Gender Diversity in the GCC: Developments, Approaches and Best Practices
About Hawkamah

**Hawkamah Institute for Corporate Governance Limited (www.hawkamah.org), which is owned by the Dubai International Financial Centre, was set up in 2006.**

The founding of the Institute resulted from the recognition of a growing need for a regional organisation working on the ground, for regional institution-building, in order for corporate governance to achieve the buy-in of stakeholders. Since its inception, Hawkamah has been at the forefront of the corporate governance debate in the Middle East and North Africa (MENA) region.

Hawkamah's vision is to be recognised as the advisor of choice and the reference point for good governance for all enterprises in the public and private arenas throughout the MENA region. Our mission is to shape the corporate governance landscape by being staunch advocates, premier promoters and effective practitioners of good corporate governance for the public and private sectors.

Hawkamah's work comprises four key areas:

**Policy Level:** Hawkamah works with the region’s regulators to develop corporate governance codes, guidelines and frameworks.

**Public Awareness and Research:** Hawkamah raises awareness of various aspects of corporate governance through conferences, workshops, studies and publications.

**Training:** Hawkamah provides training programs for boards, individual board members, company secretaries and other corporate governance practitioners.

**Advising on Implementation:** Hawkamah works on the individual company level, assisting companies to improve their corporate governance practices.

For more information about Hawkamah please visit: [www.hawkamah.org](http://www.hawkamah.org)
About Diligent Corporation

As the leading provider of modern governance solution for boards, C-suite executives and company secretaries, Diligent is proud to partner up with Hawkamah on the launch of “Gender Diversity in the GCC: Developments, Approaches and Best Practices” study. As Hawkamah’s long term partner in the region, we recognise the pivotal role played by Hawkamah and their member countries globally and are pleased to partner with them on this initiative.

Diligent is the pioneer in modern governance. We empower leaders to turn governance into a competitive advantage through unparalleled insight and highly secure, integrated SaaS applications, helping organisations thrive and endure in today’s complex, global landscape. Our trusted, cloud-based applications streamline the day-to-day work of board management and committees, support collaboration and secure information sharing throughout the organisation, manage subsidiary and entity data, and deliver the insights and information leaders need to mitigate governance deficits and seize new opportunities.

Diligent’s modern governance solutions bring together historically disparate tools into one secure product suite. Board materials, voting and resolutions, evaluations, collaboration tools, document sharing, committee intelligence, candidate search, entity management—all these tools and features work together to enable seamless management and reporting.

Of relevance to this report, Diligent has recently launched Modern Leadership, an initiative that taps Diligent’s 700,000 global board members to nominate diverse, board-ready candidates within their networks. This database of diverse candidates will be available for Diligent users to access for free within their board software.

Diligent is relied on by more than 16,000 organisations in over 90 countries. With award-winning customer service across the globe, Diligent serves more than 70% of the FTSE 100 and over 150 customers in the Middle East.

Visit diligent.com to learn how modern governance helps you outperform your peers and the competition.
“Four years after our initial research on barriers hindering the increase in gender diversity in the UAE, we see a slight progress in gender diversity in regional board rooms. Though representation of women in board positions has increased and doubled in some of the examined markets, women are still underrepresented in the boardrooms not only in the UAE but in all markets of the region.”

Executive Summary

Gender diversity in the workplace has been a topic of interest over the past few decades, not only regionally but globally. Advancing gender balance at corporate decision-making levels has become a goal for companies but the translation into practice still seems difficult and slow.

There is mounting evidence that greater levels of gender diversity can have positive impact on corporate performance and economic growth. Greater gender diversity is also seen as correlating with greater focus on sustainability, ESG and the Sustainable Development Goals.

The report is based on the disclosures of all GCC companies listed on ADX, DFM, Tadawul, Securities Market Muscat, Boursa Kuwait, Qatar Stock Exchange and Bahrain Bourse. In addition, the report covers the markets of Egypt and Lebanon. In total, this report examines 860 listed companies having a total of 5597 board seats.

