



Women on Board in Lebanon

How Gender-Diverse Boards Bring Value
to Lebanese Companies

IN PARTNERSHIP WITH:



Creating Markets, Creating Opportunities

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This report was prepared based on information collected through primary and secondary research. Much of the statistical data came from desk research of publicly available information, including annual reports. The research also consisted of focus group discussions, one-on-one interviews, and an online questionnaire.

Although the report results are derived from qualitative and quantitative data, using sound research methodology, IFC and Voluntas Advisory do not guarantee or warrant the accuracy and reliability of the information in this publication. It should not be relied on as a substitute for legal or corporate advice.



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FOREWORD

Can gender-diverse businesses play a positive role in lifting a country under significant economic and social duress? Lebanon continues to face tremendous dire economic and social impacts from the Syrian crisis, now in its eighth year. According to government and independent sources, up to 1.5 million Syrians have taken refuge in Lebanon since the conflict erupted in March 2011, straining the nation's public finances, service delivery, and other resources. The World Bank estimates that, as a result of the Syrian crisis, some 200,000 additional Lebanese have been pushed into poverty, adding to the nation's 1 million poor. Meanwhile, more than 250,000 to 300,000 Lebanese citizens are estimated to have become unemployed, most of them unskilled youth.

Strengthening Lebanon's private sector—creating jobs and opportunity—comes through understanding and addressing the factors that are hampering better company performance. Promoting Gender-diverse businesses and increased women's participation on company boards and senior management are key element of this process. A growing body of research connects gender-diverse business leadership with stronger and more sustainable companies—even during times of crisis. In the MENA region, IFC's 2015 study in Jordan was the first of its kind to identify a strong and positive link between gender diversity, corporate governance, and company performance.

This study, *Women on Board in Lebanon: How Gender-Diverse Boards Bring Value to Lebanese Companies* demonstrates the value of women's presence in Lebanon's business leadership and the ways in which female leaders, such as board directors, contribute to company success. It also shows some of the challenges women face as they aspire to positions of greater authority within the corporate hierarchy. Regulatory and governance barriers, experience gaps, and societal gender preconceptions, make it harder for women to ascend to the boardroom.

Importantly, our study offers concrete recommendations on ways to break down these barriers, with the ultimate goal of making Lebanon's companies stronger and more competitive by tapping into the vast potential skilled women have to offer.

Our report is designed to be used in tandem with a similar study on the impact of women's leadership for Egyptian companies, along with the earlier research on Jordanian firms. Together, the findings from all three form a triangulation of a compelling collection of evidence—of the immediate impact and long-term value that women bring to the boardroom.

Ultimately, it is hoped that such efforts will help build a more robust private sector throughout the region, and in particular within Lebanon, driving job creation, attracting new investment, expanding markets, generating new tax revenue to support critically needed public services, and stemming the tide of poverty.

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ACKNOWLEDGEMENT

As part of its mission to create markets and opportunity, IFC is focused on closing gender gaps in the workplaces of emerging market companies, with a particular emphasis on efforts to balance the scales when it comes to women in business leadership. This study, which explores the connection between gender-diverse boards and company performance in Lebanon, is part of IFC's ongoing effort to demonstrate the value of increasing women's participation on company boards in the regions where we work. By comparing measures of gender diversity and corporate performance, highlighting barriers to women's ascension into Lebanon's boardrooms, and providing recommendations to reduce these barriers, it is hoped that this study will contribute to the knowledge base on the connection between gender-diverse boards and enhanced company performance.

This study was developed by a team led by Yehia El Husseiny, in cooperation with Linda Clark and Mohamed Sadek, as part of the IFC MENA Corporate Governance team, and in collaboration with Voluntas Advisory, whose consultants conducted the research.

It builds on a similar study of Jordanian companies, published in 2015. The earlier research showed that companies with greater board gender diversity exhibit higher returns on assets and equity compared to companies without gender-diverse boards, among other advantages.¹

The team would like to thank Excellence in Governance-Lebanon (EIG-L), a division of Tamayyaz, which provided valuable insights, facilitated access to data and information, and shared

important feedback during the development of this report. The team also would like to thank the Lebanese League for Women in Business for sharing data on women in corporate structures and offering first-hand insight into the challenges and opportunities for Lebanese businesswomen.

Our appreciation extends to Voluntas Advisory for their efforts, as well as to the advisory board of this research study for their valuable contributions: Ghina Achkar, Dr. Fida Afiouni, Elie Aoun, Joelle Bou Abboud, Abir Chebaro, Cherine Debbas, Dr. Rasha El-Hassan, Badri El Meouchi, Chadia El Meouchi, Sahar Ghaddar, Sabine Hatem, Mona Itani, Abdallah Jabbour, Joyce Jammal, Dr. Charlotte Karam, Rania Mardini, Zeina Mhaidly, Tania Moussallem, Rita Rizk, Joelle A. F. Rizkallah, Salma Sabra, and Asmahan Zein.

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¹ International Finance Corporation. 2015. "Gender Diversity in Jordan: Research on the Impact of Gender Diversity on the Economic Performance of Companies in Jordan." Washington, D.C. https://www.ifc.org/wps/wcm/connect/e93318004a0d7ff195cfb7e54d141794/IFC_Jordan_Gender_Report_Sep_2015.pdf?MOD=AJPERE





“
Gender-diverse boards lead to stronger company performance, strengthens companies’ organizational structures, and leads to improvements in the workplace environment and company culture.

EXECUTIVE SUMMARY

A growing number of studies show board gender diversity can positively affect a company’s financial and organizational performance. More specifically, studies have found that gender diversity in the boardroom is associated with effects on key performance indicators such as profitability, innovation, and growth, as well as employee retention and engagement levels.² Supported by this evidence, initiatives to improve gender diversity in the boardroom have been undertaken globally. Yet despite such efforts, women are still underrepresented on boards across the globe, holding only 17 percent of all seats.³ Hence, there is tremendous opportunity to increase board gender diversity and, consequently, to improve business performance.

The objective of this study in Lebanon is to contribute to a knowledge base that can be used as a foundation to raise awareness, to understand the current status of gender diversity within the corporate world, and to further develop recommendations for concrete initiatives to close the gender gap in business leadership.

The report aims to:

- quantify the relationship between gender diversity on corporate boards and a company’s financial performance in Lebanon;
- examine the barriers to female participation on boards and obstacles preventing optimal performance once in these positions;
- highlight opportunities to increase the number of women in Lebanese boardrooms; and
- propose recommendations on how to achieve greater gender equality in the boardroom, build the pipeline of female business leadership talent, and promote more gender-equitable practices in the Lebanese labor market.

The study covered a sample of 1,600 Lebanese companies. The data was collected through an analysis of publicly available information and using the MASRI enterprise database. Additional information was gathered through focus groups and interviews with male and female board directors and executives, and through an online survey of companies.

² Catalyst Information Center. 2012. “Why Diversity Matters;” Sangeeta Bharadja Badal. 2014. “The Business Benefits of Gender Diversity” Gallup Business Journal. <http://news.gallup.com/businessjournal/166220/business-benefits-gender-diversity.aspx>; Diversity Best Practices. 2009. “The ROI of Diversity and Inclusion.” Diversity Primer. https://www.diversitybestpractices.com/sites/diversitybestpractices.com/files/import/embedded/anchors/files/diversity_primer_chapter_02.pdf; Ingrid Dyott and Sajjad Ladiwala. 2017. “Gender Impact: Assessing Gender Diversity at the Portfolio Level.”

³ Meggin Thwing Eastman. 2017. “Women on Boards. Progress Report 2017.” https://www.msci.com/documents/10199/239004/MSCI_Women+on+Boards+Progress+Report+2017.pdf/b7786a08-c818-4054-bf3

Study concluded that

50%

of sampled companies have **female board members**, and **women** represent

14%

of all board members.

The study found that the **gender-diverse boards lead to stronger company performance, adding to the business case for women on boards.** The qualitative research reveals that the presence of women on boards and in senior leadership strengthens companies' organizational structures. Companies with women on their boards tend to adopt more sophisticated structures and implement a higher standard of governance practice. **The presence of women on company boards can have a positive effect on the behavior of other board members. And greater gender diversity leads to improvements in the workplace environment and company culture,** which, in turn, positively affects employee satisfaction levels, ultimately reducing turnover and the costs associated with training new hires.

The study concluded that **50 percent of the sampled companies** (see Research Methodology section) **have female board members and women represent 14 percent of all board members.** Furthermore, 47 percent have one to two female board members and 3 percent of the companies have three to four female board members. The average board size is five members (5.1 for companies with women on boards and 4.8 for companies without women on boards).

POSITIVE RELATIONSHIP BETWEEN GENDER DIVERSITY AND FINANCIAL PERFORMANCE

The study findings found that female board members appear to positively impact a company's financial performance. **The quantitative analysis revealed that Lebanese companies with gender-diverse boards outperformed those with all-male boards.** On average, companies exhibited higher profitability measures and better solvency across the 2014–2016 period covered in this research. Specifically, companies with female board members exhibited **double the return on equity** (20.7 percent compared to 10.3 percent for all-male boards), and 2.3 percent higher growth in return on assets.

Furthermore, **companies with gender-diverse boards displayed greater preference for equity financing and less dependency on debt,** as reflected in the **equity-to-asset, debt-to-equity, and debt-to-asset ratios.** The average equity ratio for Lebanese companies with gender-diverse boards was 14.7 percent, compared to 2.8 percent for companies without women on their boards, across the three years of the study period. Additionally, companies with women on their boards had better solvency, reflected in lower debt-to-equity and debt-to-asset ratios.

The assessment of the return on equity and return on assets was further broken down and analyzed by the number of women in the boardroom. **This showed that companies with two female board members had the highest return on equity, and those with one female on the board had the highest return on assets.**

The findings of this study suggest that gender diversity is associated with better corporate financial performance. Yet, due to the relatively small sample size, as compared to the entirety of the Lebanese private sector, the statistical findings of this research are limited to the analyzed sample and cannot be extrapolated to the entire population of Lebanese companies.

The qualitative analysis, which was based on interviews, focus groups, and responses to an online questionnaire, highlighted important characteristics of female board members: **sound economic and strategic thinking excellence in problem-solving skills, and exceptional ability to identify profitable deals.** The study findings showed that such attributes yield significant benefits for companies, in the areas of risk management, planning and strategic direction, in particular. Diverse boards also better

47%

have **one or two** female board members and

3%

of companies have **three or more.**

reflect the marketplace—and, consequently, customer and investor needs. Such non-financial factors allow companies to make better financial decisions, operate more efficiently and cost-effectively, and broaden their customer base.

ORGANIZATIONAL AND HUMAN CAPITAL BENEFITS OF GENDER-DIVERSE BOARDS

In addition to being associated with positive financial outcomes, board gender diversity is likely to enhance several organizational aspects of a company. Although classified as non-financial indicators, these are factors that affect organizations' performance over time. Therefore, they are of critical importance.

This study argues that maintaining gender-diverse boards can improve corporate governance and company credibility, due in part to a composition that better reflects the marketplace. Several connections were uncovered between the presence of women on Lebanese boards and strengthened organizations. **Female participation on boards results in a greater focus on corporate governance structures and positively influences board dynamics, in turn improving company functioning and making them more attractive to investors.**

The inclusion of women on boards also appears to yield improvements in the workplace environment and company culture, leading to **increased employee satisfaction and retention as well as a competitive advantage for attracting young and female talent.** Furthermore, board gender diversity may enhance market knowledge and innovation processes, driven by a richer variety of thought and perspective that helps promote creative thinking.

BARRIERS FOR WOMEN ON BOARDS

The qualitative analysis underscored the obstacles for Lebanese women in gaining access to board positions. Interview, focus group, and survey respondents noted that Lebanese women are subject to societal expectations about women's roles from a very early age, as well as negative perceptions about women's capabilities. Popular culture reinforces the stereotypes of women as homemakers and men as leaders, they said.

This leads to both conscious and unconscious gender biases that greatly inhibit women's opportunities and ambitions. Most Lebanese women receive little encouragement or support in pursuing advanced academic degrees in demanding fields, due to social, educational, familial and religious constraints and expectations. This is especially the case in male-dominated sectors, where challenges such as discrimination, marginalization and bias might be more prevalent.

Such barriers are similar to those faced by women in other markets. Unique to Lebanon, though, are regulatory- and governance-related constraints that represent a significant obstacle for women aspiring to board seats on joint stock (S.A.L.) companies. Because the law requires that board directors hold a minimal equity stake in the firm—allowing no provision for the appointment of independent directors—only those individuals with sufficient assets are eligible. This puts women at a disadvantage, since they typically own fewer capital assets than men. The situation is exacerbated in some firms as a result of company by-laws or informal agreements with other board appointees.

Even for women who make it onto corporate boards, there is still the question of actual influence wielded. In many cases, women end up performing perfunctory roles instead of decision-making ones. A large proportion of women on company boards in Lebanon inherited their share from a family member, which reinforces this dynamic.

However, study participants noted that even highly qualified female board members experience marginalization and enjoy less authority and executive power. They struggle against stereotypes and often receive limited respect from their peers. They said this challenge is even more difficult to overcome when a board has only one or two female members.

Another constraint identified in the study is an experience gap. Because women are comparatively late entrants into Lebanon's formal labor market, they remain underrepresented in some sectors. As a result, they may have less experience than their male peers.

Still, this gap is narrowing as more women participate in Lebanon's workplace. Over time—and if broader efforts to balance the gender scales are successful—study participants said the pipeline of female talent will deepen naturally and women's experience levels will reach parity with their male peers in many industry sectors.

ACCELERATING THE PACE OF CHANGE

As part of our analysis, we identified a notable generational shift taking place in Lebanon. Young women are pursuing educational opportunities in greater numbers than ever before, with about 42 percent earning university degrees. Of note, more Lebanese women than men continue their educations past secondary school. And many more are opting for corporate careers, although as of 2017, only about 29 percent of Lebanese women are in the labor force.⁴

The uptick in numbers of women entering the professional workforce has not yet positively impacted the ranks of senior management or boards, since such leadership positions typically are held by older and more experienced candidates. Over the long term, these generational shifts will naturally contribute to a more gender-diverse workforce.

While the generational shift is positive, taken alone, it is unlikely to fully close the gender gap—particularly with regard to senior leadership. Concrete action is needed to harness the untapped potential that comes with increasing the presence of women in Lebanon's business leadership—improved corporate governance, enhanced firm performance and increased sustainability, leading to job creation and, ultimately, broader economic growth.

Study participants identified actions in three key areas:

- **Corporate governance and transparency:** Create incentives for better overall governance, with a particular focus on board dynamics and functioning, as well as on more extensive public disclosure of non-financial information, such as gender composition of the workforce, senior management corps, and board.

⁴ Rubina Abu Zeinab-Chahine. "Lebanese Women and the Dynamics of Change." *The Daily Star Lebanon*. January 11, 2017. <https://www.pressreader.com/lebanon/the-daily-star-lebanon/20170111/281526520742335>, accessed 12/3/18

- **Public awareness and female empowerment:** This starts early and includes educating children equally to reduce bias. Popular media can be an important tool to push back against ingrained and negative stereotypes about women's roles. Other efforts include raising public awareness about women's capabilities and the business case for gender-diverse boards, creating women's networks for support and encouragement, providing women-only training, and increasing the visibility of qualified female board candidates.
- **Reshaping companies from the inside out:** This includes engaging with male leaders to gain their support and public advocacy, encouraging companies to commit to gender diversity initiatives internally and among their peer firms, providing mentoring and coaching to cultivate the female talent pool, and implementing formalized women-friendly policies and procedures that enable more women to remain in the workforce while they raise families.

To be sure, some of these recommendations are aimed at improving the gender balance of the Lebanese workforce as a whole. Still, a more balanced workforce will contribute to an expanded pool of talented and experienced women who could qualify for board positions. Study participants noted that connecting senior female leaders with high-potential businesswomen in networks also is essential in this effort, since personal connections tend to factor into boardroom advancement in addition to skills and talent.

COMPARISON OF RESULTS FROM THREE COUNTRIES: LEBANON, EGYPT, AND JORDAN

With the completion of similar analyses in three countries—Lebanon, Egypt, and Jordan—a regional picture begins to emerge. It is clear that gender-diverse boards of MENA companies can improve corporate governance, positively influencing board dynamics and making companies more attractive to investors and that the presence of women on boards enhances the workplace environment, reduces employee turnover, and contributes to a stronger focus on innovation—all of which strengthen companies over the long term.

The challenges faced by women in the three countries are similar as well. In recent years, women in all three nations have increased access to a wider range of opportunities. Yet gendered stereotypes persist. It will require concerted effort and a host of actions to bring about the changes needed so that MENA women can achieve positions of leadership in similar numbers to their male peers.

42%

of young females
earn a **university
degree**

29%

participate in the
labor force.



1. INTRODUCTION

A growing number of studies show that a gender-diverse board can have a positive impact on company performance. More specifically, studies have found that gender diversity in the boardroom is associated with positive effects on key performance indicators—profitability, innovation, growth—along with enhanced internal controls, stronger organizational structures, and higher employee retention rates and engagement levels.⁵ A 2016 OECD report showed that companies with gender-diverse executive committees outperformed those without women in senior-level positions, achieving an average of 47 percent higher return on equity (ROE) and 55 percent greater gross income.⁶ Similarly, a 2011 Catalyst study found that companies with the most female board directors outperformed those with the fewest.⁷

Beyond the positive company-level impacts observed when firms have more gender-equitable leadership, the evidence suggests that greater gender equality in the general workforce boosts overall economic growth by improving productivity, diversifying labor markets, advancing corporate governance, and increasing human potential. The overall gap between male and female labor force participation, although narrowing, remains stark: Only 49 percent of women participate in the labor force globally, compared to 76 percent of men.⁸ Eliminating such gaps to achieve full gender parity throughout the workforce and at the top could increase GDP by \$12 trillion globally and \$0.6 trillion in the MENA region alone by 2025, according to a 2015 McKinsey study.⁹

Supported by this evidence, initiatives to improve gender diversity in the boardroom have been undertaken globally, regionally, and within Lebanon. For instance, Excellence in Governance-Lebanon (EIG-L) and the Lebanese League for Women in Business (LLWB), in partnership with IFC, are launching Women on Boards and in Business Leadership training program. Aimed at businesses, professional organizations, academic institutions, and individual male and female business leaders, the program focuses on building Lebanon's female leadership pipeline. It enfranchises male leaders while energizing and empowering women, with the goal of helping companies maximize the benefits

Companies with **gender diverse executive committees** have

47%

higher return on equity (ROE) and

55%

greater gross income.

