Women in Leadership: South African Perspective

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KPMG South Africa
In my encounter with peers and leaders from other entities, it is increasingly clear that the issue of fewer women in leadership roles is a phenomenon that continues to be seen. This is despite measures that have been introduced to manage this issue in support of women already in these roles and to level the playing field for others to come.

The detail that is encapsulated in this report without a doubt portrays an evolving landscape for women in leadership in South African businesses, that can in fact offer sustainability for businesses while captivating innovation. It is encouraging, however, that South Africa is highlighted as one of the countries that are leading in creating a conducive environment that will enable progress in this area.

With women continuing to face substantial challenges in attaining leadership positions and board representation, despite South Africa’s progressive constitution and efforts to promote gender equality, an urgent need for concerted efforts to address gender disparities in leadership is required.

The benefits that arise from including women in leadership and board positions outlined on page 6 are commended and should be a motivation for corporates to embrace the appointment of more women in their organisations.

As the leader of KPMG in the continent, I am passionate about seeing a positive trajectory in the advancement of women in leadership positions in our firm. I am also proud to share this report which highlights KPMG South Africa’s perspective of women in leadership and looks at key aspects including balancing the composition of a Board, findings from the census, what interventions are seen from a regulatory perspective, and ensuring active participation. This is a testament to how the firm has prioritised this important topic.

Going forward, the challenge for Corporates in South Africa will be to mirror the type of representation of women in leadership roles as seen in National Government Departments, taking into consideration the several regulatory interventions available to guide and equip organisations that are intentional in supporting this important topic.

I encourage you to see this as an opportunity to grow and fully utilise the resources that are available to make a change for your organisation.

Ignatius Sehoole
CEO KPMG Southern Africa & Africa Chairman
Over the years the data has demonstrated that diversity in corporations leads to better performance, but despite this, the pace of transformation has been slow. This report shows that through various legislation and private sector interventions companies can transform. Furthermore, it sets out best practices that corporations can follow to support women and increase diversity.

Through its legislative and policy interventions South Africa has managed to emerge as a leader amongst its G20 counterparts in achieving its diversity targets. Despite the great strides taken by South Africa in increasing representation, it remains imperative that women are given the opportunity to occupy key technical functions within organizations and not just supporting roles that are not part of the core technical function of the corporation.

This report supports the idea that we cannot leave diversity to private sector intervention alone and that a combination of a legislative approach coupled with strong policies will incentivize private sector reforms. Further it encourages corporations to adopt a wholistic approach to diversity over and above recruitment it encourages the adaption of policies that are inclusive of women including more flexible work environments and extended paid parental leave.

It is our hope that governments and corporations will implement the recommendations as made in this report to better improve diversity within their organizations. More importantly it is our hope that corporations will begin to see diversity as a key issue that has a direct impact on their bottom line and not just as a soft issue that is revisited on women’s month.

Linda Mabhena-Olagunju
Founder & CEO DLO Energy Resources Group
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Balancing board composition

In the contemporary corporate landscape, while the underrepresentation of women in leadership roles and on corporate boards has been a persistent challenge, recent years have witnessed a surge in efforts to rectify this imbalance.

- Despite incremental progress, gender disparities in leadership positions and on corporate boards have been a persistent challenge.
  - Based on the January 2023 S&P 500 list, only 8.2 percent of CEO positions in S&P 500 companies were held by women, while the global average of women occupying board seats stood at ~20 percent in 2022.

- However, recent years have witnessed a surge in efforts to rectify this imbalance.
  - Basis the BoardEx Q1 2022 Report, top 10 countries in terms of percentage of board seats held by women have implemented mandatory or voluntary benchmarks for female board representation, with South Africa being one of them.
  - As per the ‘Women Leaders Index’ by the Global Government Forum, South Africa is among the top four countries with respect to women in senior civil services position.
  - However, women continue to face substantial challenges in attaining leadership positions and board representation, despite South Africa's progressive constitution and efforts to promote gender equality, requiring an urgent need for concerted efforts to address gender disparities in leadership.