The report finds out that board diversity in the covered markets has seen a slight increase, but the percentage of female directors is still very low.

Female board members are but a small minority on listed companies' boards. Among the examined markets we have a total of 5597 board seats and only 2.5% of these are occupied by women.

Throughout the examined markets the percentage of female directors varies between 0.6% as the lowest on Tadawul and 9.1% as the highest on the Egyptian Exchange within the MENA region. These percentages are still lagging behind the international average which stands at 16.91%.

There are some positive indicators for UAE listed companies. Companies on Dubai Financial Market and Abu Dhabi Securities Exchange doubled the number of female directors in the last few years from 1.9% in 2017 to 4% in 2020.

To facilitate a further higher percentage of women on regional boards, not only companies but the regulators should play a very active role in promotion gender diversity in board rooms.

Companies should push through and implement more gender diversity policies and see gender diversity not as something which is only applicable to senior positions or the board level but rather as a cycle which starts with promoting more women to manager levels. This ensures that companies have a pool of capable women to promote and hire at the subsequent levels.

On the regulatory level, various approaches were used in the covered markets. Some regulators such as in Saudi Arabia, Kuwait, Oman, and Qatar do not recognise gender diversity as a regulatory issue. Other regulators such as in Egypt and Beirut mention gender diversity to be important and addressed by companies without specifying a certain target or quota. And finally, SCA who oversees DFM and ADX listed companies in the UAE, mandates a female representation to be at least 20% of the board membership, on comply or explain basis.

2. This report was written by Alec Aaltonen, Vice President and Sadia Ghauri-Malik, Head of Research at Hawkamah
800 Companies examined

Of the total 5597 board seats, only 139 are held by women, which equals to 2.5%. Compared to the findings of the 2017 report, some of the markets within the selected markets have witnessed improvements in the past years. For example, companies listed on the Abu Dhabi and Dubai exchanges had a female board representation of 2% and 1.9% respectively, which now have increased to 3.5% and 3.9%.

There are significant differences between the various markets within the region. For example, whereas only 0.6% of board seats of Saudi listed companies are held by women, the Egyptian listed companies have a percentage of 9.1%, which is the highest in the region. Lebanese companies occupy the second place with a percentage of 7.7%.

These are followed by companies listed on stock exchanges of Dubai (3.9%), Kuwait (3.7%) and Abu Dhabi (3.5%), while Oman (2.3%), Qatar (1.5%) and Saudi Arabia (0.6%) are significantly below the others.
Key Findings

Hawkamah has been researching gender diversity within the board and executive leadership teams of companies since 2013. This report is a follow-up to the 2017 report which examined women’s representation in corporate boards.

Our 2017 research covered mainly boards of companies listed on Dubai Financial Market and Abu Dhabi Securities Exchange. That research indicated that there are significant cultural and organisational challenges as well as self-imposed barriers limiting gender diversity in the boardrooms. We found that the main barrier to women’s advancement in the boardroom is not only the glass ceiling itself, but that the biggest obstacle for women occurs at one of the very first steps on the corporate ladder which is the initial promotion to management. Hence the inequality starts with the so-called broken rung which needs to be fixed to achieve gender equality. Women are over represented as university graduates, but when it comes closer to management positions, the number reduces drastically. According to our initial study this is caused mostly by cultural barriers and the fact that women tend to sacrifice their own career to support their families and/or their husbands’ careers.

Employees of both genders should feel respected and that they have an equal opportunity to develop and advance. Hence training and development as well as equal opportunity policies and special leadership programs were identified as top solutions for women’s advancement. Companies should implement a system of tracking progress on performance and promotions. Further transparency in board nomination process is crucial to have more women on boards. Diligent’s Modern Leadership initiative is one such program that addresses the transparency.