Reaching gender parity by **2025** could increase **GDP**

\$0.6 trillion

in the **MENA region** alone.

⁵ Catalyst Information Center. 2012. "Why Diversity Matters"; Sangeeta Bharadja Badal. 2014. "The Business Benefits of Gender Diversity." *Gallup Business Journal*, <http://news.gallup.com/businessjournal/166220/business-benefits-gender-diversity.aspx>; Diversity Best Practices. 2009. "The ROI of Diversity and Inclusion." *Diversity Primer*, www.diversitybestpractices.com/sites/diversitybestpractices.com/files/import/embedded/anchors/files/diversity_primer_chapter_02.pdf; Ingrid Dyott and Sajjad Ladiwala. 2017. "Gender Impact: Assessing Gender Diversity at the Portfolio Level." Neuberger Berman.

⁶ Deloitte. 2016. "Women in the Boardroom: A Global Perspective," *Deloitte Global Center*.

⁷ Catalyst. 2011. "The Bottom Line: Corporate Performance and Women's Representation on Boards (2004-2008), on average, than other companies. In this report, Catalyst used three measures to examine financial performance: return on sales (ROS)"

⁸ World Bank. 2017. "Labor Force Participation Rate, Female (% of Female Population Ages 15+)" (Modeled ILO Estimate); International Labour Organization. 2017 "Labor Force Participation Rate, Male (% of Male Population Ages 15+)" (Modeled ILO Estimate)," ILOSTAT Database.

⁹ McKinsey&Company. 2015. "The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion To Global Growth."

of a gender-diverse leadership team. And in October 2016, the Lebanese League for Women in Business launched the Women on Board initiative, with the goal of increasing by 30 percent the number of women on Lebanese boards by 2025. Multiple economic agencies and associations, along with 21 companies, have signed on to this initiative, including the Lebanese Businessmen’s Association, and the Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon.¹⁰

WHY CORPORATE GOVERNANCE MATTERS AND THE CONNECTION WITH GENDER-DIVERSE BUSINESS LEADERSHIP

Often, such initiatives are part of broader efforts to improve corporate governance—the structures and processes by which companies are directed and controlled. Research has shown that, along with stronger environmental and social standards, good corporate governance enhances companies’ performance, helping them operate more efficiently, improve access to capital, mitigate risk, safeguard against mismanagement, increase stakeholder confidence, and strengthen reputation. Good governance makes companies more accountable and transparent to investors and gives them the tools to respond to stakeholder concerns. In fact, a number of studies have shown that investors are more likely to select companies with sound corporate governance structures.¹¹

Corporate governance also contributes to development. Increased access to capital encourages new investments, boosts economic growth, and provides employment opportunities. In fact, over the past decade, an estimated \$4.5 trillion in project finance across emerging markets has adhered to IFC’s performance standards and corporate governance methodology—or principles inspired by this guidance. The adoption and application of these standards is evidence of a broad-based acknowledgement that governance considerations, along with environmental and social standards, are central to business and economic success.

ROLE OF THE BOARD

The board of directors is the central corporate governance organ of a business enterprise, simultaneously directing the financial and non-financial performance of the company. Boards play a vital role in corporate governance by setting the strategic direction of a company and ensuring that the right talent is in place to manage the business. They exert influence throughout business operations, providing advice and counsel, and playing a key role in succession planning, conflict resolution, networking, strategy development, and managerial oversight. They also have responsibility for implementing optimal organizational governance and ensuring the alignment of interests between managers and shareholders.¹²

¹⁰ Lebanese League for Women in Business. 2016. “Women on Board.” www.llwb.org/single.aspx?a=2019&z=14.
¹¹ See: Deloitte Governance Services and Nyenrode Business Universiteit. 2016. “Good Governance Driving Corporate Performance? A Meta-Analysis of Academic Research & Invitation to Engage in the Dialogue;” Flavianus Benedicto Ng’eni. 2015. “The Corporate Governance and Firm Performance : A Review of Existing Empirical Evidence,” *European Journal of Business and Management*, Vol. 7, no. 33; Joseph A Mccahery, Zacharias Sautner, and Laura T Starks, “Behind the Scenes : The Corporate Governance Preferences of Institutional Investors,” 2015; Laura Starks, 2009. “Corporate Governance and Corporate Social Responsibility: What Do Investors Care about? What Should Investors Care About?” Keynote speech for *Eastern Finance Association*; Ammann, M., Oesch, D., Schmid, M. 2011. “Corporate Governance and Firm Value: International Evidence.” *Journal of Empirical Finance*. 18: 35-55.
¹² Wim Voordeckers, Anita Van Gils, and Jeroen Van den Heuvel. 2007. “Board Composition in Small and Medium Sized Family Firms.” *Journal of Small Business Management*. Vol. 45, no. 1: 137–56; Organisation for Economic Co-operation and Development. 2006. “Corporate Governance of Non-Listed Companies in Emerging Markets;” Maher and Andersson. 1999. “Corporate Governance: Effects on Firm Performance and Economic Growth.” In *Convergence and Diversity in Corporate Governance Regimes and Capital Markets*.

Consequently, improving board performance has become a primary focus of corporate governance initiatives in recent years, with several studies making connections between effectively functioning boards and better performance.¹³

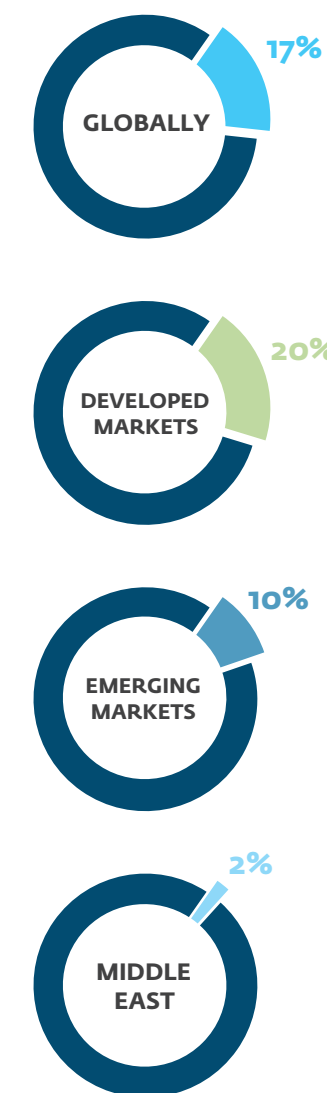
Other studies have shown that women in decision-making positions such as board directorships tend to focus more on key aspects of corporate governance, with heightened attention to board processes, compliance, internal controls, and transparency, helping to elevate the overall governance culture.¹⁴ Researchers also have suggested that boardroom gender composition can significantly influence financial and organizational performance.¹⁵ Specifically, the presence of women on boards has positive impacts on innovation, growth, and employee retention and engagement. Further evidence suggests that gender-diverse boards and improved financial performance are positively correlated,¹⁶ and that companies with gender-diverse management teams and boards achieve better financial results on average than companies with homogeneous management and boards. For example, a 2016 OECD report showed that companies with gender-diverse executive committees outperformed those without women in senior-level positions, on average achieving 47 percent higher returns on equity and 55 percent higher gross income.¹⁷ Similarly, a 2011 Catalyst study found that companies with the most female board directors outperformed those with the least.¹⁸

A recently published paper by two academics, Alexandre Di Miceli and Angela Donaggio, codifies the existing body of recent research, revealing substantial evidence connecting increased diversity at the top with enhanced environmental, social, and governance (ESG) standards. The authors identified equally strong evidence connecting better ESG with stronger corporate performance, building a comprehensive business case for the value of women’s participation on boards and in senior leadership.¹⁹

THE GENDER GAP AT THE TOP AND WHAT IT MEANS FOR ECONOMIES AROUND THE WORLD

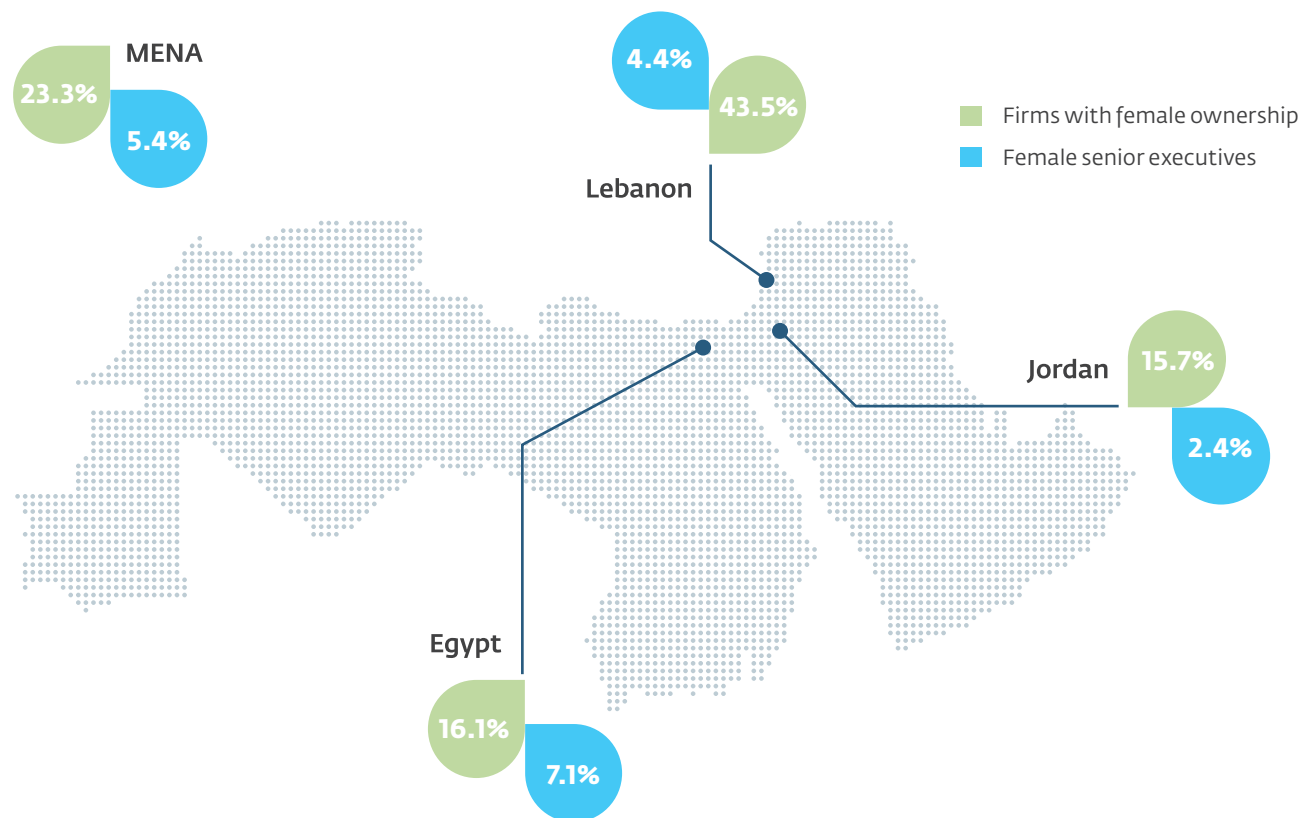
Yet, despite the ever-strengthening business case for gender-diverse boards in recent years and some notable gains—the period between 2010 and 2016 saw a 54 percent global increase in women on boards—women are still underrepresented on boards across the globe (figure 1.1), holding only 17 percent of all board seats.²⁰ While 73 percent of companies globally have at least one female board member, only 20 percent have three or more women on their boards—considered the critical mass needed for women’s voices and perspectives to be heard.²¹

Figure 1.1 Women’s representation on boards, as % of total board directors



¹³ See: McKinsey&Company. 2018. “A Time for Boards to Act.”
¹⁴ See: Isidro and Cobral. 2015. “The Effects of Women on Corporate Boards on Firm Value, Financial Performance, and Ethical and Social Compliance.” *Journal of Business Ethics*. Vol. 132, no. 1: 1–19.
¹⁵ Voordeckers, Van Gils, and Van den Heuvel. 2006. “Board Composition in Small and Medium Sized Family Firms.” *Journal of Small Business Management*. Vol. 45, no. 1: 137–56; IFC. 2015. “Gender Diversity in Jordan: Research on the Impact of Gender Diversity on the Economic Performance of Companies in Jordan.”
¹⁶ Victoria-Octavian Müller. 2014. “The Impact of Board Composition on the Financial Performance of FTSE100 Constituents,” *Procedia - Social and Behavioral Sciences* Vol. 109 : 969–75; Catalyst Information Center. “Why Diversity Matters;” Dyott and Ladiwala. “Gender Impact: Assessing Gender Diversity at the Portfolio Level;” IFC. 2015. “Gender Diversity in Jordan: Research on the Impact of Gender Diversity on the Economic Performance of Companies in Jordan.”
¹⁷ Deloitte, “Women in the Boardroom: A Global Perspective,” *Deloitte Global Center*, 2016.
¹⁸ Catalyst, “The Bottom Line: Corporate Performance and Women’s Representation on Boards (2004-2008),” 2011.on average, than other companies. In this report, Catalyst used three measures to examine financial performance: return on sales (ROS)
¹⁹ Alexandre Di Miceli and Angela Donaggio. “Women in Business Leadership Boost ESG Performance: Existing Body of Evidence Makes Compelling Case. *IFC Private Sector Opinion* 42. December, 2018.
²⁰ Meggin Thwing Eastman. 2017. “Women on Boards. Progress Report 2017.” MSCI.
²¹ Linda-Eling Lee et al. 2015. “Women on Boards: Global Trends in Gender Diversity on Corporate Boards,” *MSCI Research Insights*.

Figure 1.2 Regional overview: Women's participation in senior business leadership in MENA



The Middle East and North Africa region lags well behind: As a group, women constitute less than 2 percent of all board members, while only 17 percent of corporate firms have female representation in the boardrooms.²²

The data collected on the number of firms in the MENA region with women in top management—a stepping stone to board appointments—is equally striking. In 2013, only 5.4 percent of firms had female senior leaders. At that time, 4.4 percent of Lebanese companies had appointed women to senior leadership positions. For intra-regional comparison, 7.1 percent of companies in Egypt and 2.4 percent of Jordanian companies included women in their senior leadership teams (figure 1.2). In the category of female business ownership, the numbers are stronger: In Lebanon, women participate as part of the principal ownership block in 43.5 percent of privately-owned companies—well

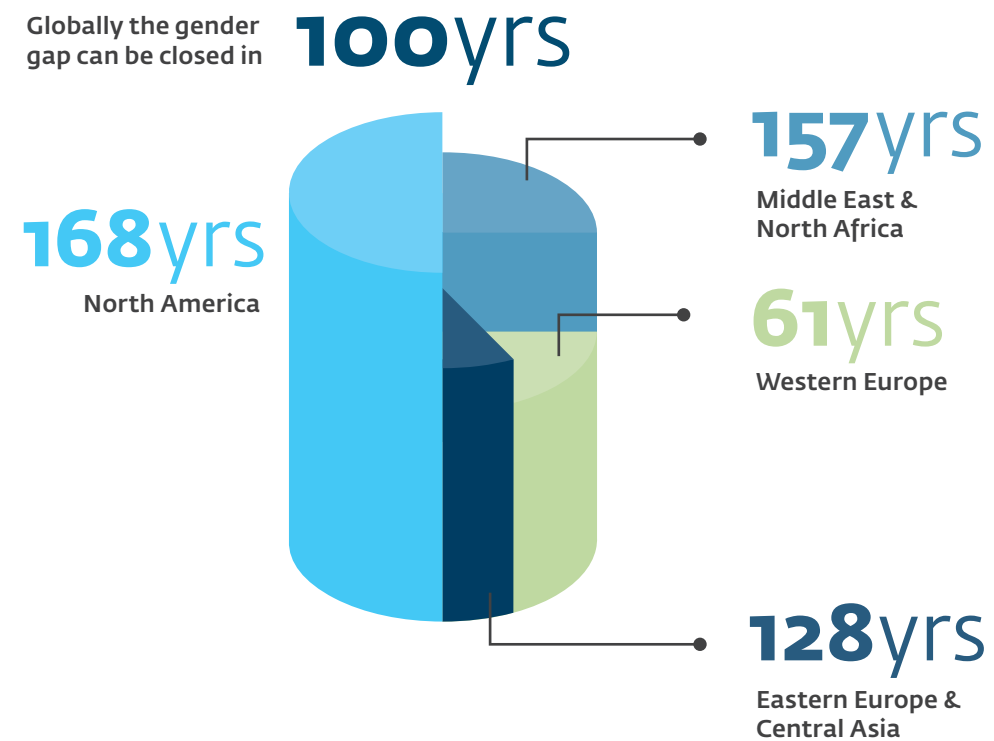
²² Deloitte. “Women in the Boardroom: A Global Perspective;” Shareholder Rights and Euromena Funds. 2016. “Women Representation on Boards of Directors on MENA Exchanges.”

above the 23.3 percent MENA average. In Egypt and Jordan, only about 16 percent of companies include females as among principal owners.²³ Worldwide, about 35 percent of businesses are women-owned, according to the World Bank.

Aside from the moral imperative of fairness, not giving voice and decision-making authority to fully half the world’s population means losing out on a massive well of talent. A 2017 report from the World Economic Forum identifies a 42 percent average global gender gap that must be closed in order to reach full gender equality. The report notes that making even small inroads in closing these gaps could quickly yield strong results—increasing countries’ gross domestic product by \$5.3 trillion in the next seven years.²⁴

Hence, there is great potential for increasing board gender diversity and a strong case to be made that by accelerating the pace of women’s ascension to boards, individual businesses and economies as a whole will experience improvements.

Figure 1.3 Closing the gender gap: How long it will take to achieve gender parity in different regions²⁵



²³ World Bank. 2017. “Firms with Female Participation in Ownership,” *Data Bank Gender Statistics*.

