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ASX 300 companies with gender diverse boards grow revenue faster: KPMG report

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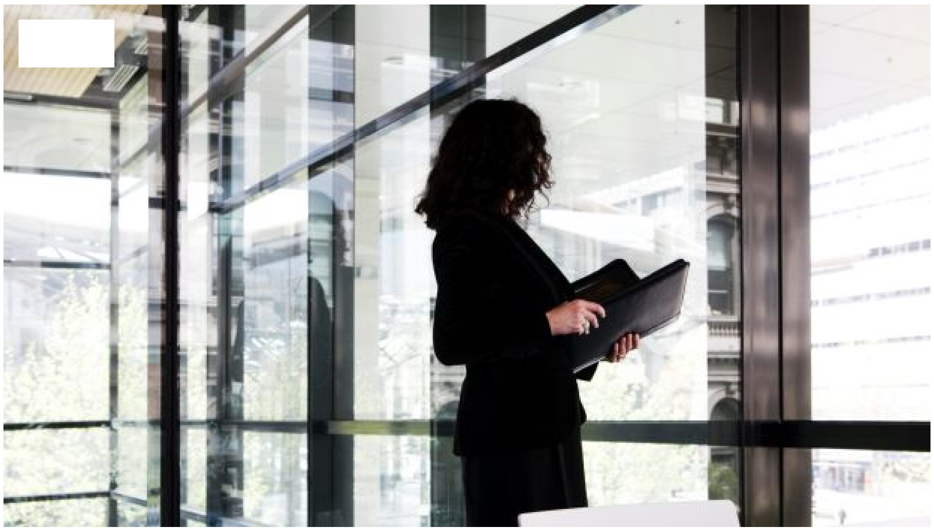
Companies with females on their boards have achieved higher revenue growth, profitability and shareholder returns than those without, a new report by accounting firm KPMG shows.

The *KPMG Enterprise's 2017 ASX 300+ Report* analysed 664 companies, including 626 local entities and 38 foreign companies listed in Australia. The mid-market sector represents over 65 per cent of the Australian economy.

women to boards. Produced by The Australian Institute of Company Directors.

The report found that in 2016 companies in Australia's mid-market sector with boardroom diversity, a dominant shareholder, or a long-serving chairperson outperformed their peers.

The report defines the ASX 300+ as ASX companies by market capitalisation in June 2016 from 300-100. It does not include companies that listed or delisted from the ASX in 2016.



There were just 21 companies in the ASX 300+ with a female CEO. Photo: Jessica Shapiro

There were just 21 companies in the ASX 300+ with a female CEO (3 per cent of companies).

Female CEOs in the ASX 300+ delivered a 9 per cent increase in revenue in 2016, compared to the group-wide average of 0.5 per cent.

But ASX 300+ companies have a long way to go to reach the Australian Institute of Company Directors target of 30 per cent female board representation by the end of 2018.

On average ASX 300+ boards comprise only 9 per cent female directors, compared with 23 per cent in the ASX 200.

"The overall profitability of ASX 300+ companies and returns to

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companies don't have a single female on their board," said Rob Bazzani, national managing partner of KPMG Enterprise.

'Nurture that talent'

The report said there was too small a talent pool of female directors with pre-existing experience as a director or executive, which presents a challenge in sourcing, attracting and retaining talent at the director and board level.

"Companies need to identify the people who could support their strategy and culture with fresh and relevant experience, then help them to prepare for these senior positions," it said.

"They need to nurture that talent to help fulfil their strategic aims."

> ***"Female CEOs in the ASX 300+ delivered a 9 per cent increase in revenue in 2016, compared to the group-wide average of 0.5 per cent. "***
>
> KPMG report

Gender diversity wasn't all that mattered. Diversity of age, culture, and experience could also help fuel more robust discussions and decision making, it said.

The report also found that:

· Companies investing in intangible assets such as digital technology are growing their revenue at a faster rate than those which are not (4 per cent growth compared to -2 per cent trend). Profitability returns are also greater in these companies.

· 15 per cent of the ASX 300+ are showing some financial distress in terms of their working capital position – and debt levels are rising overall across the ASX 300+. Those with strong working capital positions grew revenue at 2 per cent overall, compared to an overall decline of 4 per cent from companies which weren't able to effectively manage working capital.

· ASX 300+ companies with a dominant shareholder (greater than 50 per cent equity) performed better than other companies in both revenue growth and profitability improvements - growing revenue in 2016 at 6 per cent, compared with 0 per cent growth for widely-held entities.

· Chairperson tenure of more than 10 years is linked to better financial performance, with revenue growth of 7 per cent outperforming the competition.

including share-based payment arrangements.

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