“Successful and visionary corporate leadership today requires diverse viewpoints, perspectives and experiences – these things create a richer fabric for guidance and decision making. Through our Modern Leadership initiative, Diligent is not only building a database of women and diverse board candidates, but we’re providing visibility into open board positions. We look forward to partnering with more organisations in the Middle East to make an impact.”

Brian Stafford, CEO
Diligent Corporation

Moreover companies should hire and promote more diverse candidates and create a strong culture as this will lead to a more inclusive culture. Once a company’s culture feels fair and inclusive women are happier and more likely to thrive. A culture of equality is also a powerful multiplier of innovation and growth. Companies should not see it as a simple ethical imperative but rather as a business priority.

Looking from a pure governance perspective gender diversity in sense of the board composition is at the heart of board effectiveness. Effective boards are made up of directors who reflect strategic priorities and challenges of the business, the relevant areas of risk and the diversity of stakeholders.

Companies should thus see gender diversity as a business imperative while moving away from “why do we need gender diversity” – to “why don’t we have gender diversity on board”.

This follow-up report expanded the examined markets to other markets in the MENA region. It presents an overview of the developments over the last three years and discusses ways to enhance gender diversity in the region.

The report findings are based on the disclosures of regional companies listed on all GCC markets, in addition to Lebanon and Egypt. In total, this report examines 860 listed companies with a total of 5597 board seats.
Gender Diversity Developments in the MENA region – Present state

Hawkamah examined a total of 860 companies listed on the stock markets Tadawul, ADX, DFM, Securities Market Muscat, Boursa Kuwait, Qatar Stock Exchange and Bahrain Bourse (see fig.1). The highest number of companies was present at Tadawul covering a total of 192 companies while Beirut Stock Exchange had the fewest with only 10 companies listed (see fig. 1). These companies have a total of 5597 board seats.

Figure 1. Number of companies in the examined stock markets

Figure 2. Number of board seats in the examined companies only

Figure 3. Average number of board seats per market

3. The data for Beirut Stock Exchange was examined on four out of 10 companies, as the remaining 6 companies had no disclosure on the examined information. Data for the Egyptian Stock Exchange was examined for 30 out of the 133 companies.
The companies listed on Bahrain bourse have, on average, the largest boards with 8.95 directors on board per company, followed by Qatar Stock Exchange with 8.6 and listed companies on Tadawul with 8.2 directors per board.4

The smallest boards can be found on the Dubai Financial Market with 6.8 board seats on average and on Boursa Kuwait with 6.6 board seats on average per company.

Compared to the international averages which ranges between 8 – 11 board seats per company5, the region’s average board size is slightly smaller than their international peers.

It must be noted that smaller boards have a number of benefits such as often being more collaborative, candid and engaged than larger boards. However, larger boards provide for the representation of different perspectives and interests and a wider set of skills.

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4. The number of board seats for companies listed on the Egyptian exchange are based on 30 companies only as the remaining had no or only partial information disclosed.
Total number of female board members occupying board seats in MENA

Our research found that gender diversity is yet to take root in the region’s boardrooms. All examined stock markets had a quite low number of women representation varying between 3 and 42 total female director on their stock markets (see fig. 4) while the international average of gender diversity on boardroom stands at 16.91%.  

Total number of women in the respective stock market

![Bar chart showing the total number of women on boards of the examined companies](image)

*Figure 4. Total number of women on boards of the examined companies*

Our research shows that gender diversity still varies significantly across the examined stock markets between 3 women at Beirut Stock Exchange and 42 female directors at Boursa Kuwait.

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Percentages of companies with one female director and companies with at least two women on board

We then examined the companies on how many board seats were occupied by women. All of the examined stock markets had an expectedly low percentage of companies with at least one woman on board averaging between 13 to 29%. The percentage of companies with at least two female directors are very rare. The Egyptian listed companies are the exception in that 17.9% of companies have at least two women on board.7

**Figure 5. Percentage of companies with minimum female director**

**Issue of over-boarding**

Given the low number of female directors, it is sometimes assumed that the region has either no capable candidates or the available pool of capable women is very limited. Hence Hawkamah further researched on the issue of over-boarding.