²⁴ World Economic Forum. 2017. “The Global Gender Gap Report 2017.”

²⁵ Ibid.

LEBANON'S CORPORATE GOVERNANCE CONTEXT

As with other countries in the region, the implementation of corporate governance practices in Lebanon has been slow. This is due in part to the make-up of the typical Lebanese firm: The majority are family-owned and often have limited capacity to implement strong corporate governance standards.²⁶ As a result, the development of corporate governance in most Lebanese industries remains at the early stage. One exception has been Lebanon's banking sector, which has made considerable progress on the corporate governance front.

In recent years, there has been an effort to improve corporate governance in Lebanon's private and public sectors by applying international codes and practices. With banks leading the way, many other Lebanese institutions, including some telecom and real estate companies, are adopting best practices and gradually putting into place sound corporate governance structures. These firms understand that such initiatives can attract investors, consumers, and new generations of talent.

The Central Bank of Lebanon (*Banque Du Liban*, BDL) is the only regulatory body in Lebanon that is trying to foster good corporate governance practices across the banking sector. Early in 2006, BDL issued a circular mandating basic corporate governance requirements, followed by a longer list of provisions in 2008 detailing board structure and composition, board committees, and internal auditing. In 2017, BDL required all banks to develop a board succession plan, to be proposed to the General Assembly. The plan needed to include protocols for the end of a board member's term or in the event of a board vacancy. It also required board members to participate in corporate governance training at least once a year.

Although no official agency exists for overseeing corporate governance, several supervisory and regulatory authorities issue governance rules for specific industries. In addition, a number of non-governmental organizations support the creation of corporate governance principles as part of their agendas. For instance, the Lebanese Transparency Association and Lebanon Corporate Governance Task Force partnered with other groups to develop the Lebanese Code of Corporate Governance. This code, intended as a flexible guide for companies wishing to improve corporate governance, lays out principles and practices designed to improve the overall quality of governance for Lebanon's corporate boards, with the goal of enhancing company performance, competitiveness, and access to capital.²⁷ Adaptation of the code is voluntary and there are no incentives associated with implementing the code's principles. Still, the Lebanese Transparency Association reports an uptick in interest from family-owned and listed companies alike. Many are requesting assistance in implementing governance upgrades, in the form of corporate governance assessments, guidelines.

Lebanon's rank in protecting minority investors stands at 138 out of 190 countries in the World Bank's 2018 Doing Business Report.²⁸ The extent of shareholder governance remains low (3.3) and the country's transparency score is 5.0.

²⁶ Nasser Saidi. 2004. "Corporate Governance in MENA Countries: Improving Transparency and Disclosure." Presentation for *The Second Middle East and North Africa Regional Corporate Governance Forum*. The Lebanese Transparency Association.

²⁷ Nada AbdelSater-AbuSamra and Norman D. Bishara. 2006. "The Lebanese Code of Corporate Governance."

²⁸ World Bank. 2018. "Doing Business 2018: Reforming to Create Jobs." Flagship report, 15th edition.

As noted earlier, a number of initiatives also are underway to promote the cause of women in Lebanon's business leadership, even though there are no formal regulations to require gender diversity on corporate boards.

THE STATUS OF WOMEN IN LEBANON

On-going regional instability has directly affected Lebanon's political, social and economic landscape. In turn, this situation has limited progress toward gender equality and women's empowerment.²⁹

Today, Lebanon ranks 137th out of 144 countries in the World Economic Forum's 2017 Global Gender Gap Index, and 133th on the Economic Opportunity and Participation sub-index.³⁰ The labor market in Lebanon is characterized by low employment, a limited degree of economic contribution by women, a large informal sector, a high influx of foreign workers, and a large number of skilled Lebanese seeking and obtaining employment abroad.³¹

Lebanon's labor law requires that men and women in the same position must receive the same remuneration. Yet, according to the Institute for Women's Studies in the Arab World, this law is not reflected in practice, meaning that a fair degree of wage inequality exists in the Lebanese workplace.³²

The lack of policies—and weak enforcement of laws already on the books—creates challenges and barriers for working women, especially in the informal sector. As noted earlier, women account for less than 30 percent of the total Lebanese labor force today, with only a slight increase in participation rate since 2010.³³

As a middle-income nation compared to other countries in the region, Lebanon's female labor force participation is on the higher end of the spectrum. However, a range of additional impediments—including cultural and societal norms that perpetuate gender-based stereotypes—make it difficult for women to remain in the workforce and move up the corporate ladder, causing considerable underrepresentation in senior-level positions. Information from 2007—the most recent year for which data on gender diversity at the management level in Lebanon was available—reveals that women account for only 8.4 percent of all Lebanese executives, a category that includes legislators, senior officials and managers. By contrast, in that same year, more than half of the countries for which data was available reported that women constituted over 30 percent of their management cadre.³⁴ While public statistics on the number of female board members in Lebanon do not exist, women as a group constitute 13 percent of all Lebanese joint stock company board members.³⁵

²⁹ William R. Avis. 2017. "Gender Equality and Women's Empowerment in Lebanon," *Knowledge, Evidence and Learning for Development*.

³⁰ World Economic Forum. 2017. "The Global Gender Gap Report 2017."

³¹ European Training Foundation. 2011. "Lebanon: Country Strategy Paper 2017-2020."

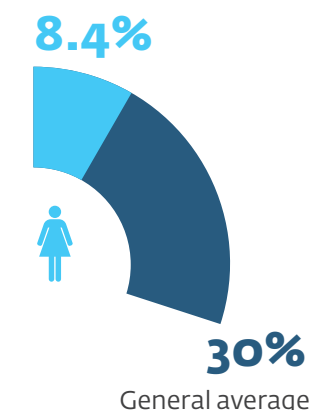
³² Institute for Women's Studies in the Arab World. 2016. "Gender Profile Lebanon."

³³ Crowe Horwath. 2015. "Country by Country Financial Reporting and Auditing Framework Lebanon."

³⁴ Crowe Horwath.

³⁵ Khalil Masri et Fils Sarl and Kompass Lebanon Sarl. Enterprise Database. <http://masri.com.lb/>.

8.4% of all Lebanese executives, including legislators, senior officials and managers are women



 Women constitute

47%

of the Lebanese banking sector. Their highest contribution across all sectors.

81%

of 61 female mid-senior level bankers who participated in the study have worked at their financial institution for more than 10yrs.

A breakdown of the data per industry shows that female labor force participation is highest in banking and service sectors. Yet while female employees accounted for 47 percent of the total Lebanese banking sector as of 2017, women's participation at the board level remains low: most women in banking work at entry- or mid-level positions.³⁶ Of note: among the 61 female middle- to senior-level bank managers who participated in this study, 81 percent said that they had worked at their financial institution for more than 10 years. Taken together, these findings suggest that career advancement beyond middle management is a lengthy and challenging process for Lebanese professional women.

ABOUT THE STUDY

This study explores the impact of gender-diverse boards and the performance of Lebanese companies. The first part of the analysis identifies and quantifies the relationship between gender-diverse boards and company financial performance. The second aspect of the analysis looks at the ways in which the presence of women on boards affects company operations, including such non-financial but equally important indicators as corporate governance, board dynamics, employee satisfaction, innovation, and talent retention. The study then details some of the barriers to women's access to Lebanese board directorships and to their ability to perform well in these positions. Next, it identifies opportunities and recommendations on how to achieve better gender balance in the boardrooms of Lebanese companies and ultimately advance the broader case for gender equality in Lebanon's labor market. The report concludes with a brief comparison of the board gender diversity situation in three MENA countries: Lebanon, Egypt, and Jordan.

The report builds on IFC's 2015 study of 1,200 Jordanian firms, which was the first to analyze in-depth the role of women on boards in that country and the link between gender-diverse boards and company performance. The Jordanian research revealed that despite a limited presence in boardrooms—only about 23 percent of companies had female board directors—when they are present, they have a beneficial influence on performance, with positive correlations between gender-diverse boards and returns on assets and on equity.³⁷

With the completion of similar analysis in three countries—Egypt, Jordan, and Lebanon—the reports will contribute to a robust knowledge base that takes into account the unique characteristics of individual countries as well as the MENA region as a whole, contributing to the business case for better gender balance in MENA boardrooms.

³⁶ Rubina Abu-Zeinab-Chahine. "Lebanese Women and the Dynamics of Change." *The Daily Star Lebanon*, January 11, 2017.

³⁷ IFC. 2015. "Gender Diversity in Jordan: Research on the Impact of Gender Diversity on the Economic Performance of Companies in Jordan."



Figure 2.1 A statistical analysis of Lebanese companies looked at the correlation between gender-diverse boards and company performance



2. RESEARCH METHODOLOGY

This research study examines the impact of gender-diverse boards—the independent variable—on the performance of companies—the dependent variable. To expand on and enhance the findings from the quantitative methods, qualitative research methods were deployed, including focus groups, interviews, and a survey. The results from the qualitative research helped to reinforce the results of the quantitative analysis.

SAMPLE SIZE AND CHARACTERISTICS

The analysis focused on S.A.L. (joint stock) companies, with observations spanning a three-year period (2014, 2015, and 2016). The study sample includes a total of 1,600 Lebanese companies. After data collection, validation, and exclusion of outliers from the data set, the quantitative and the qualitative analysis attested a total of 393 companies.

The sample included in this research study had 50 percent of the companies with women on their boards and women represent 14 percent of all board members. The average board size is five members (5.1 for companies with women on boards and 4.8 for companies without women on boards) and board sizes range between 3 and 13 members. The number of female board members on the gender-diverse boards ranges from one to four. Out of the total sample, 47 percent have one to two female board members while only 3 percent have three to four female board members.

For 41 percent of companies in the sample, female representation in the boardroom ranges between 1 and 49 percent while 9 percent have a board composition that ranges from an equal mix of men and women to all women. Due to the small sample size, and in order to ensure a comparable sample, the companies with women on their boards and those with all-male boards are distributed evenly across the four main sectors analyzed in the sample.

Research was conducted on the following breakdown and sample:

1,600

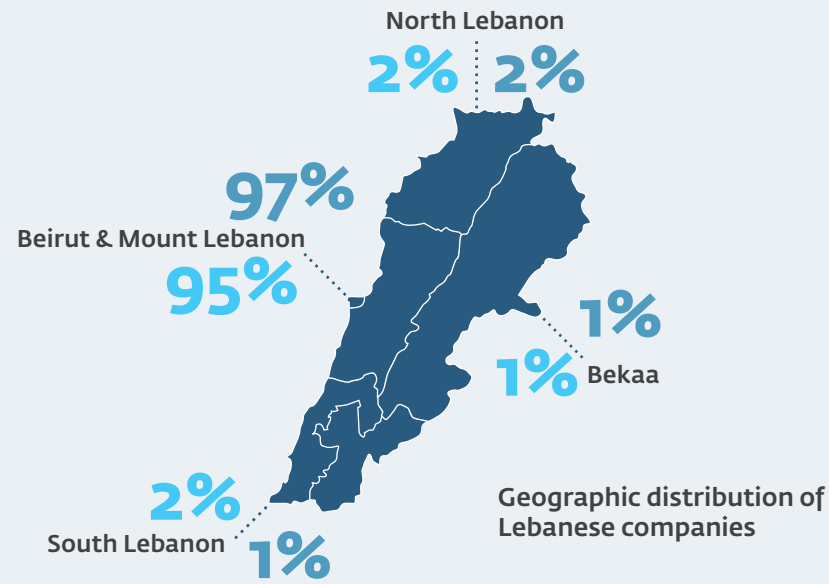
Sample size

393

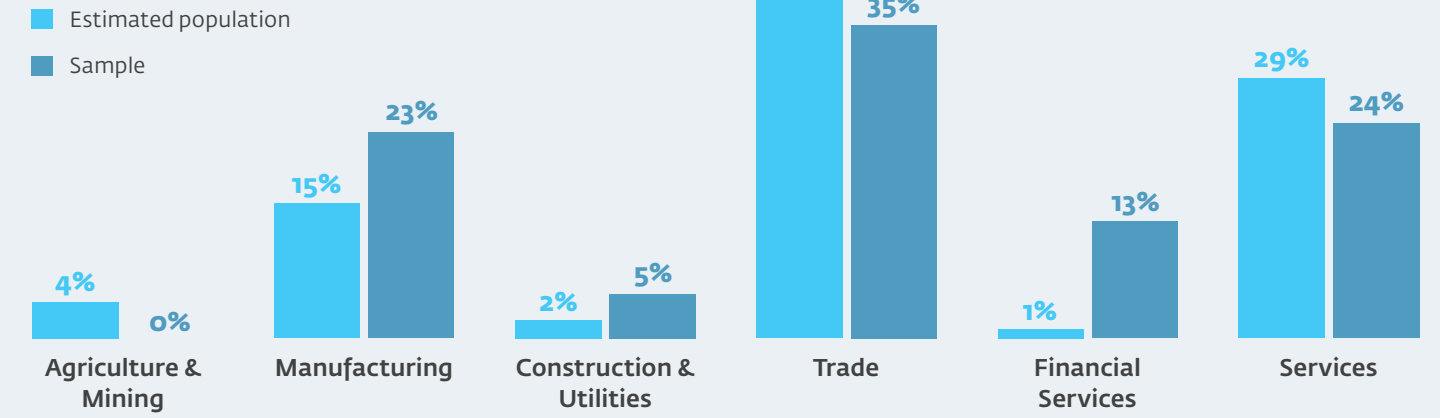
Quantitative analysis

348

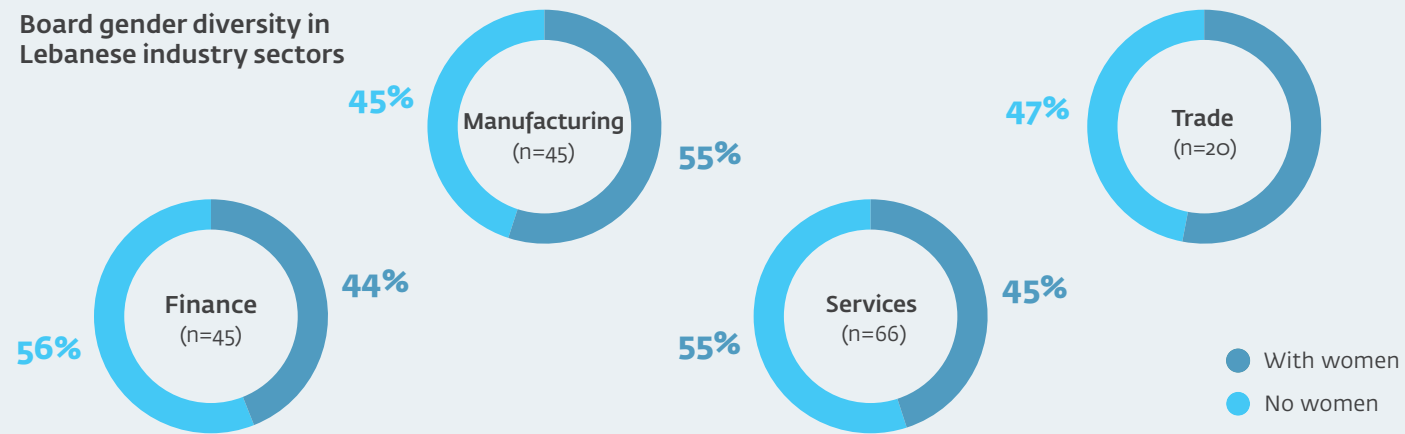
Private companies



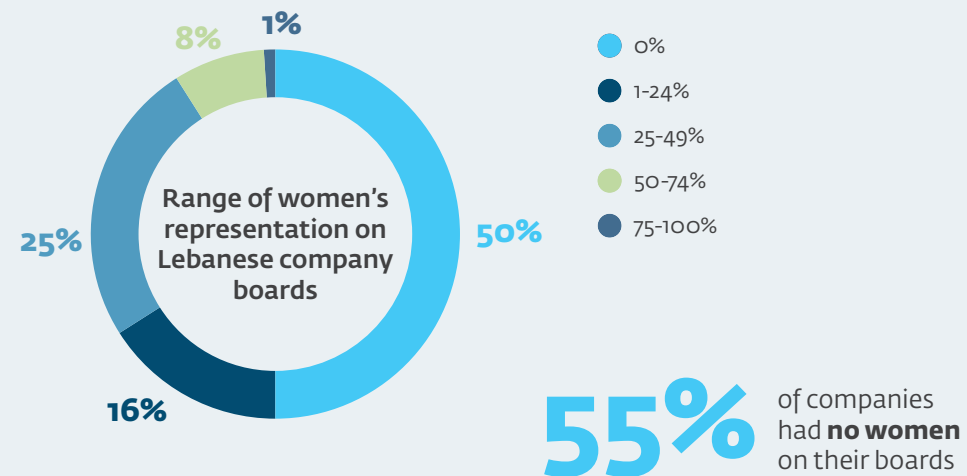
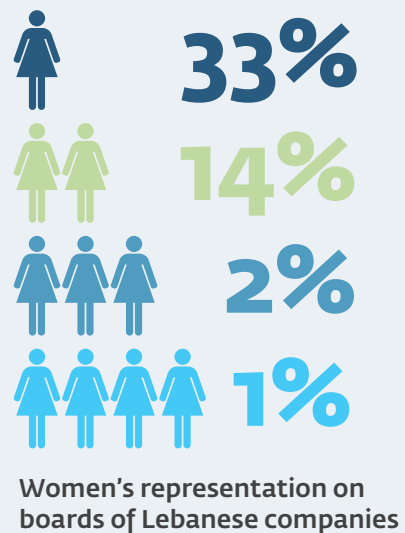
Sectoral distribution of Lebanese companies



Board gender diversity in Lebanese industry sectors



This research study examines the impact of gender-diverse boards - independent variable - on the performance of companies - dependent variable, using both quantitative and qualitative methods.



Interviews conducted

- 6** Preliminary interviews with females in various roles (CEOs, founders, etc.)
- 4** Individual interviews with female board members
- 4** Company interviews with senior management

Participation breakdown



45

Focus groups, interviews, online survey

- Board Members
- Senior Management

SECTORAL DISTRIBUTION

Data on the total number of companies with boards in Lebanon is not available.³⁸ Using information from the MASRI Enterprise Database, four main sectors were identified for analysis: finance, manufacturing, services, and trade. Compared to the estimated population, the selected sample displays similar variance in sectoral distribution. The finance sector is overrepresented compared to the overall number of companies, in large measure because bank data is publicly available and therefore easier to access than information on firms in other sectors. Agriculture and mining companies are not included in the sample, based on the assumption that very few of them maintain functional boards.

