

# Female board membership still a major challenge

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## **The number of women sitting on the boards of Spain's benchmark stock exchange companies rose slightly in 2011.**

There are now 54 women sitting on the boards of the 35 companies quoted on the Ibex-35, Spain's equivalent of the Dow Jones or S&P 500. According to a [2011 report on Ibex-35 shareholder meetings](#), this figure is up from 52 in 2010, 43 in 2009 and 26 in 2008.

Although doubling in four years, this number still represents just over 10 percent of the total board membership of Ibex-35 companies, which is more or less on a par with the European average.

While progress is being made in the area of gender diversity at senior management levels in Spain, there remains much work to be done. Indeed, five companies from the Ibex-35 still have no women on their boards at all.

According to a recent study by the European Professional Women's Network, the European leaders in gender diversity at the board level are the Scandinavian countries, where average female board membership ranges between 25 percent and 35 percent.

The report on Ibex-35 shareholders' meetings is prepared annually by the Good Governance and Company Ownership Forum, a body promoted by IESE's International Research Center on Organizations (IRCO) and Inforpress.

The main objective of the report is to reflect on the entitlements of small shareholders, while promoting best practices in communication, transparency and governance.

## **Technology gaining in importance**

Besides diversity issues, the latest report also underscores the growing role of technology in board meetings. For example, a much higher percentage of companies now allows shareholders to cast their votes electronically.

Furthermore, there has been a considerable increase in the use of cell phones to vote prior to meetings, with 27 companies now allowing this option, versus two from the year before.

There was a drop in the use of traditional mail (from 28 to five companies), fax (from five to three) and e-mail (from eight to five) for voting purposes.

Another area experiencing a decline is the number of companies that simultaneously broadcast shareholders' meeting on their websites (from 19 to 18) and those that post a video of the meeting on their corporate site (from 14 to 11).

More Ibex-35 companies need to implement support tools that reflect their global reach, urges the report.

## **Resistance to social networking**

Just 11 Ibex-35 companies used social networks to interact with their shareholders. The most commonly used networks were Twitter, followed by Facebook and YouTube. Only Acciona used LinkedIn.

Most executives generally abstain from these networks altogether. Only three chairs and general managers of BBVA, Banco Popular and Técnicas Reunidas actively used social networks.

To address agenda items, most firms gave priority to their corporate website, and resorted to the obligatory shareholders' forum or a corporate blog.

## **Lower turnout**

The level of participation decreased in 2011, which was attributed to Spain's deep recession. The report suggested that companies should make greater efforts to boost shareholder turnout.

Spanish energy giant Endesa had the highest turnout, at around 94 percent, while financial

systems operator BME registered the least participation, at 50 percent.

Companies generally gave clearer information regarding the scheduled meeting date, with only three companies failing to specify when the event would take place.

## **Balanced boards**

The number of those that separated the approval of results from the management of the board of directors went up from 23 to 26 companies. All of them held a separate vote to re-elect or appoint new board members.

Two other aspects stood out regarding board makeup.

*1. Fewer executive directors and proprietary shareholders.* The number of independent board members remains unchanged, at 206. However, there are now fewer executive directors and proprietary shareholders, and more outside board members.

*2. Board size.* In terms of size, the average board has 14 members, although 11 firms exceed the limit of 15 members recommended by the Unified Good Governance Code. Ten companies have reduced their number of board members, while just five have increased.

As for the controversial matter of remuneration, there is a growing trend toward treating it as a separate agenda item. The number of companies doing so went from 19 in 2010 to 24 in 2011.

The report also stresses the importance of responding to, making public and disseminating shareholders' questions, despite the high volume: Nine Ibex-35 companies received more than 500 questions from their shareholders.

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