“Over-boarding” refers to a situation when a director serves on too many boards to devote adequate time to the duties of each position. In a global context there are concerns that companies seeking to add women to their boards tend to pull excessively from the pool of existing directors, resulting in those women becoming over-boarded. Our research points out that most female directors are not considered over-boarded. Most of the female directors serve on only one board. Slight exceptions exist on ADX, DFM, Bahrain Stock Exchange and Muscat Stock Exchange where a small number of female directors serve on two boards. Hence the phenomenon of over-boarding does not play a vital role in the MENA region.
Female Director Holding More than One Board Position

![Chart showing percentage of women holding more than one board position in various GCC Stock Exchanges](chart.png)

**Figure 6. Percentage of women holding 2 board positions at the same time**

This finding implies that the pool of available, educated and experienced female professionals does not seem to be exhausted yet. Hence companies should not have issues in finding suitable female candidates to join their boards.

Looking at the overall percentage of gender diversity in regional boardrooms and seeing that a pool of capable female candidates exists, several questions arise. What are the next steps? What can be done in the region to boost gender diversity further in the boardroom?

**Developments on company level – what is needed?**

Companies should develop their own pipeline. Meaning that companies should look at board diversity as a cycle which should not be focused at senior level. Rather companies should start fixing their broken rung by promoting more women on manager levels. This would ensure companies have a sufficient pool of women to promote and hire at each subsequent level, which then can be developed for senior management and the board positions.

Therefore leadership training and mentoring programs are very important to create a pool of capable women.

To strengthen the goal of gender diversity, individual company level policies could be implemented which include quotas or targets. Companies should also actively recruit qualified women to replace outgoing male board members. Goals and policies can be underpinned by strategies aimed at fostering gender balance throughout the company and the career cycle of women.
Regulatory level

“This research finds that corporate governance codes in MENA rarely include gender diversity.”

On the regulatory level in the MENA countries, little has been done to ensure a higher female participation in regional boardrooms. Corporate Governance Codes and Regulations for listed companies in such as in Saudi Arabia, Kuwait, Oman, Qatar, do not address gender diversity at all.

The Egyptian Corporate Governance Code and Beirut Stock Exchange Governance Code both mention board diversity among the board composition requirements without specifying a certain target or quota.

The Securities and Commodities Authority UAE (SCA) introduced their new Corporate Governance Regulation in 2020 which mandates female representation of at least 20% of the Board membership.

On the other hand, there is a strong impetus for the MENA countries to embrace gender diversity initiatives. Many of those countries have set a national target for gender equality. For example, the UAE’s national gender target is to become one of the world’s top 25 countries for gender equality by 2021. However, not all MENA countries have seen results in their corporate practice, and closing the gender gap in corporate decision-making roles remains a challenge in the region.

On the international level, several countries have set mandatory quotas to achieve a greater gender diversity. However, the percentage, scope, timeline for implementation and penalties for non-compliance varies from country to country.

Generally speaking, companies subject to mandatory gender quotas have exceeded quota requirements set on the country level. But, on the other hand, companies in the United States have increased their gender diversity without formal regulatory pressure.

However, given the low percentage of female directors in the MENA region, initiatives by policymakers and regulators may be warranted.

Although research state that most people are in favor of mandatory gender quotas, we strongly believe that Gender quotas can be useful only in the short run. Implementing gender quota can lead to an increase in gender diversity on boardrooms, however this always inherits the risk of being a mere tick boxing exercise.

Hence to achieve gender equality in board rooms there is much more required then the simple implementation of a gender quota. Companies and regulators have to work together to create a more inclusive culture and create the awareness on the importance of gender diversity. Only this awareness will lead to a more effective gender equality in boardrooms which goes beyond a mere tick boxing exercise.