

New study ties board diversity with improved innovation, efficiency

A [new study](#) from the UBC Sauder School of Business has found that companies that appoint more women to their boards are able to fuel groundbreaking innovation, improve efficiency, spur growth, increase competitiveness and reduce risk.



Image source: Gallo/Getty

The researchers examined the makeup of boards across 12,244 firms in 45 countries. They also looked at the companies' level of innovation using measures such as their number of patents, the novelty of their patents and the cost efficiency of that innovation.

They found that firms with more women on their boards produced a greater number of patents — and more groundbreaking ones — and achieved that innovation the most efficiently. Because innovation is the primary engine behind corporate growth, the findings show that greater board diversity can significantly bolster companies' chances at success.

The findings were consistent even after researchers controlled for differences such as director age, the number of directorships, board tenure, industry experience, nationality and educational background, confirming that gender diversity is distinct and economically important.



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Brian Bolton 12 Oct 2018



'More bang for your buck'

"Women tend to be more cautious, long-term oriented, and more community-driven, while men might be more driven by reputation, wealth and personal success," said UBC Sauder professor Kai Li, who co-authored the study with fellow UBC Sauder professor Dale Griffin and Ting Xu from the University of Virginia's Darden School of Business.

“The balancing of women on the board also helps the entire corporation rein in their risk-taking, be more patient and engage in more novel, impactful innovation for the long run,” said Li. “And you get more bang for your buck, because for the same expenditure, you generate more patents.”

In many parts of the world there has been a push to name more women to corporate boards, with countries including Belgium, France, Germany, Iceland, India, Israel, Italy, Norway, Pakistan and Spain, as well as the US State of California, legislating quotas for women on boards of publicly traded companies.



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Sindy Peters 15 Oct 2019



Global gender diversity on boards seriously lacking

And yet in most areas of the globe, gender diversity in particular, and diversity more generally, is seriously lacking. The study found that the country with the highest proportion of women on corporate boards was Norway, with women filling 27% of board positions. In Canada, women occupied just 6% of board seats whereas the worldwide average is 8%.

Li emphasises that the study isn't saying women are inherently better than men; rather, a range of backgrounds, perspectives and approaches is what makes the most business sense.

“If everyone on a board looks like you, thinks like you and talks like you, it leads to one-dimensional thinking, so any dimension of diversity should be cherished, appreciated and encouraged,” said Li. “The point is not to focus on whether one gender is better than another. It's the mixture that counts.”

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