"South Africa has outperformed its peers in terms of incorporating women into senior leadership roles. Much of this progress is attributed to greater women participation in government-owned enterprises or entities, leaving a lot to be desired from private enterprises. Consistently fostering the inclusion of women in leadership positions across both the public and private sectors, can lead to a better result and South Africa could enhance its global standing as a beacon of progress in this field."
Percentage of board seats held by woman in key geographies — BoardEx Q1 2022 Report

- France: 44.0%
- Italy: 39.8%
- UK: 39.8%
- Sweden: 36.4%
- Australia: 35.6%
- Netherlands: 35.3%
- Spain: 34.7%
- Canada: 34.4%
- South Africa: 33.8%
- Ireland: 33.0%
- US: 31.1%
- Germany: 31.0%
- Switzerland: 30.4%
- Singapore: 24.2%
- India: 18.0%
- Hong Kong: 15.8%
- Brazil: 15.2%
- Russia: 12.7%
- Japan: 12.5%
- UAE: 6.3%

Source: BoardEx Q1 2022 Report, Link
Driving factors for women inclusion in board

1. **Improved financial performance**
   - Inclusion of women on board brings diverse perspectives to decision-making, enabling the board to effectively address business issues
   - Firms with higher female board representation are observed to exhibit improved financial performance, with a 21 percent higher likelihood of achieving above-average profitability

2. **Better Corporate social responsibility (CSR) score**
   - Various research studies have revealed a positive correlation between women on board and CSR scores
   - Companies with a higher percentage of female directors showcase enhanced levels of social responsibility
   - This positive relationship persists even in the face of challenging circumstances such as financial scandals or lawsuits

3. **Multitasking capabilities**
   - Once women leaders assume their positions on the board, they bring inherent qualities of leadership and multitasking
   - The latter is a distinctive skill naturally possessed by woman leaders, contributing significantly to the board’s overall effectiveness

4. **Minimizes risk and improves bottom-line**
   - Inclusion of women on board has been shown to mitigate the company's/firm's strategic and operational risks as well as positively impact its financial performance, ultimately improving the bottom line

5. **Regulatory frameworks**
   - Regulatory frameworks have played a pivotal role in promoting gender diversity within firms
   - Particularly, the European Union has been at the forefront of these efforts, demonstrating proactive measures since 2012 by proposing a directive aimed at enhancing gender balance on corporate boards

*Source(s): “Having a woman in the boardroom or C-suite drives even wider diversity, study finds”, CNBC. [Link](#); all sources accessed on 24 July 2023*
In South Africa, women make up 50.7 percent of the total population but only 45.5 percent of them are employed workforce. We also see a larger percentage of women employed at lower levels in the organisations and this figure reduces drastically as we move up the organisational hierarchy. However, improvement has been observed over the last few years

- At the top leadership levels of organisations, women accounted for only 17.3 percent of Chief Executive Officers (CEOs) and Chairpersons combined. While this figure might seem low, women representation at this level rose significantly from just 4.9 percent in 2004 and 9.7 percent in 2011
- The percentage of women holding Directorships has also grown consistently since 2004 when it was just 7.1 percent to 15.8 percent in 2011 and 27.7 percent in 2021

Notes: Women in Leadership Census is collated by Businesswomen’s Association of South Africa basis a sample size of 266 companies of which 249 are JSE-listed firms (both the Main Board and Alternative Exchange) and 17 of South Africa’s largest State-owned Enterprises (SOEs)

Source: Businesswomen’s Association of South Africa, 2021 report, Link
Women at the top echelons in South Africa, 2021

Our findings continue to reflect the South Africa government as a leader in bridging the divide between men and women at the top echelons in organisations

