

## **Women in Company Leadership Tied to Stronger Profits, Study Says**

By DANIEL VICTOR FEB. 9, 2016

Companies pondering the incentives for increased gender diversity in their executive ranks may need to look no further than the bottom line.

Having women in the highest corporate offices is correlated with increased profitability, according to a new study of nearly 22,000 publicly traded companies in 91 countries.

The study, released Monday by the Peterson Institute for International Economics, a nonprofit group based in Washington, and EY, the audit firm formerly known as Ernst & Young, found that despite the apparent economic benefits, many corporations are lacking in gender diversity.

Almost 60 percent of the companies reviewed had no female board members, and more than 50 percent had no female executives. Just under 5 percent had a female chief executive.

The study found that female C.E.O.s did not significantly underperform or overperform when compared with male chief executives. While it found some indications that having more women on boards was correlated with higher profitability, Marcus Noland, the institute's director of studies, said that "in statistical terms that evidence is not robust."

But the data was clear about women in top management positions. An increase in the share of women from zero to 30 percent would be associated with a 15 percent rise in profitability, Mr. Noland said.

The results suggested that more needs to be done to establish a management pipeline of women as early as childhood, Mr. Noland said. Countries with school-age girls who score highly on math tests were more likely to have women in management positions, he said. "The larger the pool, the more you're going to see make it to that very top level," he said.

The study did not find evidence that quotas for women on boards, which are required by law in countries like Norway, Denmark and Finland, were having an impact on bottom lines. "In the long run, what's more important than achieving diversity by fiat is really policies on education, nondiscrimination, child care, things of that sort," Mr. Noland said.

A Pew Research Center survey from 2014 indicated that Americans see women as being equally qualified to be corporate and political leaders. Four in 10 survey respondents attributed the gender gap in leadership positions to women having to do more to prove themselves than their male counterparts.

In the Peterson Institute study, American companies were roughly in the middle of the pack on female representation in top positions, with 12 percent of board seats going to women and 16 percent of executive positions. Norway's companies were the most gender diverse, with women filling 40 percent of board seats and 20 percent of executive positions. Japan was at the bottom with women holding 2 percent of board seats and 3 percent of executive positions.

The study found that mandated maternity leave was not correlated with more female leadership, but stronger paternity leave policies were. Mr. Noland said that could be because the policies spread the burden of child care more evenly, freeing women to return to work and ease back into their professional roles.

"If you have a supportive set of policies, which would include paternal leave, which allows women to have children while maintaining their careers in a relatively undistruptive manner, you see more women making it to the very top," he said.