Since most S.A.L. companies are registered in either Beirut or Mount Lebanon, the sample focused only on firms located in these regions. This yields a representative cross-section of Lebanese companies with operational boards.

COMPANY PERFORMANCE INDICATORS

The financial indicators included in the quantitative analysis are return on equity (ROE), return on assets (ROA), return on sales (ROS), equity ratio (ER), debt-to-equity ratio (D/E) and debt-to-asset ratio (D/A). ROE, ROA and ROS represent profitability measures, while ER, D/E and D/A reflect capital structure and solvency.

Capital structure can be an important indicator of the claims that various stakeholders have on the company. It also offers insight into a firm's risk profile. The optimal risk level depends on the industry but, generally, a company with higher debt financing faces greater fixed obligations and would experience less operating buffer and more risk, which may indicate higher financing costs depending on the cost of capital in the industry. While capital structure indicators do not directly reflect economic performance of companies, when taken together in comparison with other firms, they can provide an overall understanding of the financial performance and health of the companies analyzed.

The qualitative analysis included non-financial indicators to measure improved organizational structures: corporate governance, board dynamics, employee satisfaction, innovation, and talent retention.

³⁸ By law in Lebanon, only three corporation types are required to have a board of directors: joint stock companies (S.A.L.), holding companies, and offshore companies. These three company types also are required by law to register with the Beirut Stock Exchange (BSE). They are considered members of the BSE even if the corporation is not listed on the BSE. The other types of companies are: limited liability companies (S.A.R.L.), partnerships, and partnership limited by shares. They are not required to have a board of directors but can appoint a board or a group of partners with similar roles and responsibilities at their own discretion. For all company types, the Lebanese law states that separating the board of directors from senior management is not required. The chairperson is the de facto general manager. If an alternate general manager is appointed, this individual operates under the responsibility of the chairperson.

DATA COLLECTION

The following instruments were used for data collection:

Desk research

The data was pulled on 46 companies and banks, looking at corporate governance structures, financial performance, and the status of women within these firms. The data was gathered from annual reports and income statements provided by Bankdata Financial Services. Some banks were excluded, due to the lack of publicly available information.

MASRI Enterprise Database³⁹

This database provides detail on financial indicators as well as on board composition, from which 300 companies were identified for the analysis and selected on the basis of:

- Existence of a board of directors
- Minimum of 50 employees—to capture a sample of firms in which corporate governance-related areas such as board composition would have more significant impacts
- Representative of a cross-section of industry sectors

Face-to-face interviews

Preliminary interviews were conducted with six female managers. These interviews helped create a framework for the analysis, identify gaps and establish data collection needs. For additional insights into the status of women on boards in Lebanon, eight more interviews were conducted with four female board directors and four senior company managers. Questions focused on identifying barriers preventing more women from joining boards and opportunities to accelerate the pace of gender equality in boardrooms. In the interviews, female directors shared their experiences in detail, contributing to a richer analysis. The company interviews added valuable insight on gender diversity and gender biases in the workplace. The number of interviews was determined by resources available and time and methodological considerations. Participants were offered anonymity and some names are omitted in the report.

Focus group discussions

Five focus group discussions were convened—each with a different audience—which helped to provide a broader perspective. Participants represented the range of stakeholders from firms of varying sizes, sectors, and regions of the country. Two sessions included male board members and senior

³⁹ For more information on Masri, please refer to <http://masri.com.lb/>.

executives, while three included female board members and senior executives (figure 2.8). The separation by gender was purposeful: The goal was to allow a comparison of the perceived barriers and opportunities for women on boards between male and female respondents. Number and size of the discussion groups were determined by a balance between available resources, time, and a structured methodology, as well as the availability of participants. Participants were offered anonymity and some names are omitted in the report.

Online survey

To collect as much information from as wide a range of firms as possible, an online survey was circulated to 1,207 Lebanese companies. The response rate to the online survey was very low, and where valid financial information was available, the responses were integrated into the analysis.

RESEARCH LIMITATIONS

As with any fact-based research, there are some limitations to this study. It was not possible to determine the effectiveness of the sample companies' overall corporate governance—and whether or not their boards play a significant role in company functioning. This was the reason for limiting the sample to only those firms with at least 50 employees. The presumption here was that an effective board of directors would be significant to companies of this size or larger.

In addition, although the quantitative analysis shows relevant differences in financial performance between companies with women on their boards and those with all-male boards, it is not possible to establish causality between the variables. This is a key reason to supplement the quantitative findings with the qualitative research to gain further insight into the relationship between the presence of women on boards and the impact on company performance.

The data on the total number of companies with boards in Lebanon is not available, meaning that a definitive number could not be established. While resource constraints limited the sample size, measures to ensure a robust and representative sample of companies with functioning boards in Lebanon. For instance, smaller sectors were omitted.

The financial data collected for this research study reflects companies' annual statements; however, this information has not been verified by any third party. Additional steps were taken to ensure reliability by identifying firms reporting unlikely financial results and excluding these outliers from the analysis.

Finally, in order to develop a comparative analysis between companies with and without women on their boards, an intentional sampling process was deployed to obtain a 50-50 split among firms, rather than using a truly random sampling process. Consequently, the sample might not reflect the overall population of companies. While it does capture a snapshot of the Lebanese business context, it would not be valid to use the descriptive insights from the sample, such as percentage of women on boards, as a general representation of all Lebanese companies.



“

When it comes to investments, having a woman crunching the numbers will ensure more realistic expectations and that the deal will be profitable.”

Female board member of a Lebanese company



3. ANALYSIS: HOW WOMEN ON BOARDS IMPACT THE FINANCIAL PERFORMANCE OF LEBANESE COMPANIES

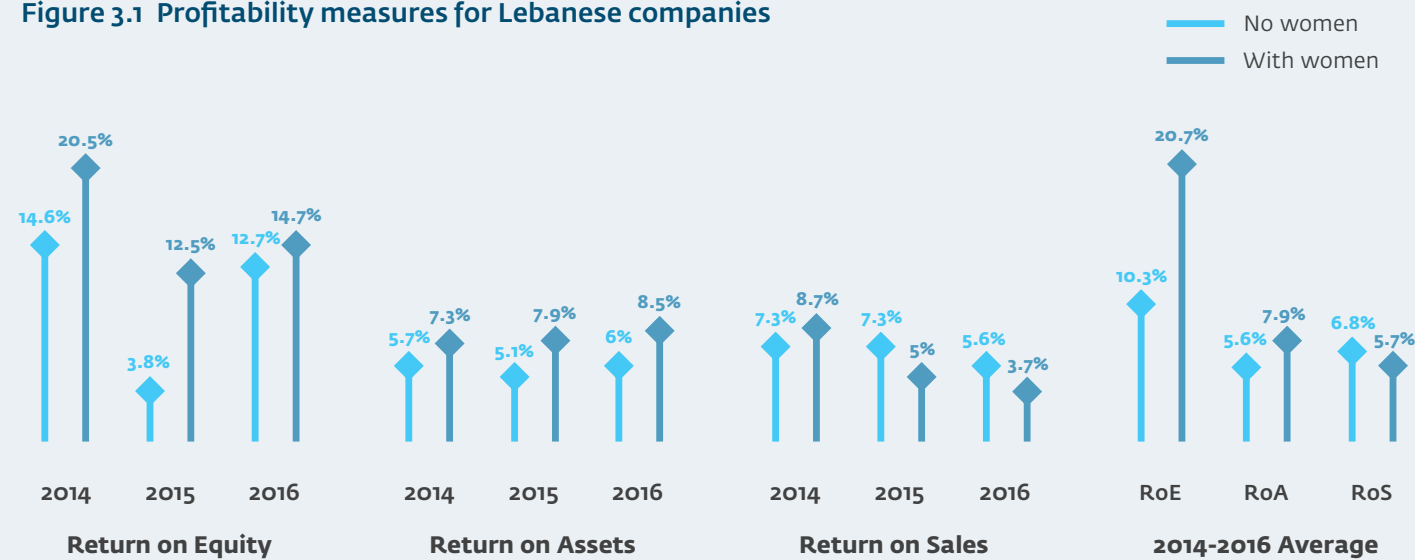
The quantitative analysis of the Lebanese companies reveals positive correlations between the presence of women on boards and financial performance. The analysis looks at profitability measures, capital structure, and solvency to create a wholistic representation of company performance. The quantitative analysis also reveals that companies with women on their boards have more prudent capital structures.

The statistical results align with the conclusions from multiple studies conducted in recent years, including IFC’s 2015 study of Jordanian firms—that companies with gender-diverse management teams and boards outperform companies with more heterogeneous teams.⁴⁰

The input provided by the qualitative data gathered through focus groups, interviews, and the online survey corroborates the quantitative findings on profitability indicators. Respondents—including senior managers and board members of Lebanese companies—indicated that female board members excel at thinking strategically, solving problems, and identifying profitable deals. Company representatives interviewed observed that gender-diverse boards are able to address market, customer, and investor needs in optimal ways, even as they understand how to manage investors’ expectations. This also allows companies to make better financial decisions, operate in more efficient and cost-effective ways, increase stakeholder satisfaction, and broaden their customer base.

⁴⁰ See: Catalyst. “The Bottom Line: Corporate Performance and Women’s Representation on Boards (2004-2008);” on average, than other companies. In this report, Catalyst used three measures to examine financial performance: return on sales (ROS IFC, 2015. “Gender Diversity in Jordan;” and Morgan Stanley. 2016. “The Gender Advantage.”

Figure 3.1 Profitability measures for Lebanese companies



PROFITABILITY PERFORMANCE FOR LEBANESE COMPANIES

The quantitative analysis shows that Lebanese companies with women on their boards outperform those with all-male boards. Companies with gender-diverse boards perform better, with double the return on equity and 2 percent higher return on assets.

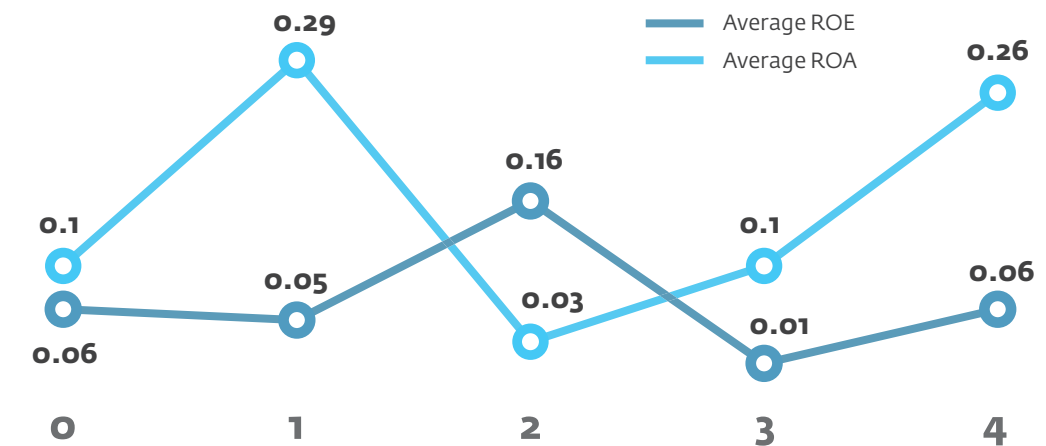
On average, across the three years of the study period, companies with gender-diverse boards exhibited double the return on equity, scoring 20.7 percent compared to 10.3 percent for all-male boards (figure 3.1). This ranged between a 2 percent higher differential in 2016, 8.7 percent higher differential in 2015, and 5.9 percent higher differential in 2014 compared to companies without women on their boards (figure 3.2).

Additionally, companies that have female board members had 2.3 percent higher return on assets across the three years of the study period compared to those with all-male boards (7.9 percent for companies with gender-diverse boards and 5.6 percent for those without women on their boards). This ranged between 2.5 percent higher differential in 2016, 2.8 percent higher differential in 2015, and 1.6 percent higher differential in 2014 compared to companies without women on their boards.

However, for the return-on-sales indicator, companies in our sample with all-male boards slightly outperformed firms with gender-diverse boards, averaging 1.1 percent higher ROS across the three years of the study period. The data indicate that firms without women on their boards had higher ROS in two out of the three years of the study: 2015—2.3 percent higher—and 2016—1.9 percent higher.

The assessment of the return on equity and return on assets was further broken down and analyzed by the number of women in the boardroom, it is evident that companies with two female board members had the highest return on equity, and those with one woman on the board had the highest return on assets. Companies with four women on their boards had the same performance in return on equity as their peers of companies with all-male boards (figure 3.2). On the other hand, companies with one or more women on their boards had higher returns on assets, and those with three female board members had the same performance as companies without women on their boards.

Figure 3.2 Average ROE and ROA of Lebanese companies in sample, by number of women on boards



CAPITAL STRUCTURE AND SOLVENCY

Global research on the impact of gender-diverse boards for capital structures shows that companies with female board members typically are not as leveraged, which—in theory—makes them more stable. For example, one study of listed firms in Kenya found that companies with gender-diverse boards had significantly lower proportions of debt relative to equity.⁴¹ Another study of U.S. public companies found that for boards with a minimum of 25 percent female directors, the influence of risk-aware female directors appeared to significantly impact financial decisions, observable in these companies' lower debt ratios compared to companies with no female board members.⁴²

⁴¹ Emmanuel Lochor Emoni, Willy Muturi, and Robert Wamalwa Wandera.n.d.“Effect of Board Diversity on Capital Structure among Listed Firms in Nairobi Stock Exchange, Kenya.” *International Journal of Management and Commerce Innovations*. Vol. 4, no. 2 : 141–50.

⁴² Cindy K Harris. 2014. “Women Directors on Public Company Boards : Does a Critical Mass Affect Leverage ?,” *Proceedings of the Northeastern Association of Business, Economics, and Technology*. 139–54.

Similar patterns for capital structure and solvency profile were observed among Lebanese companies in this study.

Companies with gender-diverse boards demonstrated greater preference for equity financing and less dependency on debt, as reflected in equity-to-asset, debt-to-equity, and debt-to-asset ratios. Generally, equity is viewed as safer than debt, because it does not require interest or repayment. As such, these firms are in an arguably better position to fulfill obligations towards shareholders and creditors, such as in case of liquidation.

The average equity ratio for Lebanese companies with gender-diverse boards was 14.7 percent, compared to 2.8 percent for companies without women on their boards across the three years of the study period (figure 3.3). This translated to a 13 percent greater differential in 2016, a 13 percent greater differential in 2015, and a 10 percent greater differential in 2014, compared to companies without women on their boards (figure 3.4).

Figure 3.3 Capital structure and solvency, all sectors, by year

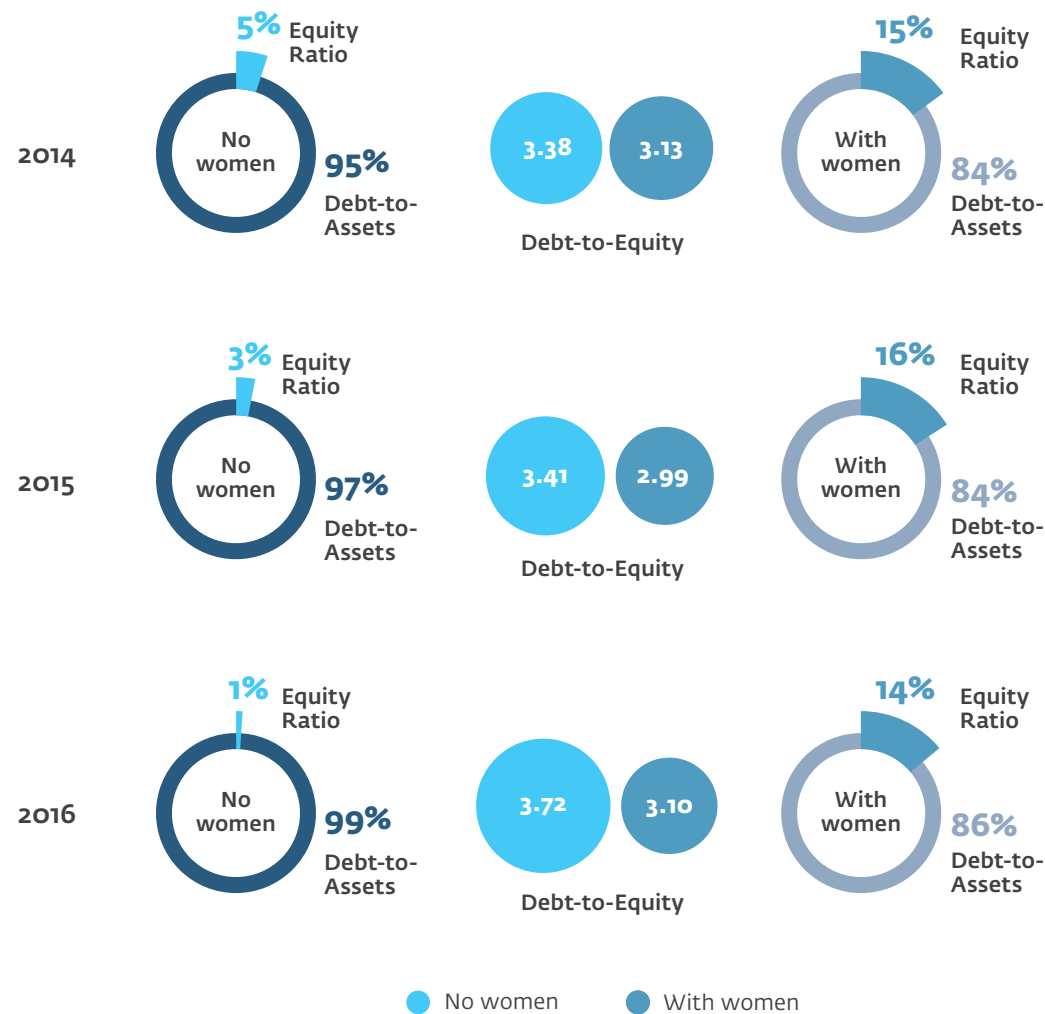
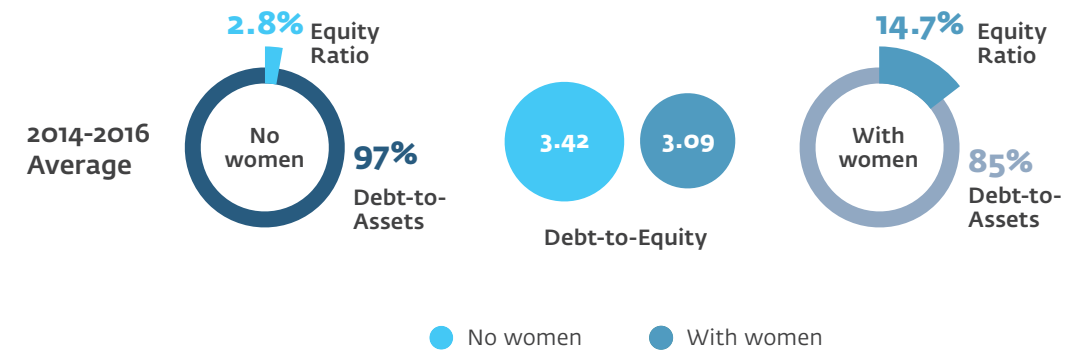


Figure 3.4 Capital structure and solvency overview, all sectors, 2014–2106



Furthermore, companies with women on their boards had better solvency, as reflected in a lower debt-to-equity and debt-to-asset ratios. Usually, a higher debt-to-equity ratio is accompanied with greater risk, because the institution is financing its growth through borrowing. Although higher leverage might lead to more earnings than would have been possible without financing, the leverage should be compared to the cost of debt. The analysis indicates that companies with female directors on their boards have better debt-to-asset ratios during the study period: 85 percent compared to 97 percent of their peers with no women on their boards. Similarly, the debt-to-equity ratio for Lebanese companies with gender-diverse boards was better, at 3.09 compared to 3.42 for companies without women on their boards across the three years of the study period.

