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More women executives mean more profits, according to study of 91 countries

BY SEBASTIEN MALO

NEW YORK (Thomson Reuters Foundation) - Companies with 30 percent female executives rake in as much as six percentage points more in profits, according to a study on Monday, feeding into a global debate over the scarcity of women in decision-making business roles.

The conclusion stems from a study of about 22,000 publicly-traded companies in 91 countries ranging from Mexico to Norway and Italy conducted by researchers at The Peterson Institute for International Economics, a Washington, DC-based think tank.

"If you're a firm and you're discriminating against potential female leaders, that means you're essentially doing a bad job of picking the best leader for your firm," said Tyler Moran, one of the study's three co-authors, in an interview.

The results indicate the presence of women in corporate leadership positions can boost a firm's performance, suggesting a reward for policies that facilitate women rising through corporate ranks.

But the study found while having women in executive ranks resulted in better profitability, female CEOs or board members did not have a statistically-significant impact on the bottom line.

The findings further show that not all firms are created equal when it comes to fostering women leadership potential, with some more likely to encourage female managers depending on characteristics ranging from size to national policies such as family-leave.

Larger firms, for example, appear to appoint more women on boards and in upper executive ranks.

Karyn Twaronite, a spokeswoman for professional services company EY, which helped fund the study, said the results would likely prompt discussion over the need for different kinds of workplace arrangements.

"This research sheds light on the importance of establishing modern workplace benefits, providing equitable sponsorship opportunities, and creating inclusive work environments, so that both men and women can have equal access to leadership positions," she said.

Still, despite the bottom line incentives of drawing in more female managers, much needs to be done, the research found.

Currently, about three in 10 companies worldwide have no women either in executive positions or on their board, the researchers found.

Next month academics, economists and top members of business and labor tapped by the United Nations will meet to make recommendations on how to boost gender equality and empower women over the next 15 years as part of a new set of global goals agreed by the 193 U.N. member nations last year.