- Women are well represented in national government departments as well as state-owned enterprises
- A considerable increase in women representation has also been observed in higher education institutes since the past few years
- However, women remain underrepresented at the top echelons of the multinational organisations and professional services industry, representing 38.0 percent and 36.7 percent, respectively
- Further, compared with other enterprises in South Africa, the JSE-listed entities seem to lag in terms of women in leadership positions with only 26.9% women in senior positions. Being the least equal amongst their peers, the JSE-listed entities need to take measures to improve this underrepresentation

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Source: Businesswomen’s Association of South Africa, 2021 report, Link

- Public Services
  - Senior Managers:
    - Women: 43.5%
    - Men: 56.5%
    - 2011: 35.4%
  - Executive Managers:
    - Women: 29.4%
    - Men: 70.6%
    - 2011: 21.6%
  - Directorships:
    - Women: 27.7%
    - Men: 72.3%
    - 2011: 15.8%
  - Chairpersons:
    - Women: 10.9%
    - Men: 89.1%
    - 2011: 5.3%
  - CEOs/MDs:
    - Women: 6.4%
    - Men: 93.6%
    - 2011: 4.4%

Notes:
1. Women in Leadership Census is collated by Businesswomen’s Association of South Africa basis a sample size of 266 companies of which 249 are JSE-listed firms (both the Main Board and Alternative Exchange) and 17 of South Africa’s largest State-owned Enterprises (SOEs).
2. The Census analyses senior positions in National Government, from Salary Levels 13 to 16, as defined by Department of Public Services South Africa (DPSA).

Source: Businesswomen’s Association of South Africa, 2021 report, Link.

- While the public service reflects the highest representation of women in senior positions, most women are employed at lower institutional levels.
- In public services, at the highest top management level, women remain underrepresented at 26.4 percent (Level 16).
- Representation in JSE-listed entities and state-owned enterprises remains low; however, considerable gains have been made over the last decade.
In order to bring greater gender diversity in corporate boardrooms, several countries have chosen either to regulate the desired levels of diversity or introduce voluntary targets for companies.

In South Africa, while currently there is no legislation that prescribes minimum requirements for representation of women in boardrooms, the country has seen a remarkable surge in initiatives aimed at achieving gender diversity in key decision-making positions.

### National Gender Policy Framework and a Ministry for Women, Children and People with Disabilities

Aimed at deploying policies and mechanisms around, for example, tackling gender violence.

### King IV

Principle 7 of King IV states prescribes an organization’s governing body to have an appropriate balance of knowledge, skills, expertise, diversity, and independence to effectively govern. While compliance with King IV is not mandatory, it is used as a measure to encourage the participation of women in the boardroom.

### The Johannesburg Stock Exchange

Recently adopted a specific requirement for listed companies to disclose targets for gender and race representation at the board level.

### Broad-Based Black Economic Empowerment Act, 2003

Refers to the socioeconomic empowerment of all black people, including women, and promotes development of skills to help increase the number of black entrepreneurs who manage and control their own enterprise.

### Women Empowerment and Gender Equality Bill, 2013

Aims to establish a legal framework for women’s empowerment, integrate the application of laws pertaining to women’s empowerment and ensure that women are appointed to and represented in positions of power.

### Other initiatives to help women inculcate leadership skills:

- **Women’s Leadership and Training Programme (WLTP):** Established in 2007, a registered non-profit organization of women, that fosters leadership among young African women and girls. In 2022, the organization performed 6 workshops on Leadership, Advocacy, Water, Sexuality and Teenage Pregnancy etc.

- **Public Sector Woman in Leadership Network:** Launched on 18 August 2022 by the DPSA, it aims to support and encourage women in leadership in the public sector. It is a professional community that operates through the online mode and is supported by activations in various provinces.