These findings align with the perception that women tend to take more risk-averse positions. The qualitative findings corroborate this as well, with interview and focus group participants noting that female board members tend to be more prudent and bring an increased focus on efficiency, contributing to financial sustainability. They added that women tend to calculate investment risk more accurately than their male colleagues, as part of a more thoughtful, thorough, and nuanced decision-making approach. Female participation can positively affect overall board behavior, they said. Women’s presence influences the language used and the type of conversations held during board meetings, creating a more productive dynamic, improving engagement and—ultimately— performance. See the next section for more insights on the positive role female board directors can play.

CROSS-SECTOR ANALYSIS

Lebanon’s private sector, consisting of large financial and services industries, contributes to 75 percent of aggregate demand and employs 85.4 percent of the country’s labor force. The country’s relatively small public sector contributes to 25 percent of aggregate demand.⁴³ The economy is primarily based on the services, trade, financial, and manufacturing sectors, which together account

⁴³ Nabil Ado. n.d. “Lebanon: Skilled Workers for a Productive Economy?”

Lebanon's **private sector** contributes to

75%
of aggregate demand and employs
85.4%
of the country's labor force.

Lebanon's **financial sector** (predominantly banks) contributes to

10.96%
of GDP

In **2015**, female employees at Lebanese banks accounted for

47%
of the workforce.

for approximately 60 percent of GDP (2015)⁴⁴ and employ 73 percent of the labor force (2009).⁴⁵ It is estimated that the financial and services sectors employ approximately 93 percent of Lebanon's female labor force (2017).⁴⁶

A look across all industry sectors in the sample yields similar results, with gender-diverse boards having a positive impact on their companies' financial performance. In particular, data from the finance and service sectors paint a positive picture of the impact that gender-diverse boards have on performance. When examining the cross-sectoral data for capital structure and risk profiles, an even more distinct picture emerges. Overall, companies with gender-diverse boards showed a preference for lower risk, with less debt and more equity than companies with all-male boards.

Financial sector

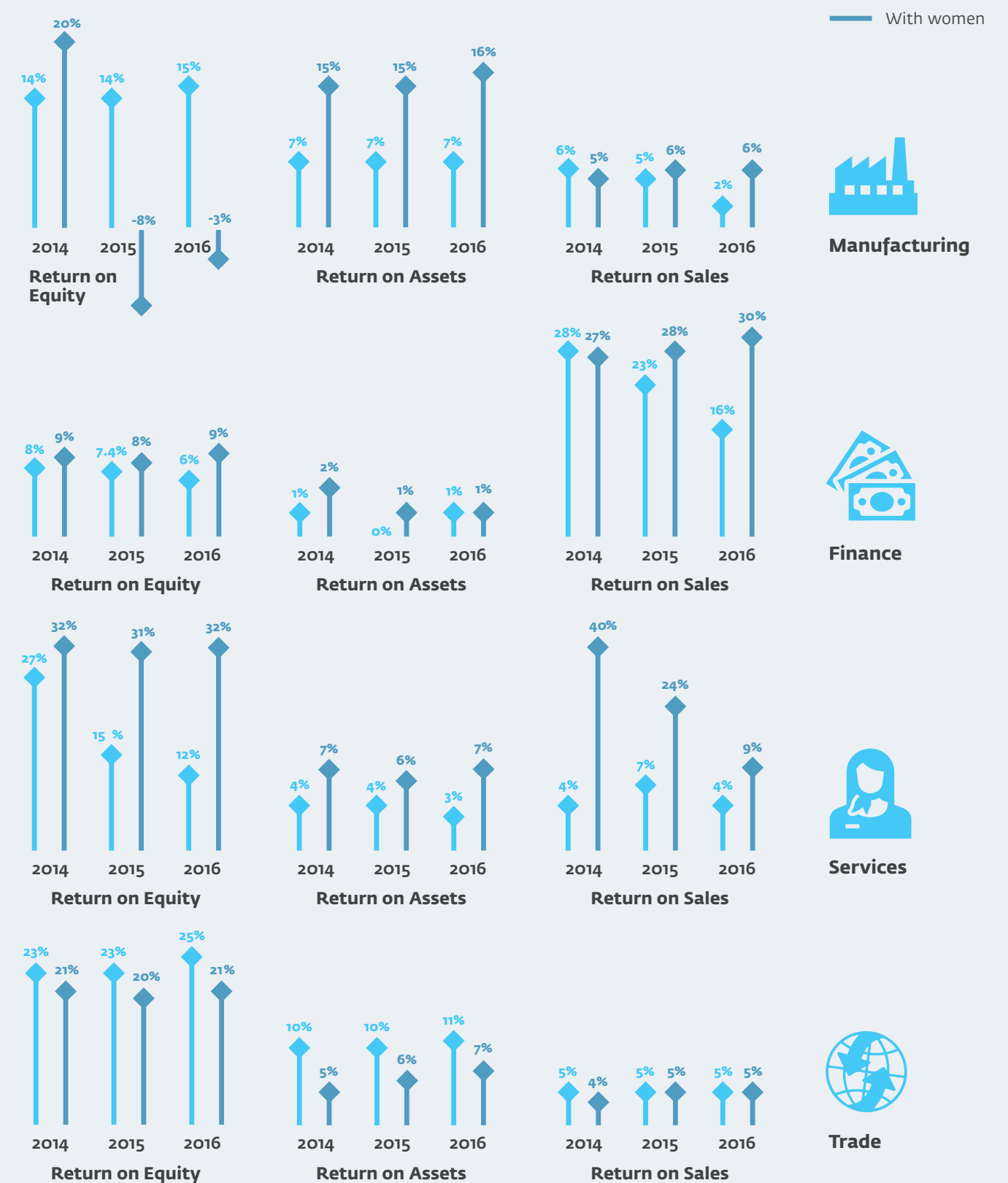
Lebanon's financial sector, predominately made up of banks, contributes 10.96 percent of the country's GDP (2015). While the banking sector has faced considerable challenges from regional instability, it has continued to grow in recent years, employing well over 24,500 employees as of 2015.⁴⁷ Female participation is relatively high in the banking industry. In 2014 female employees at Lebanese banks accounted for 46.5 percent of the workforce, increasing to 47 percent in 2015. While exact figures have not been published by the Association of Banks in Lebanon, as of 2005, female representation in financial institution management was estimated at 19 percent.⁴⁸

Within the sample analyzed in this research study, the Lebanese financial institutions with women on their boards averaged 23 percentage points higher in return on equity than comparable institutions with all-male boards. Notably, at 9 percent, the average return on equity for financial institutions with gender-diverse boards fell in positive territory, compared to a negative ratio for institutions without any women on their boards. Financial institutions with women on their boards also outperformed those with all-male boards in return on assets and in return on sales—the latter by an average of 5 percentage points across the three years of the study period.

These findings indicate that board gender diversity has a strong impact on the performance of Lebanese financial institutions. This could be due to the fact that the sector employs a comparatively large number of women in Lebanon, indicating a greater degree of diversity throughout the sector workforce, leading to increased opportunity for women to advance into the boardroom. In turn, this could contribute to heightened attention to governance structures, leading to performance improvements positions, with research suggesting that female board members tend to be more focused on governance structures.⁴⁹ Meanwhile, because the Lebanese banking industry as a whole has adopted stronger governance structures, this can create an environment that is more open to women's participation in business leadership.

⁴⁴ CAS. 2015. "Lebanon National Accounts Tables 2004-2015."
⁴⁵ Association of Banks Lebanon. 2015. "Human Resources in Banks Operating in Lebanon."
⁴⁶ International Labour Organization. 2017. "Employment in Services (including financial services) (% of Total Employment) (Modeled ILO Estimate)," ILOSTAT Database. <https://data.worldbank.org/indicator/SL.SRV.EMPL.ZS?locations=LB&page=4>.
⁴⁷ International Labour Organization. 2017. "Employment in Services (% of Total Employment) (Modeled ILO Estimate)," ILOSTAT Database, 2017, <https://data.worldbank.org/indicator/SL.SRV.EMPL.ZS?locations=LB&page=4>.
⁴⁸ Association of Banks Lebanon. 2015. "Human Resources in Banks Operating in Lebanon." [http://www.abl.org.lb/Library/Files/Files/PART 3 rep 2015 .pdf](http://www.abl.org.lb/Library/Files/Files/PART%203%20rep%202015.pdf).
⁴⁹ See: Isidro and Sobral. 2015. "The Effect of Women on Corporate Boards on Firm Value, Financial Performance, and Ethical and Social Compliance." *Journal of Business Ethics*. Vol. 132, no. 1:1-19.

Figure 3.5 Cross-sector profitability analysis, by year



Financial institutions with women on their boards outperform like firms with all-male boards on all measures of capital structure and solvency for each of the three years in the study period. Companies without women on their boards have a negative equity ratio, reflecting negative shareholders equity. This can be due to how losses are accounted for or that liabilities are greater than the company's assets.

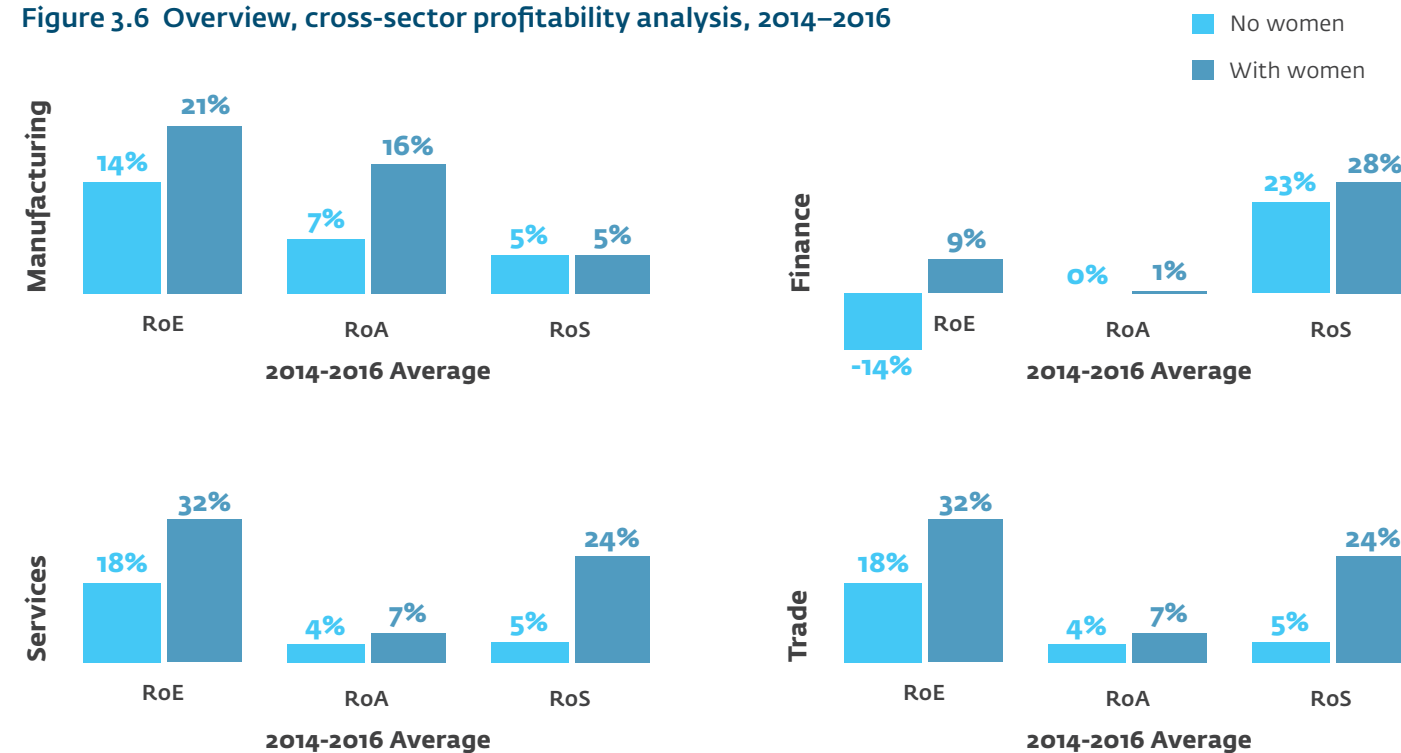
Services sector

Lebanon's large services sector is dominated by the hospitality and restaurant industries, clustered primarily in the north. The sector employs almost 70 percent of the nation's labor force and contributes approximately 17 percent of GDP (2015).⁵⁰ In recent years, a shortage of skilled workers, on-going security concerns, and regional stability have combined to pose some challenges to this key sector for the country.

Within the sample analyzed in this research study, the Lebanese services sector companies with gender-diverse boards consistently performed better in all profitability measures in all years, compared to companies with all-male boards.

- Return on equity: 14 percentage points higher on average for companies with gender-diverse boards
- Return on assets: 3 percentage points higher on average for companies with gender-diverse boards
- Return on sales: 19 points higher on average for companies with gender-diverse boards

Figure 3.6 Overview, cross-sector profitability analysis, 2014–2016



⁵⁰ International Labour Organization. 2017. ILOSTAT Database.

As with the financial sector, the Lebanese services sector tends to employ a larger number of women than other sectors, creating deeper pipelines of female talent and a larger pool of experienced and qualified female candidates. This could be a factor in the strong showing of services companies with gender-diverse boards.

Services companies with women on their boards outperform like firms with all-male boards on all measures for each of the three years in the study period. Companies without women on their boards have a negative equity ratio, reflecting negative shareholders equity. This can be due to how losses are accounted for or that liabilities are greater than the company's assets

Manufacturing and trade sectors

Lebanon's manufacturing sector represents approximately 12 percent of national output (2015) and plays an important role in Lebanon's economic development as a major source of employment. It is estimated that the industry employs approximately 22 percent of Lebanon's working labor force (2016).⁵¹ As of 2017, women in manufacturing represented only 8.2 percent of the nation's total workforce.⁵²

Although severely affected by regional instability and the closure of the Lebanese-Syrian border, Lebanon's trade sector traditionally has been a significant source of income and employment. In 2015, trade accounted for approximately 20 percent of Lebanon's GDP. The trade industry is one of the largest employers in the country, following the services and financial sectors.⁵³

Within the sample of Lebanese manufacturing sector in this research study, board gender diversity also translates to positive financial performance.

- Return on equity: 7 percentage points higher on average for manufacturing companies with gender-diverse boards
- Return on assets: 9 percentage points higher on average for manufacturing companies with gender-diverse boards

The presence of women on boards did not seem to have an impact on return on sales for manufacturing firms, as companies with gender-diverse boards performed similarly to like companies with all-male boards. A similar result was observed for trade companies in the sample, as the analysis revealed the same return on sales ratios for all firms, regardless of board composition. However, on return on equity and return on assets, trade companies with all-male boards outperformed those with gender-diverse boards.

⁵¹ International Labour Organization. 2017. "Employment in Industry (% of Total Employment) (Modeled ILO Estimate)." ILOSTAT Database.

⁵² In World Bank statistics, manufacturing is defined as "industry"; World Bank. "Employment in Industry, Female (% of Female Employment) (Modeled ILO Estimate)." <https://data.worldbank.org/indicator/SL.IND.EMPL.FE.ZS?locations=LB>.

⁵³ International Labour Organization. 2016. "Matching Skills and Jobs in Lebanon: Main Features of the Labour Market – Challenges, Opportunities and Recommendations."

Lebanese manufacturing companies display a different pattern. Firms with gender-diverse boards tend to be more financially leveraged, with lower equity ratios. On the other hand, manufacturing firms with gender-diverse boards had lower debt-to-equity ratios. One explanation for these findings could lie in the nature of the sector, which traditionally has been male-dominated. While manufacturing plays an important role in Lebanon's economy, contributing 12 percent of overall GDP and employing 22 percent of the country's workforce, women represent only 8 percent of manufacturing workers.

In the trade sector, the analysis of capital structures and solvency shows that the presence of women on boards increases the equity ratio and lowers the debt-to-assets ratio, indicating less dependency on debt and better ability to fulfill obligations towards shareholders and to lower financial leverage.

The quantitative analysis reveals positive correlations between the presence of women on boards and financial performance. The qualitative data indicated that female board members excel at thinking strategically, solving problems, and identifying profitable deals.

