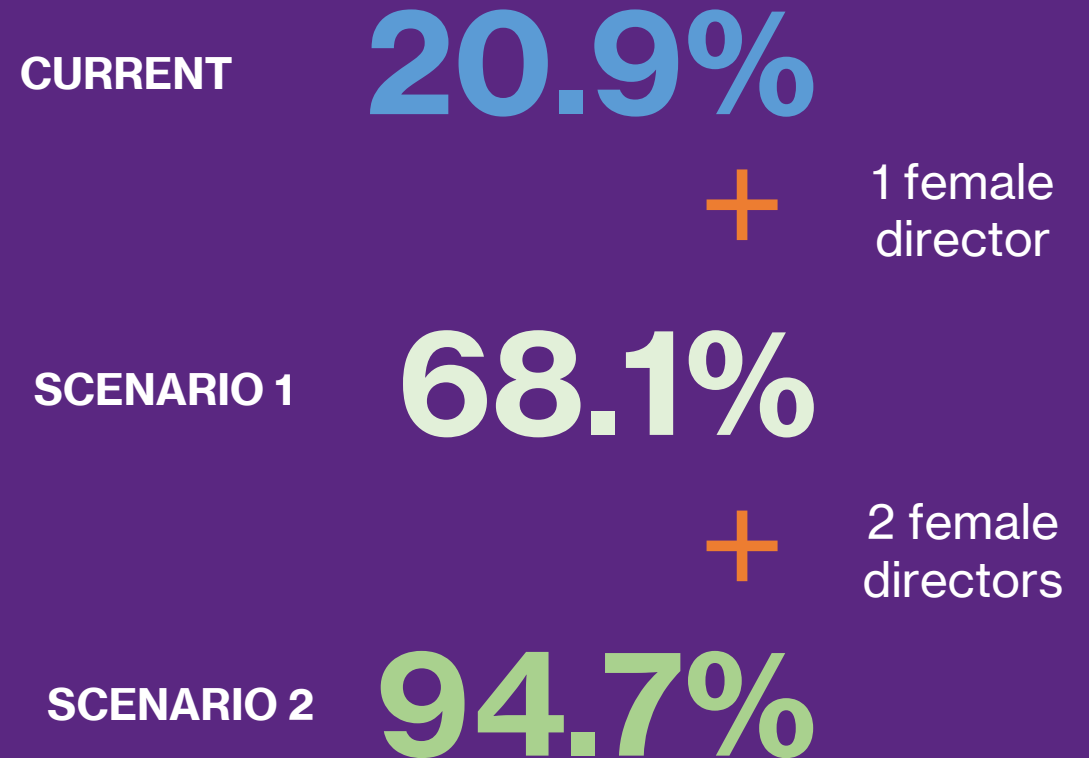
- From an organizational perspective **only 20.9% of listed companies will be meeting the standards set by the new legislation.**
- From an industry-wide perspective, women are mostly under-represented. One of the reasons attributed to the under-representation of women on boards is the nature of the business and industry.
- Limiting the search for experienced female directors in traditionally male dominated industries will prove challenging. With 25% female representation industry-wide, companies in the Energy and Construction Materials industries (also traditionally male dominated) provide evidence that change is possible.

Industry	% Female
Energy	25%
Construction materials	25%
Real Estate Investment	24%
Banking	21%
Gaming	20%
Real Estate Development	20%
Financial Services	19%
Investment Holding	18%
Healthcare & Pharmaceutical	17%
Tourism & Hospitality	16%
Food & Beverage	16%
Conglomerate	13%
Entertainment & Recreational	11%
Manufacturing & Distribution	11%
Insurance	11%
Agriculture & Farming	10%
Transportation & Logistics	10%
Automobile	8%

What if ...

- The board and nomination committees of 80% of listed companies will be tasked with reviewing their current board composition.
- Based on the current board composition of sampled listed companies, an increase of 1 female director will result in nearly **7 out of 10** companies meeting the new requirement.
- An additional female director to those companies not meeting the threshold would further increase the compliance rate to nearly **9 out of 10** companies.