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**Note(s):** [1] DPSA: the Department of Public Service and Administration

**Source(s):** Women’s Leadership and Training Programme website, [Link]; "Broad-based black economic empowerment policy for issuance of licences as per section 22c of the medicines act", SAHPRA.org, [Link]; Women empowerment and gender equality bill, [Link]; "As we launched the Public Sector Women in Leadership Network, we stood on shoulders of women who fought viciously towards emancipation of women", DPSA website, [Link]; all links accessed on 24 July 2023
Ensuring active participation

Outlook for women leadership in South Africa

26.9%
Directorships at JSE-listed entities were held by women

20.8%
Women holding Executive positions in JSE-listed entities

Women representation

- South Africa has emerged as a leading example of gender diversity, surpassing its G20 counterparts due to the introduction of gender and diversity targets by the JSE in 2015
- In the top listed 100 companies, women hold 29 percent of board positions, outperforming major G20 exchanges where the average is 20 percent. Comparatively, Japan stands at 12 percent, Shanghai at 10 percent and South Korea at 7.4 percent
- However, despite this progress, achieving gender parity is still an ongoing challenge — women account for 45 percent of the working population but only 17 percent of the top executives are female
- Although gender diversity is now mandated by JSE regulations recognised as beneficial for business outcomes, some corporates may still undervalue female participation at the highest levels
- To address the underrepresentation, proactive measures are needed such as fostering specialised skills through formal director designations and creating diverse nomination processes
- Setting targets, reporting progress and providing an inclusive environment are also vital steps to attract and retain the best female talent

Note(s): [1] DPSA: the Department of Public Service and Administration
Source(s): Women’s Leadership and Training Programme website, Link; “Broad-based black economic empowerment policy for issuance of licences as per section 22c of the medicines act”, SAHPRA.org, Link; Women empowerment and gender equality bill, Link; “As we launched the Public Sector Women in Leadership Network, we stood on shoulders of women who fought viciously towards emancipation of women”, DPSA website, Link; all links accessed on 24 July 2023
**Clear diversity goals**

- Companies that have specific, measurable, achievable, relevant and timebound gender-balanced leadership targets are observed to be more successful in achieving gender balance
- The EU has set a quota for all listed companies across 27 EU member states to ensure a minimum of 40 percent female representation in non-executive board seats or 33 percent of executive and non-executive roles combined by mid-2026
- In May 2021, the French parliament approved legislation mandating companies with more than 1000 employees to have a minimum quota of 30 percent for women in executive leadership positions by 2027 and increase it to 40 percent by 2030

**Diverse nomination and hiring process**

- Organisations should review their recruitment processes to attract a diverse range of candidates by ensuring inclusivity in job postings, candidate sourcing and approaches to interview

**Mentorship and employee resource groups**

- Firms should establish mentorship and sponsorship initiatives to support the career development of women employees
- Companies can also establish employee resource groups that support women in networking, sharing experiences and influencing company policies
- In Australia, the Women's Mentoring Program 2021–2024 initiative supports all young women aged 18–30 years to develop economic independence as well as leadership capabilities

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Inclusive culture

- Another effective practice is to cultivate an inclusive culture that recognises the significance of diversity and offers equal opportunities for all employees to contribute and advance.
- This can be accomplished through:
  - Training programmes addressing unconscious bias
  - Periodic evaluation of diversity and inclusion efforts
  - Monitoring and routine review of organisational diversity scorecard

Flexible work policies

- Organisations should implement flexible work arrangements that accommodate work-life balance needs, enabling women to balance family responsibilities with career aspirations.
- To focus on retaining and empowering women, firms should address enduring challenges such as childcare needs and remote work alternatives that accentuated during the pandemic.
- Sweden has one of the most attractive parental leave systems globally, offering parents a total of 480 days of leave per child. Of these, 390 days are paid at a rate equivalent to 80 percent of their salary, subject to a capped limit of SEK 1,006 per day.

Leadership development programmes

- Companies should provide leadership development programmes specifically tailored to the needs of women employees.
- These programmes should concentrate on skill building, confidence building and fostering executive presence to empower women in their professional growth.
- A women’s leadership initiative was inaugurated in South Georgia, which focuses on fostering female leadership by providing a platform for discussions on business, nonprofit management, and serving in elected and civic roles.

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