Figure 3.7 Cross-sector capital structure and solvency analysis, by year

● No women ● With women

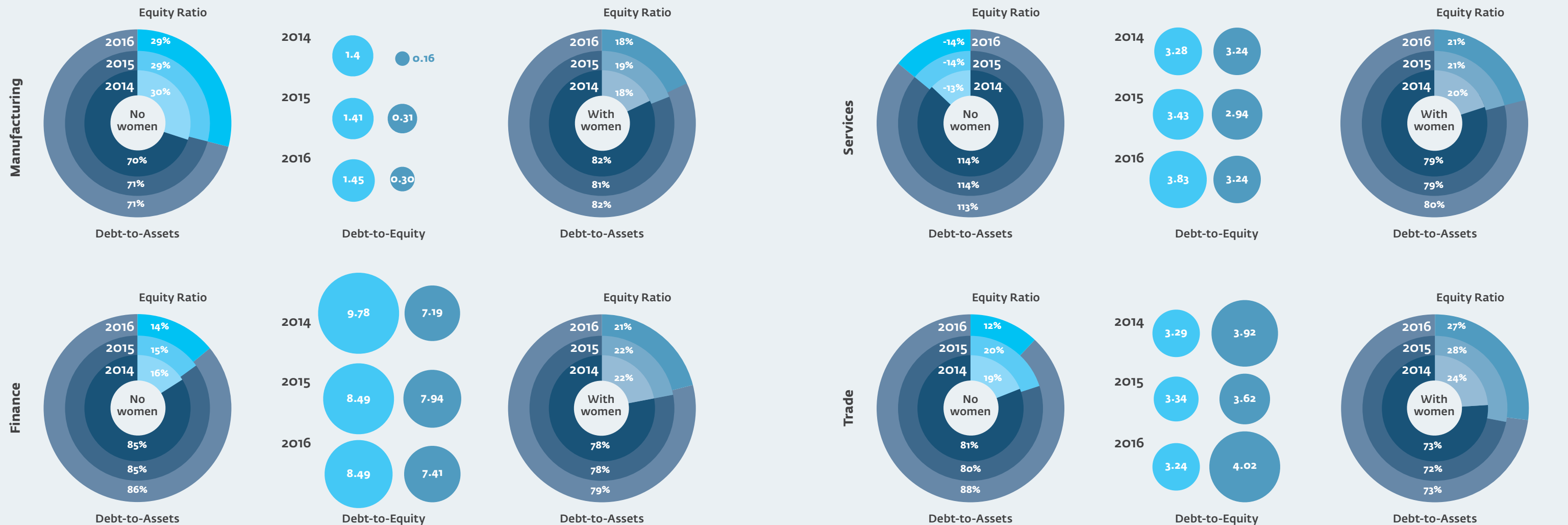
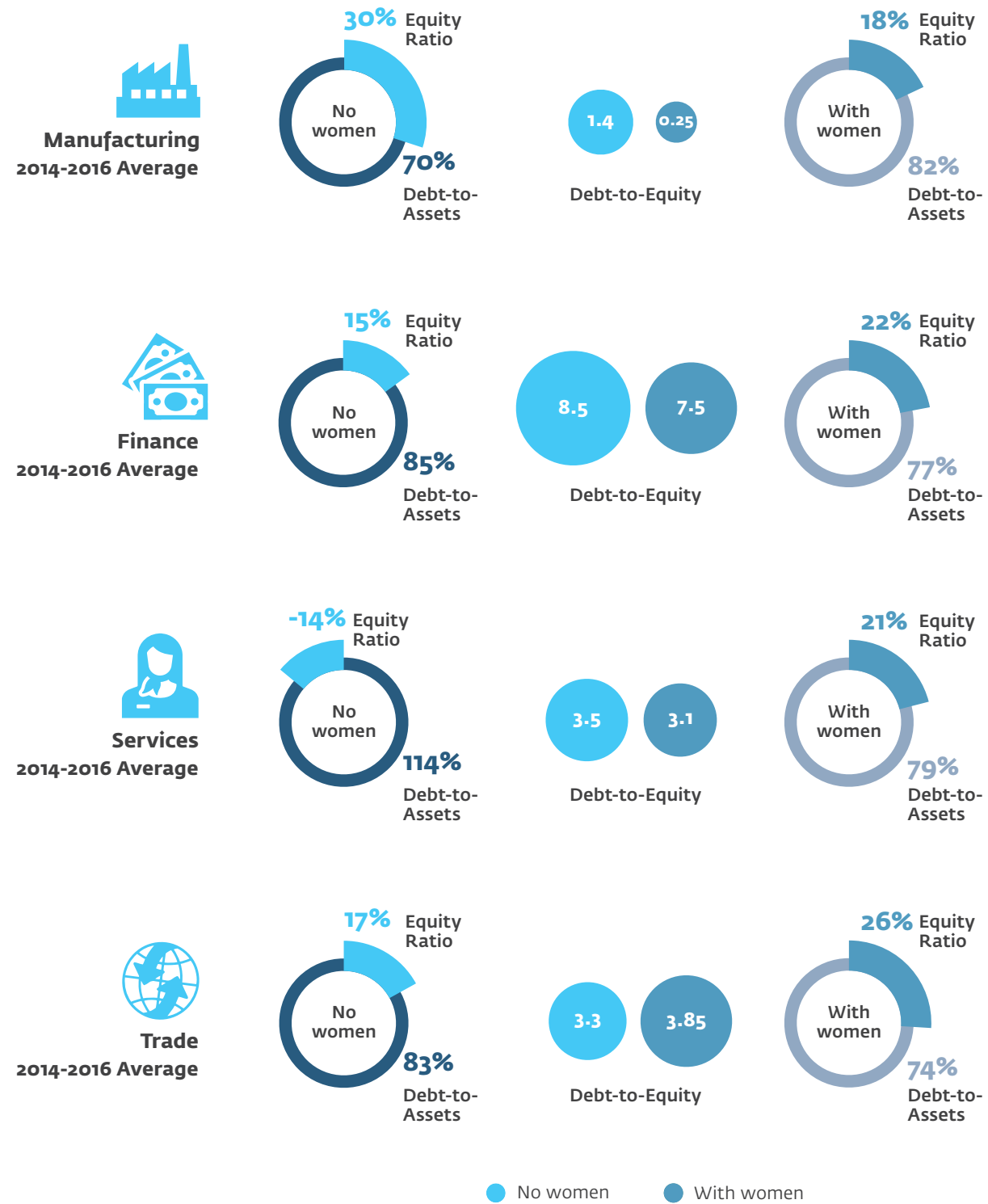


Figure 3.8 Overview, cross-sector capital structure and solvency analysis, 2014–2016





4. EVIDENCE: ORGANIZATIONAL AND HUMAN CAPITAL BENEFITS OF GENDER-DIVERSE BOARDS

In addition to the connection between women on boards and positive financial outcomes, there is significant global evidence that gender-diverse boards contribute to company-wide institutional enhancements, such as strengthened board roles and dynamics, greater degrees of innovation, and improved employee retention. The research suggests that these benefits are driven by tapping into previously hidden potential, accessing a broader range of perspectives, building more productive workforces, and creating reputational enhancements that open up new business opportunities.⁵⁴

Although classified as non-financial indicators, the global research has shown that these factors indirectly influence the financial performance of companies. For instance, improvements in board dynamics or employee satisfaction can positively and significantly affect financial outcomes by influencing the decision-making process or increasing productivity.⁵⁵

Findings of this research study in Lebanon align with these results, with strong indications that the presence of women on boards and in senior leadership strengthens companies' organizational structures by:

- Strengthening corporate governance
- Improving board dynamics and enhancing company credibility
- Increasing employee satisfaction and attracting and retaining talent
- Emphasizing innovation

⁵⁴ Lone Christiansen et al. 2016. "Gender Diversity in Senior Positions and Firm Performance: Evidence from Europe;" Catalyst Information Center. "Why Diversity Matters;" Credit Suisse. 2016. "The Credit Suisse Gender 3000: Women in Senior Management; first, sectors where women form a larger share of the labor force (such as the services sector)" Dyott and Ladiwala. 2017. "Gender Impact: Assessing Gender Diversity at the Portfolio Level."

⁵⁵ Isidro and Sobral. 2015. "The Effects of Women on Corporate Boards on Firm Value, Financial Performance, and Ethical and Social Compliance;" Susan Sorenson. 2013. "How Employee Engagement Drives Growth." *Gallup Business Journal*. This study investigates the direct and indirect effects of women on the board on firm value. We use a simultaneous equation model to estimate the effects of women on the board on firm value, financial performance, and compliance with ethical and social principles adopted by the firm. We find no evidence that a higher female representation on the board directly affects firm's value. However, we find indirect effects. Women on the board are positively related with financial performance (measured in terms of return on assets and return on sales

Organizational benefits of gender-diverse boards and leadership teams



CORPORATE GOVERNANCE

On the issue of corporate governance and board gender diversity, the analysis of this study indicates a two-way, mutually sustaining relationship, in which good corporate governance can lead to greater gender diversity while gender diversity can improve corporate governance. Study participants said that female board members tend to bring an increased focus on corporate governance. As a result, companies with women on their boards tend to adopt more sophisticated structures and implement a higher standard of governance practices. At the same time, a strong and well-established governance structure is thought to be a key driver for companies in focusing on gender diversity, while enhancing the company’s brand and making it more attractive to female and young talent.

BOARD DYNAMICS AND COMPANY CREDIBILITY

Responses from the focus groups and interviews reveal that the presence of women on company boards can have a positive effect on the behavior of other board members.

“Women care more about the topic of corporate governance, and therefore a board that has women on it tends to be more interested in corporate governance.”
Female board member of a Lebanese company

The findings also suggest that greater gender diversity on the board gives a company more credibility and makes it more attractive to investors. Foreign investors in particular appear to value more balanced board compositions. Study participants observed that companies

with gender-diverse boards are a better reflection of the marketplace, indicating a better understanding of what customers and stakeholders want and what society expects. Women also have a strong sense of consumer trends, so they can offer critical strategic insights into the direction the company should take. For these reasons, participants said, investors see business benefit in gender diversity at the top.

“Greater gender diversity helps create more dialogue, a wider range of opinions, and more open communication.”
Female founder of a Lebanese company

EMPLOYEE SATISFACTION

Employee meaningfulness and engagement levels are considered important measures of company success. Research shows that a sense of meaningfulness can result in significantly higher levels of engagement, with one study finding that employees who find their work meaningful are 93 percent more engaged than employees who do not. In addition, meaningfulness is connected to increased job satisfaction, with research showing that employees who find their job meaningful are twice as likely to be satisfied with their jobs.⁵⁶

Many studies have identified a positive correlation between more women in senior leadership and overall employee job satisfaction. Attention to diversity translates to the fair treatment of customers and of various employee demographic groups, including promotion opportunities and career advancement. Increased gender diversity also has a positive effect on employee retention rates.⁵⁷

In fact, a strong commitment to diversity is thought to be one of the key managerial characteristics driving employee engagement, suggesting that gender diversity in company management can positively affect employee satisfaction.⁵⁸

TALENT RETENTION

The participants interviewed in this study noted that greater gender diversity leads to improvements in the workplace environment and company culture, which, in turn, positively affect employee satisfaction levels, ultimately reducing turnover and the costs associated with training new hires. They said that women in leadership positions encourage greater transparency and bring to the table thoughtful and diplomatic communication skills, as well as an increased focus on conflict management. Such

⁵⁶ Catherine Bailey and Adrian Madden. 2016. “What Makes Work Meaningful — Or Meaningless.” *MIT Sloan Management Review*.

⁵⁷ Catalyst Information Center. 2013. “Why Diversity Matters;” Catalyst. “The Bottom Line: Corporate Performance and Women’s Representation on Boards (2004-2008);” <http://www.mendeley.com/documents/?uuid=43b313eb-53d0-414b-b764-9b1564ff6e8f>,”[“id”:“ITEM-2”,“itemData”:{“abstract”:“The business case for women in management contends that companies that achieve diversity and manage it well attain better financial results, on average, than other companies. In this report, Catalyst used three measures to examine financial performance: return on sales (ROS Catalyst. 2010. “Why Diversity Matters Research Studies 2005-2010.”

⁵⁸ McKinsey&Company. 2015. “Why Diversity Matters;” Corporate Leadership Council. 2004. “Driving Performance and Retention Through Employee Engagement.” .

4. Evidence: Organizational and Human Capital Benefits of Gender-Diverse Boards

“Gender diversity at the top contributes to happier employees, who then show increased productivity, bring in new clients, and generate a positive feeling about the company.”

Excerpt from focus group discussion with male managers of Lebanese companies

skills serve to build a more humane work environment, contributing to increased productivity and talent retention. As one female board member noted, gender-diverse boards tend to emphasize a positive workplace environment, meaning that “Productivity is better, company performance is better, employee turnover is lower and team loyalty is higher.”

TALENT ATTRACTION

A key finding from the interviews and group discussions is that diverse boards influence the degree of gender diversity throughout the company. Of particular importance, study participants said that the inclusion of women on the board enhances the company’s ability to attract female and young talent. They explained that this trickle-down effect is the combined result of positive internal changes and improved public perceptions of the company. The very existence of a better-balanced board fosters the notion that the company is characterized by a positive organizational culture and more representative of society as whole—qualities that younger and female workers tend to value. It is worth noting that study participants saw reciprocal impacts, since attracting female employees also expands the female talent pool and increases the likelihood that more women will be promoted to senior executive leadership and board positions.

INNOVATION

Studies have shown that diverse teams—across age, nationality, race, and gender—rate higher for innovation and research and development levels than homogenous teams.⁵⁹

Similar findings were observed. The participants interviewed in this research study said that gender diversity inherently results in a wider range of opinions and perspectives, which stimulates the kind of creative thinking that can lead to innovation. And, as noted earlier, women in business tend to have a greater awareness of consumer trends and customer needs, which also can trigger innovation as the company pushes to deliver a new product that fills a previously unmet need.

This increased customer responsiveness can trigger new market directions and earn the company greater customer loyalty and brand awareness, in turn driving revenue growth, yielding positive bottom line results and influencing financial performance in positive ways.

“Millennials find diverse companies more attractive. So, diversity is a key competitive advantage in the ability to attract and retain top young talent.”

Female member of a Lebanese company board

⁵⁹ Julia Dawson, Richard Kersley, and Stefano Natella. 2014. “The Credit Suisse Gender 3000: Women in Senior Management.” updated report the Credit Suisse Research Institute (CSRI Credit Suisse).



5. INSIGHT: BARRIERS TO ENTRY FOR WOMEN ON LEBANON'S BOARDS

Around the world, women face multiple barriers as they push to shatter glass ceilings. Even when they have achieved top positions on paper, they may face challenges in performing at optimal levels. For real and sustainable progress to occur, these barriers must be understood and taken down. Globally, numerous barriers have surfaced, conscious and unconscious biases in the workplace that prevent qualified women from winning promotions they deserve and affect their ability to climb to the top of the career ladder. Among these challenges: limited visibility for qualified female board candidates, a lack of female role models, and constraints on women's ambitions due to a shortage of child care options or lack of family support.

This study identified several obstacles that specifically prevent more women from joining the boards of Lebanese companies, including social, cultural, and professional expectations that are different for women than they are for men and the lack of an enabling regulatory environment or strong corporate governance structures.

GENDERED SOCIAL EXPECTATIONS

Among those interviewed individually or in focus groups, male and female participants alike acknowledged the presence of social, cultural, and workplace expectations that affect perceptions of working women's abilities and ambitions. These expectations often result in negative notions about women's fragility, capacity to work long hours or willingness to travel—and in skepticism about women's productivity or dedication to the job.

Participants noted that such gendered beliefs about societal roles pose great challenges to women's equal inclusion in business and society, leading to conscious and unconscious gender biases that inhibit women's opportunities—and their own ambitions.

Common factors preventing Lebanese women from ascending to company boards and senior leadership positions

Barriers facing female board members

Challenges to women's performance on boards





We need to change the mentality that women have to stop working and completely devote themselves to their children. This mentality causes a lot of problems for mothers.”

Female member of a Lebanese company board

The findings of the study uncover a dual-pronged problem. First, perceptions about the primacy of women's household and child-rearing responsibilities are widespread within Lebanese society. The expectation is that women should—and do—put their family first, meaning that they will have a hard time fulfilling the duties of a demanding position such as a board directorship or senior executive. Second, within individual families,

men's careers take precedence. So, a woman might not accept a challenge assignment or big promotion because her husband's job is so demanding. Such societal pressures are preventing more Lebanese women from aiming higher, study participants said.

Lack of encouragement, empowerment, or role models

Exacerbating these problems: Young Lebanese women receive little encouragement to embark on technically challenging courses of study or careers in typically male-dominated industries, such as oil and gas. Women are urged to build on their perceived strengths in the so-called soft skills, in areas such as communications and administration and to pursue socially-oriented, non-technical career paths, perhaps with non-governmental organizations and the like. Study participants attributed this dichotomy to several factors: the perception that women are soft and nurturing, limited understanding about the range of available career opportunities among women themselves, and the limited number of Lebanese women who can successfully model leadership roles.

In particular, those interviewed during the study said that the lack of women in politics and other areas of public life represents a significant handicap. It reinforces inaccurate societal messaging that women do not have a place in the halls of government or in positions of power. Without prominent role models—female politicians, government officials, or other public leaders—many women cannot imagine that they themselves might take on such demanding roles. So, they do not even aspire to such achievement.

