

BOARD GENDER DIVERSITY AND CORPORATE CITIZENSHIP: A SOUTH AFRICAN PERSPECTIVE

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To survive and prosper over the long term, corporate decision-makers can no longer rely on the short term wealth maximisation strategies that they have used in the past. They now face increased scrutiny for their impact on nature and society. Previous authors (such as Arguden, 2012; Ijas, 2012) reported that female directors are more responsive to stakeholders' needs for ethically accountable behaviour and reporting than their male counterparts.

Despite a growing body of literature on the relationship between board gender diversity and corporate citizenship (Harjoto, Laksmana and Lee, 2015; Bear, Rahman and Post, 2010; Bernardi and Threadgill, 2010), no research has been undertaken on this topic in South Africa. As such, the researchers investigated the association between female board representation and corporate citizenship for a sample of companies listed on the Johannesburg Stock Exchange (JSE) over the period 2009 to 2015.

The sample was restricted to companies where the percentage of female directors (the independent variable) was available on the Bloomberg (2016) database. The sample consisted of 745 annual observations across nine industries. In line with local researchers (e.g. Nkomani, 2013; Gladyssek and Chipeta, 2012), a company's inclusion in the JSE Socially Responsible Investment (SRI) index was considered as a proxy for corporate citizenship. The researchers, however, expanded on their work by constructing a broader corporate citizenship measure which consisted of three elements:

- Actions (Environmental quality management policy; emissions reduction target; Carbon Disclosure Project physical and regulatory risk exposure; compliance with the Broad-Based Black Economic Empowerment Act; employee corporate social responsibility training; fines; litigation; being investigated for alleged unethical behaviour)
- Reporting (Environmental, social and corporate governance disclosure scores)
- Reputation (the allocation of awards and inclusion in the JSE SRI index).

Data were downloaded from Bloomberg, INet BFA and relevant websites. Descriptive statistics were used to evaluate trends in the variables. Generalised estimating equations and panel regressions were computed to test five research hypotheses. Seven control variables (including board and company size) were employed and heteroscedasticity and multicollinearity specification errors were accounted for.

The percentage of female directors serving on the boards of the considered JSE-listed companies increased significantly over the research period. Notable improvements were also observed for most of the investigated corporate citizenship actions. Using the JSE SRI index as a narrow measure of corporate citizenship, a significant positive relationship was reported with board gender diversity. When a broad measure of corporate citizenship was considered, this relationship remained positive, but was not significant. Closer investigation revealed a significant positive association between female board representation and corporate citizenship actions. The findings are in line with international authors such as Ijas, (2012), Bernardi and Threadgill (2010) and Williams (2003).

The empirical evidence suggests that more should be done to improve board gender diversity in South Africa. Companies that aim to build a reputation as responsible corporate citizens should appoint more female directors. The proper utilisation of women's potential as directors could considerably enhance societal well-being. Policy makers, shareholder activists, companies and women all have a role to play in changing the *status quo*.

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