% of companies compliant

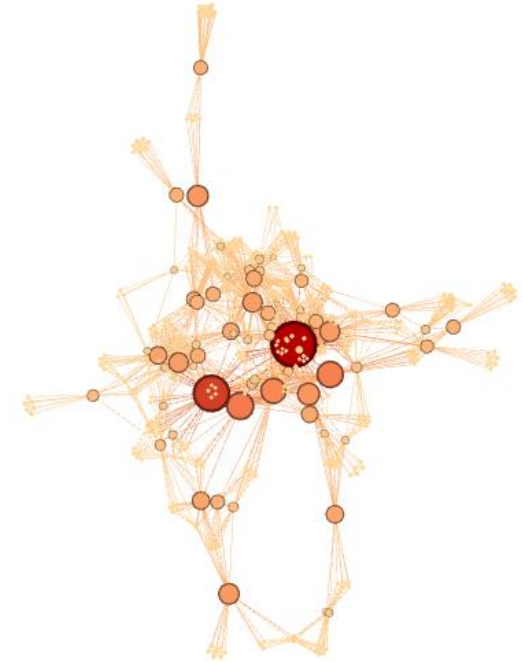


The potential change makers

“A small group of thoughtful people could change the world. Indeed, it's the only thing that ever has.” - Margaret Mead

- Our analysis of the network structure of directors sitting on listed companies, indicates that there are some individuals who are uniquely positioned to positively influence how their peers and the boards they sit on address diversity related issues.
- Historical context can to some extent explain why many of the connectors are male – as observed through the larger dots on the adjacent network diagram. However, we did find that 3 out of top 10 connectors are women.

Network structure of directors of listed companies in Mauritius



Considerations

The following are four key considerations with the implementation of the new legislation – pending the publication and ratification of the new finance bill.

1

Implementation timeframe

How long will companies have to comply with the new legislation? A two-year grace period was extended to companies in Norway when such legislation was first introduced.

3

Delivering on the promise

Studies of positive impact of greater gender board representation are often cited to support that agenda. However, the scientific literature is inconclusive highlighting the effect of contextual factors and the need for broader policy change and implementation.

2

Consequence of non-compliance

What will be the consequence of non-compliance? Again, taking Norway as a reference point, companies that did not comply faced dissolution by the authorities.

4

Expanding the focus

Whilst the representation at the upper echelon of corporations is an important signal, there remains other key battles to be won in the struggle for fairness and inclusion. Ensuring equal pay for equal work and greater inclusion across the organisation are core pillars of a thriving organisation.

Concluding remarks

Compared to other countries that have enacted such legislation, a 25% target could be perceived to be on the lower end of the range and as demonstrated remains a reasonable target for almost two thirds of the sampled organisations.

There are predominantly two schools of thoughts driving the board gender diversity agenda, i.e., the utilitarian perspective (that there are benefits to diversity) and the moral perspective (that is it the right thing to do regardless). Ultimately, shareholders opinion will weigh heavily in this debate with a primary concern for board effectiveness. This will be the point where we will witness the congruency between words and action and perhaps position Mauritius as the leading African nation in terms of gender parity.

References:

1. [Listed companies on the Stock Exchange of Mauritius](#)

Suggested reading:

- [The Debate About Quotas](#)
- [Valuation Effects of Norway's Board Gender Quota Law Revisited](#)
- [Driving the Diversity, Equity & Inclusion Agenda Through People Analytics](#)

The information contained in this report is the proprietary property of Prometheans. The contents of this paper, including but not limited to the text, data, graphics, and any other materials presented herein, are protected by copyright laws and international treaties.

This paper is provided for informational purposes. However, all rights reserved. The reproduction, distribution, or disclosure of this paper, in whole or in part, without the prior written consent of Prometheans is strictly prohibited.

All intellectual property rights, including copyright and any other rights, title, or interest, pertaining to this paper, are owned by Prometheans. By accessing or downloading this paper, you acknowledge that Prometheans retains all rights, title, and interest in and to the paper, and you agree not to claim any ownership or rights, including any intellectual property rights, in connection with the paper.

Any opinions, findings, conclusions, or recommendations expressed in this paper are those of Prometheans and do not necessarily reflect the views of any specific individual or organization. Prometheans assumes no responsibility or liability for any errors or omissions in the paper or for any reliance placed on the information contained herein.

This paper is provided on an "as is" basis, without any warranties or representations, whether express or implied, including but not limited to the accuracy, completeness, or fitness for a particular purpose. Prometheans shall not be liable for any direct, indirect, incidental, consequential, or punitive damages arising out of the use of or reliance on this paper.

By accessing or downloading this paper, you agree to be bound by the terms and conditions set forth in this Copyright and Proprietary Statement.