STEREOTYPED WORKPLACE ROLES

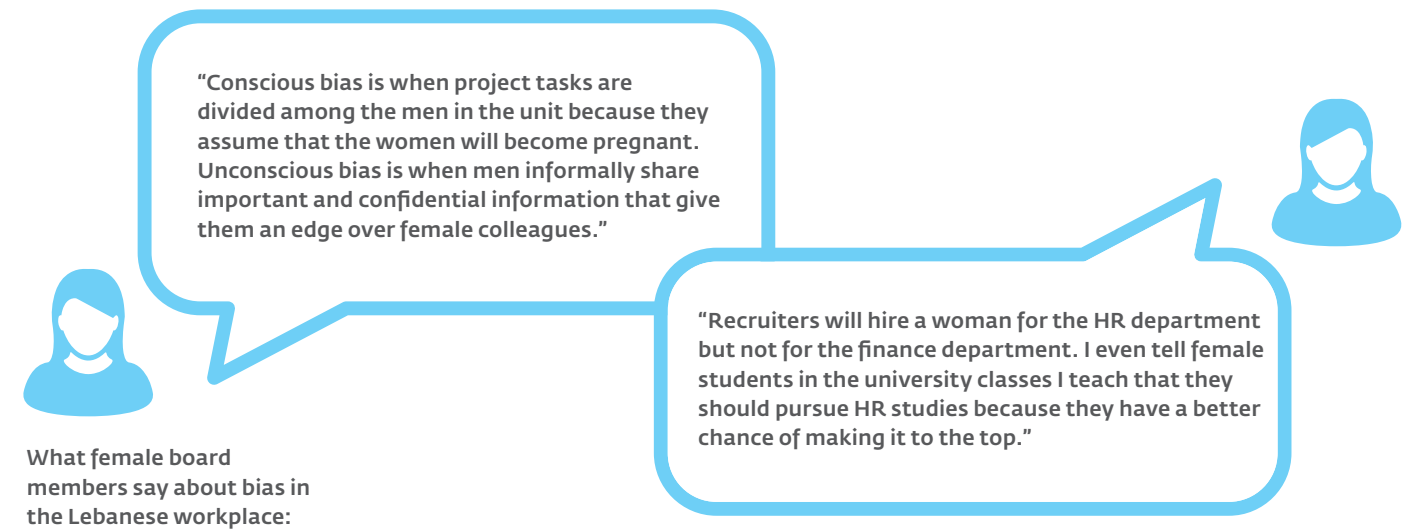
Such societal perceptions can feed into conscious and unconscious gender biases, posing significant obstacles for women on the rise through the career ranks and potentially limiting women's opportunities and ambitions. A recent report on gender parity from the World Economic Forum cites examples from math- and science-oriented fields, showing that even when women have equivalent technical skills and experience, they are not viewed as equals. “There is evidence that, when women do have the relevant mathematical and technology skills, unconscious biases can influence their peers' recognition of their capabilities,” the report notes.⁶⁰



If you have to appoint board members and you have newly married women, how many would you choose? Each one will get pregnant and miss work for many days. They are in decision-making positions. They can't miss work for 70 days. How is that possible? If one of my employees misses work for even one day I go crazy. What would that be like for 70 days?”

Excerpt from focus group discussion with male managers of Lebanese companies

⁶⁰ World Economic Forum. 2017. “Global Gender Gap Report 2017.”



The study findings suggest that Lebanese women often face negative perceptions about their capacity to dedicate sufficient time to their careers and to perform effectively in their roles. For example, hiring decisions may be informed by cultural expectations about responsibilities outside the workplace, including household duties and childcare.

In fact, those interviewed said that Lebanese employers often avoid hiring female staff due to concerns about prolonged absence for maternity leave or childcare conflicts. Senior-level promotions tend to go to men, or single and divorced women—not to married women with children.

Other gendered stereotypes are evident within the Lebanese corporate hierarchy as well, study participants said. Typically, Lebanese businesswomen hold administrative positions in areas such as human resources, while men tend to dominate the ranks in front-line operational roles, even though the soft skills at which women are perceived to excel are vitally important to success in both.

Those interviewed suggested that these imbalances within company organization charts could be related to these stereotypes, such as the notion that women struggle with decision making and lack the strength to lead. Others put forth another explanation: Lebanese women might purposely seek careers in women-friendly fields—rather than in male-dominated sectors—because there are more opportunities for advancement.

LACK OF STANDARDIZED GOVERNANCE PRACTICES AND LEGAL DISCONNECTS

The study uncovered an important insight about persistent gender inequality on Lebanese board: Inadequate regulation and lack of standardized governance practices are a big part of the problem. Lebanese law stipulates that the board of an S.A.L (joint stock) company must include directors



The reason women are not on boards in Lebanon is very simple. They do not own any stock. When women own stock, they can be part of the board.”

Excerpt from focus group discussion with male managers of Lebanese companies

ected by shareholders, who must own a minimum number of nominal shares.⁶¹ On paper, this means that S.A.L. company boards do not have independent members. In reality, it may require as little as ownership of a single share. A common workaround is to transfer a share to a nominee director with an agreement that the appointee will return the share upon leaving the board. The practices vary from company to company, depending on the individual firm's by-laws and shareholders' willingness to make such arrangements.

For women, this situation represents a major hurdle that can be difficult to overcome, study participants noted. Because Lebanese women are relatively late entrants into the corporate world, they remain underrepresented in the senior executive ranks, so many lack capital assets, such as ownership of company stock. As a result, by law they cannot be elected to a corporate board, unless they have sufficient connections to orchestrate the share-transfer workaround—unlikely given the lack of business networks that include women—or they inherit stock. So, women remain excluded from Lebanese boardrooms—regardless of talent, experience, or qualifications.

CHALLENGES TO WOMEN'S PERFORMANCE ON BOARDS

Even when Lebanese women have a seat at the board table, they may not have the opportunity perform well. Study participants identified a number of challenges faced by female board members and senior managers that may impede their effectiveness.

Limited impact on decision-making

Although Lebanese women are stepping into senior decision-making positions at an increasing rate, the study findings suggest that in general, these appointments are based on inheritance rather than competence.

Family businesses are particularly important in Lebanon, as with the Middle East region as a whole. Such firms contribute an estimated 60 percent of regional GDP and employ over 80 percent of the Middle Eastern workforce. In Lebanon, nearly 60 percent commercial firms are family owned. Due in large part to religious laws governing inheritance, many of these companies appoint female members of the ownership family to the board.⁶² As a result, despite the title, these women tend to have no voice or say in board deliberations or decisions. In addition, study participants said that female board members are not given a chance to demonstrate their capabilities. They are marginalized, exert less authority, and have little executive power compared to male colleagues, due to insidious bias and misconceptions about what they can do.

The situation is exacerbated when women's numbers are few, study participants said. Plus, female board members are not automatically respected by their male colleagues. They must work harder

⁶¹ Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon. 2001. "Commercial Companies in Lebanon."

⁶² Earnst & Young. 2014. "Family Business in The Middle East | Facts and Figures," *Family Business Yearbook*; PwC. 2016. "Keeping It in the Family: Family Firms in the Middle East."

and outperform the men to show their worth and gain credibility among their peers. The result is that the mere presence of a woman on a Lebanese board does not automatically translate to improved company performance, those interviewed said.

These observations are consistent with other research, which found that minority group members are more likely to be perceived negatively and subject to stereotyping, impairing their abilities to influence group decisions. Thus, when women represent a small minority in the boardroom, it is less likely that they will have a positive impact on board's processes and quality of decisions.⁶³

Lack of relevant skills and experience

To qualify for board directorships, candidates must have well-rounded experience and extensive credentials. Study participants reported that many Lebanese businesswomen simply do not have the necessary skills or track record to be selected for open board seats. This could be due in part to their comparatively late entry into the formal labor force and continued underrepresentation in the management ranks, especially in certain industry sectors, such as manufacturing.

Female board members of family-owned companies, in particular, might not have the requisite skill-sets due to the nature of their appointment. So, they are typically relegated to non-participatory roles, rather than assuming decision-making responsibilities. This creates a self-perpetuating cycle in which women are prevented from growing in their positions and developing new skills and expertise. They will continue to lack the qualifications for appointment to boards of companies not owned by their family.

Still, those interviewed reported that they are seeing generational improvements. As more Lebanese women earn university degrees and access better employment opportunities they are acquiring the necessary skills and expertise to compete for board directorships. Yet these generational changes, alone, will not ensure the kind of widespread progress needed to address societal inequalities, study participants said. A range of efforts and initiatives will be needed to bring about lasting change.



What female managers say about women on Lebanese boards:

"There is a difference between diversity and inclusiveness. Diversity means that a woman is present. Inclusiveness means that her voice is heard and her opinion is considered. Some Lebanese boards might be diverse, but they definitely are not inclusive."

"Only 20 percent of female board members in Lebanon are appointed because of their competence. The remaining 80 percent are only in those positions because of their inheritance."

What male managers say about women on Lebanese boards:



⁶³ Jasmin Joecks, Kerstin Pull, and Karin Vetter. 2013. "Gender Diversity in the Boardroom and Firm Performance: What Exactly Constitutes a 'Critical Mass?'" *Journal of Business Ethics*, Vol. 118, no. 1: 61–726; Harris. "Women Directors on Public Company Boards: Does a Critical Mass Affect Leverage?"; Eden B. King et al. 2009. "Understanding Tokenism: Antecedents and Consequences of a Psychological Climate of Gender Inequity," *Journal of Management* 36, no. 2 : 482–510.



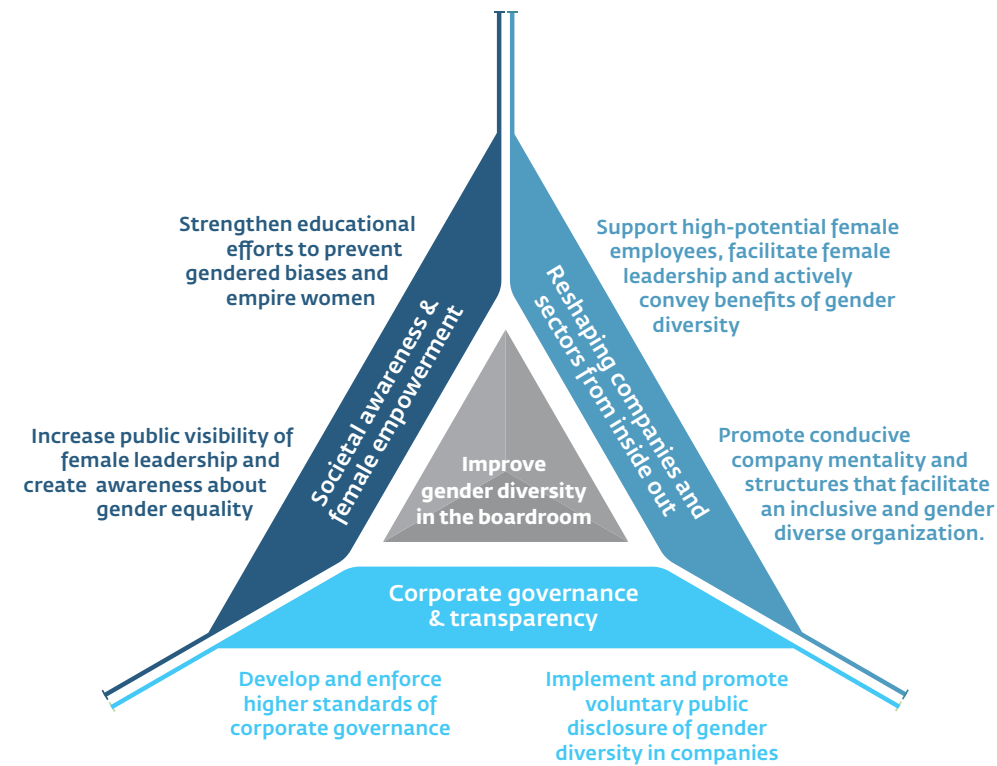
6. ACTION: RECOMMENDATIONS TO INCREASE THE NUMBER OF WOMEN ON LEBANON'S BOARDS

A generational shift is taking place in Lebanon. Increasingly, families are encouraging their daughters to access the same educational opportunities as their sons and more young women are opting for corporate careers. Eventually, as this critical mass of women work their way up the corporate ladder, many will reach positions of senior leadership—in far greater numbers than today.

Still, as noted in the previous section, these generational shifts, taken alone, are unlikely to close the gender gaps or bring about the changes in Lebanese corporate culture needed to improve gender balance in the boardroom.

In this section, concrete recommendations are provided to improve gender diversity on Lebanon's boards and grow the pipeline of qualified women with leadership potential as a way to help close these broader gaps more quickly, while at the same time enabling improved company performance and enhancing the nation's overall economic growth.

Overview of recommendations to improve gender diversity in Lebanon's boardrooms



CORPORATE GOVERNANCE IMPROVEMENTS

The implementation of corporate governance practices in Lebanon has been slow. There is no central agency that regulates, oversees, or enforces corporate governance standards across industries.

The research reinforces other findings and best practices suggesting that initiatives to improve corporate governance—particularly those with a focus on enhanced board quality and functionality—can lead to increased board diversity, since corporate governance practitioners and researchers alike identify gender-diverse boards as a driver of higher environmental, social, and governance standards.⁶⁴ Good corporate governance practices are key to leveling the playing field for male and female board members, helping to mitigate the impact of conscious and unconscious biases against women.

⁶⁴ See: Akin Gump. "Top 10 Topics for Directors in 2018: Board Composition." *AG Deal Diary*, January 2018; and Cristina Banahan and Gabriel Hasson. "Across the Board Improvements: Gender Diversity and ESG Performance." *Harvard Law School Forum on Corporate Governance and Financial Regulation*, September 6, 2018.

1 Recommendation #1: Develop and enforce higher standards of corporate governance

Under Lebanon's current regulations, board members are required to be shareholders of the company, excluding the possibility of having independent directors. And, as noted, actual practices vary by company. For women, a demographic with limited power and connections in the corporate world, this represents a major roadblock. Women often lack the necessary capital to meet shareholder requirements. Inconsistently enforced standards and practices foster a murky and subjective environment that puts women at a particular disadvantage.

By contrast, putting into place robust and standardized corporate governance practices that are enforced consistently can instill a greater degree of fairness in board appoint processes, so everyone—men and women alike—play by the same rules. Such action will help bring down this significant barrier to women's advancement.

2 Recommendation #2: Encourage public disclosure on company gender diversity in companies

According to both male and female study participants, company disclosure of diversity-related information would help raise awareness about workforce composition. However, most said that quotas would be an ineffective tool to achieve better gender balance in the boardroom.

In particular, male study participants said that quotas would unfairly disadvantage experienced men in competing for board positions. Others said that companies probably would find creative ways to get around the quota, such as by appointing female family members or friends. Those interviewed also indicated a lack of confidence in the government's willingness to enforce any such quotas.

On the other hand, study participants said that measures to increase transparency and heighten awareness of gender issues could prove quite effective in improving the gender balance in Lebanese boardrooms. They noted that such measures also could lead to more open recruitment processes. Transparency could be achieved through public disclosure of company information such as composition of boards, senior management and general staff, as well as gender diversity targets, strategies and initiatives. As part of this focus on transparency, companies also might consider reporting on board member requirements, qualifications of current board members, and approach to board member selection.

Disclosure on gender-related issues has proven an effective way to improve gender balance in companies in other markets. For example, in Canada, the Canadian Securities Administrators requires firms listed on the Toronto Stock Exchange to report annually on gender-related issues as part of its comply-or-explain rules. Companies must share information about their policies on women's representation on the board, gender considerations in board director and senior executive identification and selection processes, and gender targets for the board and senior management, among others. Since the regulation took effect in 2014, the gender gaps in the boardrooms of Canada's listed companies have narrowed: in 2015, women held 11 percent of board positions and by 2016,

Tips from IFC's Corporate Governance best practices toolbox

- Encourage the adoption and enforcement of market-wide governance regulations: Regulations should apply equally across all sectors.
- Tailor corporate governance initiatives to the company, keeping in mind size, ownership structure and capacity to accommodate changes: Corporate governance is not a one-size-fits-all concept!
- Consider a phased approach to corporate governance upgrades: Good governance is a journey. As initiatives are adopted and as the company grows, the governance structure must evolve as well.
- Promote and create incentives to publicly disclose corporate gender diversity
- Publish information on compliant and non-compliant companies to incentivize greater gender diversity across companies

this had increased to 14 percent. Meanwhile, the percentage of companies with policies to promote women into board positions increased from 15 percent in 2015 to 35 percent, while the percentage of companies with board gender targets increased from 7 percent to 11 percent.⁶⁵

CHANGE SOCIETAL PERCEPTIONS ABOUT WOMEN

It is one thing to make a sweeping statement about the importance of changing the ways in which society perceives women's roles. Far more complicated is translating this lofty goal into concrete actions that will bring about a shift in societal attitudes. While the full range of efforts needed is well beyond the scope of this report, study participants identified several tangible steps that will help break down commonly held stereotypes and catalyze progress toward equality in Lebanon.

3 Recommendation #3: Educate children equally to reduce gender bias

Society and its institutions—including schools—play a significant role in reinforcing gender norms and misperceptions. To break the cycle, promoting gender equality from a very early age is essential.

The study revealed near unanimous agreement that education is a fundamental building block for gender equality and diversity. Better and more inclusive education empowers girls who will become women and opens the eyes of boys who will become men.

In fact, formal education—for boys and girls alike—can be a powerful agent of change, study participants said. Girls gain confidence in themselves and in their abilities. They find their voice and speak their mind. And boys learn to respect girls as equals.

Eventually, young boys and girls grow up. Those who become accustomed to working together as children will expect—and accept as the status quo—that their workplace approach will be similarly gender-blind and that their company teams will include a mix of men and women on equal professional footing. Ultimately, such progress will help break down gendered stereotypes, molding a new generation of male and female peers, colleagues, and leaders who work alongside each other as equals.

“It all starts with the schools. We might not be able to change what happens inside the home, but we can bring about change through education. In turn, this will influence lawmakers to pass legislation that respects all human beings –male and female—equally.”

Excerpt from focus group discussion with male members of Lebanese boards

⁶⁵ Canadian Securities Administrators. 2014. “Amendments Instrument for National Instrument 58-101 Disclosure of Corporate Governance Practices;” Canadian Securities Administrators. 2017. “CSA Multilateral Staff Notice 58-309 Staff Review of Women on Boards and in Executive Officer Positions – Compliance with NI 58-101 Disclosure of Corporate Governance Practices.”

4 Recommendation #4: Raise public awareness about women's strengths and capabilities

Popular culture and media can play an important role in changing hearts and minds about what girls and women can do. Study participants identified a number of channels to foster awareness and inform public and corporate perceptions, including:

- Popular programming: featuring female characters playing roles as successful business executives, politicians and powerful leaders in other aspects of public life and male characters who share household duties equally. Such reversal of traditional roles in television shows and on social media can increase cultural acceptance of gender equality and break down gendered stereotypes. Changing cultural mindsets will be key to ensuring that women remain in the workplace even as they raise their families, so they can build the skills and expertise needed to climb the career ladder and eventually earn a place at the boardroom table.
- Public service advertising campaigns, making use of television, radio, news publications, and social media
- Academic seminars at universities and teacher training: to give educators the tools they need to promote the values of fairness and equality
- National and regional conferences: to make the business case for greater diversity

Non-governmental organizations, international institutions, and non-profits can support these efforts in their outreach and advocacy campaigns, playing an important role in normalizing gender equality.

Study participants emphasized that all such efforts should be driven by men and women alike, to create more impact.

They said that while some public awareness initiatives are underway in Lebanon, they are disjointed, and without a clear vision or objectives. What is required, they said, is a strong and coordinated push to encourage societal embrace of equality.

5 Recommendation #5: Empower female leaders through training and networking

Initiatives such as women-only board training give women with leadership potential—and women already in leadership positions—a safe space to share their experiences and develop their skills. Access to such opportunities also builds bonds with others that can help advance careers in the same way that men's networks traditionally have done. In fact, study participants emphasized a critical

“Television programs need to show that men and women can share household responsibilities and child care duties. This will set a great example for Lebanese men, who will see that the wife isn't just about cooking, cleaning, and changing diapers, while the husband sits around doing nothing”.
Female board member of a Lebanese company

“Having a strategy to improve gender equality in Lebanese society is important, of course. And it’s great that there are organizations advocating for women’s rights. But until there is a coordinated and united effort, their work will not be effective.”

Excerpt from focus group discussion with male members of Lebanese boards

need for stronger business networks for women, as well as for more inclusive, mixed-gender networks. Such social systems can facilitate valuable connections and knowledge sharing. They broaden the reach and increase the visibility of potential board candidates while adding to their industry knowledge and insight—all of which increases the chances for future board appointments.

6 Recommendation #6: Increase visibility of women in leadership

Study participants noted that a lack of visibility for female leaders contributes to the misperception that Lebanon does not have any women in business leadership positions and that women are not cut out for leadership. Shining the spotlight on successful female leaders—and how they have helped their companies achieve goals—can send a powerful and affirming public message about women’s capabilities. Companies themselves can showcase their female leaders, which could give them a positive public relations boost.

7 Recommendation #7: Partner with men as agents of change

Men make up half of the population and hold the majority of leadership positions in Lebanon, meaning that male commitment is essential to drive increased gender diversity and greater equality in society and in the boardroom. Developing and building effective partnerships to promote greater gender diversity requires the involvement of powerful men who are prepared to challenge the status quo and fight ignorance and stereotypes surrounding gender. Australia’s “Male Champions of Change” can serve as a model for such efforts in Lebanon. This initiative engages prominent male leaders, who commit to promoting gender diversity in their organizations and actively increasing awareness of gender-related issues in the workplace.⁶⁶

“Offering seminars and running awareness campaigns to highlight successes of female leaders will demonstrate to companies—and more importantly to the men in these companies—that having women in management and on boards is valuable.”

Male manager of a Lebanese company

RESHAPE COMPANIES AND SECTORS FROM THE INSIDE OUT

Increasing the number of women on Lebanon’s boards will require a massive culture change, within individual companies, across industry sectors, and throughout the market as a whole. Study participants noted that these stakeholders are on the front lines of ensuring that

commitments to diversity come with tangible action and concrete initiatives—and not just words. A company-wide focus on improving gender balance and increasing opportunities for women will help attract and shape new talent for organizations and encourage companies across the range of sectors to appoint more women to senior management and board positions, according to those interviewed.

As noted above, male leaders have a particularly important role to play within their own companies in pushing for, publicly committing to, and ensuring uptake of family-friendly policies and efforts to recruit, retain, and promote qualified women. Study participants—male and female alike—agreed that a persistent and tangible commitment to diversity throughout the workplace starts at the top. Leaders should tell success stories of female leadership and actively convey the benefits of gender diversity as they make public speeches or address their staff, they said. Such efforts will help attract and retain female talent, deepening pipeline, and ultimately increasing the number of women in senior leadership and board roles.

8 Recommendation #8: Create mentorship and sponsorship programs for promising businesswomen

Career development initiatives such as mentoring and sponsoring can open doors for advancement, study participants said. The guidance, wisdom, support, and encouragement received through such programs can help build managerial skill sets, enabling a forward career trajectory for high-potential female staff (as with male staff). When successful, these initiatives also serve to provide valuable business insight and personal connections that can help elevate women to positions of power, complementing efforts to increase the pool of potential female leaders.

Mentorship programs often combine training and continuous development through conversations between mentors and mentees, such as on navigating the corporate leadership environment. In the absence of a large pool of female senior managers, mentors might be senior men who—in addition to the individual guidance—can play a more public advocacy role by supporting the decisions of their female colleagues. This can help solidify women’s authority and earn them the respect of general staff. Mentors also can be influential in easing women’s return to the workplace after a career break, for example after leaving to care for children.⁶⁷

Sponsorship is another powerful tool for increasing the number of women in leadership positions. This involves an influential person advocating on behalf of a talented individual and using his or her network to support that individual’s development. However, study participants noted an important caveat: for sponsorship initiatives to make a difference for Lebanon’s businesswomen, current senior executives and board members—most of whom are male—will need to agree that such arrangements have value, and that they will play active roles in advocating on behalf of the qualified and experienced women they sponsor when they learn of available board positions.

Tips from IFC’s women in business leadership strategy

- Encourage equal opportunities for all school-aged children, regardless of gender and share best diversity practices with students, parents, and teachers
- Educate teachers on creating supportive and non-discriminatory learning environments and empowering girls and boys alike in preparation for future leadership roles
- Advocate for female leaders in the public sector, in arenas such as politics and government
- Share information and communicate widely about the value of female leadership and the business case for gender diversity at the top—as well as the barriers faced by women with career ambitions
- Create stronger women’s business networks as well as more inclusive mixed networks to facilitate gender-inclusive networking and access to information, business partners, and potential employers
- Gain buy-in from male leaders to push for greater gender balance in boardrooms and executive suites

⁶⁶ For more on Male Champions of Change, please visit the organization’s website: malechampionsofchange.com

⁶⁷ See: Abba Bhattarai. “PricewaterhouseCoopers connects moms-to-be with moms-already.” *The Washington Post*, May 20, 2012, accessed November 15, 2018, www.washingtonpost.com/business/capitalbusiness/pricewaterhousecoopers-connects-moms-to-be-with-moms-already/2012/05/16/gIQAXZkVdU_story.html?utm_term=.894bbb8ceafc

“Our warehouse manager is a female architect. She is the first woman in the Middle East to hold such a position in an oil and gas company. Now, she is in business school and we are paying her tuition. Once she completes her MBA I am thinking of giving her even more responsibilities.”

Male senior executive of a
Lebanese oil and gas company

9 Recommendation #9: Invest in training on diversity and women's leadership

Study participants singled out company-wide diversity training as a key opportunity to break down gendered stereotypes and promote the benefits of workplace equality. These efforts are particularly important in creating broad-based understanding and acceptance of female leaders, they said.

In addition, women-only leadership training can be beneficial, creating a safe space for self-reflection and honest dialogue. In such programs, women can work on developing necessary skills while also engaging with one another on navigating and overcoming gender stereotypes. Male-only training can contribute to these efforts as well, by helping men improve self-awareness and develop the skills to handle gender-related issues. All such training should include perspectives on different leadership styles—including the ways in which women's leadership styles differ from those of men.

10 Recommendation #10: Build a more family-friendly work environment

The study findings point to the importance of supportive work cultures and flexible working conditions in driving female leadership. A conducive work environment makes it easier for men and women alike to balance professional and domestic responsibilities, enabling more women—for whom the conflict is especially relevant—to assume decision-making roles. To support employees who are juggling home and career, study participants said that Lebanese companies should implement family-friendly and gender equality policies, including parental leave, flexible working conditions, and equal pay. These policies should apply equally to male and female employees if they are to have a more extensive societal impact.

However, policies alone will not make a difference if no one makes use of them. Companies should ensure that such policies do not exist in name only by encouraging staff to take advantage of them. No one—male or female—should be penalized for accessing the benefits allowed by these rules.

Tips from IFC's women in business leadership strategy

- Invest in professional development and leadership training for employees, especially women, so they can acquire the needed skills and experiences to advance in their careers
- Foster awareness about different leadership styles and women's leadership capabilities to reduce gender bias
- Educate male employees on the value of diversity and gain buy-in from male colleagues to respect female leaders' authority and credibility
- Provide opportunities to build board skills for qualified women
- Encourage male and female executives and board members to sponsor and mentor high-potential women
- Share gender-diversity-in-leadership success stories internally throughout the company and with peers and business partners
- Implement family- and women-friendly workplace policies

7. CONCLUSIONS: A REGIONAL PICTURE EMERGES

Combined, the quantitative and qualitative data collected for this report reveal important findings on the positive connections between gender-diverse boards and better company performance. Study participants offered insights into the challenges women continue to face in Lebanon and the barriers preventing more Lebanese women from ascending into board directorships. They also provided concrete recommendations to begin to address the imbalances and build a stronger pipeline of female talent.

Of note, the Jordan study, conducted in 2015, and the Egypt study, conducted in tandem with this research, show similar results. The Jordanian analysis revealed that the presence of women on boards improves corporate governance, and that companies with gender-diverse boards exhibit higher returns on assets and equity compared to those with all-male boards. In Egypt, on average, companies exhibited higher returns on equity, returns on assets, returns on sales, gross margins, and profitability growth across the 2014–2016 period. The Egypt study also found that companies with women on their boards typically invest more in their employees, leading to increased worker satisfaction, reduced turnover, and heightened productivity. They also spend more on research and development as a percentage of sales, indicating the kind of focus on innovation that sets companies apart and helps sustain growth over the long term.

The findings of this study align with the results from Jordan and Egypt. We determined that Lebanese companies with gender-diverse boards perform better, with returns on equity that are more than 10 percent higher and returns on assets that are more than 2 percent higher. In addition, our analysis revealed that the Lebanese companies in our sample with women on their boards have more prudent capital structures.

While each of the markets studied has its own unique characteristics, a regional picture begins to emerge: that gender-diverse boards of MENA companies can improve corporate governance, positively influencing board dynamics and making companies more attractive to investors, and that the presence of women on boards improves corporate governance and enhances the workplace environment, which strengthens companies over the long term.


The challenges faced by women in the three countries are similar as well. In recent years, women in all three nations have gained access to a wider range of opportunities. Yet gendered stereotypes and regulatory barriers persist. It will require concerted effort and a host of actions to bring about the changes needed so that MENA women can achieve positions of leadership in similar numbers to their male peers.

There is a moral argument for equity and fairness in support of increasing the number of women on boards. Taken as a group, however, these three studies reveal a powerful business argument as well: Companies with gender-diverse boards perform better and have greater potential for long-term sustainability. For Lebanon, a nation faced with so many complex problems—including an influx of refugees that is overwhelming public services capacity, high unemployment, low productivity, and slow economic growth—and, indeed for a region similarly beset by such issues, an increased focus on encouraging women in leadership could help to strengthen the economic base, creating jobs, stimulating growth, and stabilizing markets.




KEY FACTS & FIGURES

 **60%**
of commercial firms are family owned

 **\$0.6 trillion** increase in **GDP** if gender parity is reached in MENA region by **2025**

50%
of sampled companies have female board members

They represent  **14%**
of all board members

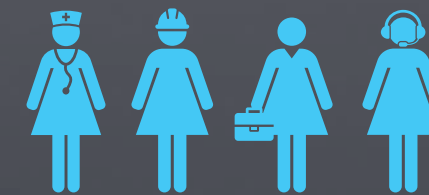
Companies with female board members exhibited

10.4% higher growth in return on equity	1.1% higher growth in return on assets	2.3% higher growth in return on sales
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47% have one or two female board members and  **3%** of companies have three or more  +

Lebanon's private sector contributes to

75%
of aggregate demand



and employs

85%
of the country's labor force

Women constitute

47% 
of the Lebanese banking sector, their highest contribution across all sectors



Female representation in financial institution management was estimated at

19%

Due in large part to **religious laws** governing inheritance, many companies appoint female members of the ownership to the board. As a result, despite the title, these women tend to have **no voice or say** in board deliberations or decisions

81% of 61 female mid-senior level bankers who participated in the study have worked at their financial institution for **more than 10 years**

APPENDIX A. ADVISORY BOARD MEMBERS

An advisory board, comprised of senior-level executives and officials, guided the research and provided feedback on findings. Members of this group are listed here.

Name	Title/Position	Organization
Abdallah Jabbour	Managing Director	Lebanon for Entrepreneurs
Abir Chebaro	Advisor to the Minister for Women's Affairs	Ministry of Women's Affairs
Asmahan Zein	President	Lebanese League for Women in Business
Badri El Meouchi	Corporate Governance Consultant	Excellence in Governance-Lebanon (EIG-L) Tamayyaz
Chadia El Meouchi	Managing Partner	Badri and Salim El Meouchi Law Firm
Charlotte Karam	Associate Professor	Olayan School of Business, American University of Beirut
Cherine Debbas	Managing Partner	AGW Advisory
Elie Aoun	Chairman	Excellence in Governance-Lebanon (EIG-L) Tamayyaz
Fida Afioni	Associate Professor	Olayan School of Business, American University of Beirut
Ghina Achkar	Corporate Communications Officer and copywriter, WE Initiative	BLC Bank
Joelle A. F. Rizkallah	Co-founder	Women in Front
Joelle Bou Abboud	Group In-House Legal Counsel	Holdal S.A.L.
Joyce Jammal	Board member	Association of Lebanese Industrialists
Mona Itani	Founder and CEO	Riyada for Social Innovation
Rania Mardini	Lecturer	Olayan School of Business, American University of Beirut
Rasha El-Hassan	Director of the Corporate Governance Initiative	Olayan School of Business, American University of Beirut
Rita Rizk	Managing Director	Excellence in Governance-Lebanon (EIG-L) Tamayyaz
Sabine Hatem	Economist	Institute des Finances
Sahar Ghaddar	Regular member	Association of Lebanese Industrialist
Salma Sabra	Director General	Banque Libano-Francaise
Tania Moussallem	Head, Marketing and Support Groups	BLC Bank
Zeina Mhaidly	Program Manager	Lebanese League for Women in Business

APPENDIX B. ABOUT THE INTERVIEW AND FOCUS GROUP PROCESS

As noted in the report, the purpose of the interviews and focus groups was to supplement the quantitative data gathered. This qualitative research added significant value, by incorporating the perspectives of men and women who have first-hand experience with the value of gender-diverse boards as well as the barriers that prevent more women from achieving senior leadership roles in Lebanese companies.



AMONG THE QUESTIONS ASKED OF FEMALE BOARD MEMBERS IN ONE-ON-ONE INTERVIEWS:

- Tell us about your career path? How did you reach the point where you are today?
- What are the reasons you became a board member? What are the reasons you were elected?
- How would you generally describe your experience as a woman on a company board?
- Have you experienced any obstacles in achieving your board position? If so, what were the obstacles and what did you do to overcome them?
- How can the obstacles be limited or removed? Who can accomplish this?
- Have you experienced any challenges while serving as a board member? If so, what have been the challenges and what have you done to overcome them?
- How can the challenges be limited or removed? Who can accomplish this?
- What are some of the key factors in lowering barriers for women to advance to board seats?
- How would you describe the general attitude and behavior towards you from fellow board members and executive management?
- What are the benefits of having women on boards?
- Can you provide examples of the benefits experienced by your company as a result of having a gender-diverse board?
- How does the presence of female directors change the board's dynamics?
- In your opinion, does gender diversity lead to better corporate governance practices, or does good corporate governance lead to improved gender diversity? Why?
- Looking ahead, what is the outlook for increasing the number of women on corporate boards?
- What is the role of various stakeholders in promoting the cause of board gender diversity: policy makers, companies themselves, non-governmental organizations, business membership organizations?
- What do you think are the best measures for improving gender diversity on corporate boards and why:
 - ▷ Quotas
 - ▷ Transparency in recruitment process
 - ▷ Mentoring and development
 - ▷ Networking programs
 - ▷ Other



AMONG THE QUESTIONS ASKED OF COMPANY REPRESENTATIVES AND IN FOCUS GROUP DISCUSSIONS:

- How would you characterize the situation for women on boards of Lebanese companies? Has it changed in recent years? Does this vary across different industries or types of companies (e.g. family companies, banks)?
- Do you consider it a challenge for women in executive and top management positions to become board directors and why?
- What are some examples of the barriers that prevent more women from serving on company boards—such as culture, religion, family, gender, societal roles, regulations, company environment, missing skills, lack of confidence—and how do these barriers manifest themselves?
- What factors enable women to be nominated and appointed to boards: social, personal, policies/quotas, company environment, succession planning, international quotas?
- If women are on board committees, which committee memberships do they typically hold? In which committees are women generally under-represented?
- What challenges do female board members face when dealing with male-dominant boards and executive management?
- Is there a difference in pay for male and female board members? If so, what is the discrepancy and how do you explain it?
- How do external pressures such as entry of private equity investors or other stakeholders impact corporate governance and board composition?
- Are women in senior management appointed as executive directors? Why/why not?
- How does gender diversity on the board affect:
 - ▷ Financial performance?
 - ▷ Capital structure?
 - ▷ Risk tolerance?
 - ▷ Innovation levels?
 - ▷ Staff meaningfulness/satisfaction levels?
 - ▷ Better communication and problem-solving on the board?
 - ▷ Other?
- Does the presence of just one female board member make a difference?
- What is the optimal number of women on company boards? Why?
- Do you think introducing gender quotas for Lebanese companies would be successful? If yes, how? If not, why?
- What other legal mechanisms (such as laws or regulations) or voluntary mechanisms could be introduced to encourage gender diversity on company boards—such as transparency in recruitment, mentoring and development, and networking?
- Does the expatriate Lebanese population have a role in improving the outlook for women on boards?
- In what ways do you see changes in the outlook for women on boards specifically and for corporate governance as a whole in the coming years?

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