

GENDER DIVERSITY IN ROTARY DISTRICT 9800



EXECUTIVE SUMMARY

This report reflects on a Rotary District 2010/1011 Board being composed solely by a single gender, demonstrating a lack of diversity. I believe in incorporating current best practice, and thus we should have a mixed board reflecting the gender diversity of the population of both our community and membership base.

WHAT IS GENDER DIVERSITY IN ROTARY?

At its core, Rotary is made up of over 1.2 million members around the world, including the more than 2,500 members of Rotary District 9800. Together, we seek to address and service the needs of both the local, and international, community. However, to continue doing this in the future, gender diversity is essential in order to build our membership base and engage with the equally diverse community we are trying to serve.

WHY GENDER DIVERSITY?

Since 1989, when women were first formally welcomed into Rotary International, the proportion of women Rotarians has grown to nearly 16% worldwide, and they continue to be a crucial factor in the maintenance of our volunteer base at a time when membership growth is slow.

Women in leadership positions, including on a Rotary District Board, is important for a number of reasons. This report will show that the presence of a mixture of men and women in senior positions has been linked to improved performance in the private sector, which would also apply to community and volunteer groups. Furthermore, it will also be explored how a gender balance in such positions will assist in the recruitment of volunteers, as not only will women be in a unique position to attract and retain other women members, but it also sends a strong message to both current and future volunteers that they are valued by Rotary, highlighting that there is potential for advancement.

THE WAY FORWARD

Rotary District thus needs to learn from some of the changes in the private sector to encourage more diversity on the Board. And, it is suggested that we implement some of the applicable changes outlined in the Australian Stock Exchange's (ASX) recent changes to its Corporate Governance Principles and Recommendations, which are detailed in this report.

INTRODUCTION

Worldwide, there are currently more than 1.2 million Rotarians, belonging to approximately 32,000 Rotary clubs in more than 200 countries & geographical areas.¹ Rotary District 9800 alone has over 2,500 members, and along with other Rotary clubs in Australia and around the world, works to address the needs of both the local and international community, as well as fostering friendship and understanding globally.

Ultimately, at its core, Rotary is about its members, who are in the fortunate position of being able to provide input and direction to the organisation and to ensure that it continues its good work. This is true whether it be through the positive leadership by members of the Board, or an individual who helps out at a sausage sizzle.

The involvement of volunteers highlights the need for diversity of all kinds, including gender diversity. This is essential not only for growing our membership base and ensuring Rotary can continue its good work, but also engaging with the varied community whose needs we are trying to serve. One key element of gender diversity is its presence in senior positions, including on the Board. And, whilst Rotary International has set targets and taken initiatives to address the gender imbalance in Rotary, Rotary District 9800 could show their leadership and commitment by ensuring there is a greater gender balance at district level.

WHAT IS GENDER DIVERSITY IN ROTARY?

The importance of diversity is reflected by the core values of Rotary International – Service, Fellowship, Diversity, Integrity and Leadership – which in turn membership is based on. It is also reflected in Rotary International President John Kenny's membership goals for 2009/2010, which include an increase in the percentage of women involved in Rotary, increased gender diversity of membership, and increased retention of members.²

Rotary International recognises the value of diversity within individual clubs and the individual differences that it brings. Rotary International encourages clubs to assess those in their communities who are eligible for membership, under existing membership guidelines, and to endeavor to include the appropriate range of individuals in their clubs – a club that reflects its community with regard to professional and business classification, gender, age, religion, and ethnicity is a club with the key to successful engagement within that community.³

WOMEN IN ROTARY TODAY

Rotary International first formally admitted women as Rotarians in 1989, although many clubs already had active female involvement, including club presidents.⁴ By the following year, there were approximately 20,000 female Rotarians. In the span of six years, six women became district governors, and by 2001 there were over 100,000 women Rotarians comprising more than 8% of the total memberships.

Female Rotarian membership has continued to grow, and by 2009 the number of

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women Rotarians had almost doubled; women constituted approximately 16% of Rotarians worldwide, almost 80% of clubs had women members, and nearly 13% of districts were led by female district governors.⁵ Rotary International is moving towards creating an arena for women to contribute equally and significantly around the world. We also need to practice this at a local level. In the District 9800 Leadership team 11% are women. Analyzed further 30% of the Assistant Governors are women.

In 2005, Carolyn E. Jones began her term as the first woman appointed as trustee of The Rotary Foundation, and in 2008 Catherine Noyer-Riveau became the first woman elected to the Rotary International Board of Directors. As the involvement of many women Rotarians approaches the 20-year mark, it appears likely that the trend toward women taking up leadership roles will continue. Rotary should be demonstrating the progressiveness and inclusiveness of the organisation by actively encouraging its female members to participate in all aspects of the Rotary movement.⁶

In 2009, there were over 196,000 female Rotarians worldwide, and 69 served as district governors.⁷

WHY GENDER DIVERSITY?

The advantages of gender diversity are increasingly being recognised in the private sector, as it develops effective working relationships and successful strategic focus. Indeed, many organisations of over 100 people, including both private corporations and community groups, are currently obliged to establish programs to remove barriers to women's recruitment and advancement in their organisation and submit annual reports detailing this,⁸ and the Labor party has recently announced plans to adopt a target for Government boards of at least 40% women.⁹

Similarly, the ASX has recently made changes to its Corporate Governance Principles and Recommendations, which from 2011 will require disclosure by publicly listed companies of board and company-wide diversity initiatives.¹⁰ These include greater transparency in board selection, diversity policies, and setting measurable objectives for achieving gender diversity, all of which are to be included in companies' annual reports on an "if not, why not?" basis.

With approximately 2,700 members, Rotary District is just as large, and in many cases larger, than ASX-listed companies. And, as an organisation with over 1.2 million members, and sharing the same aims as many private corporations such as efficiency, accountability, and productive output, Rotary International is slowly taking into consideration the benefits of gender diversity. Increased gender diversity in senior positions in Rotary District, including on the district Board, is likely to have numerous benefits, in particular improved performance of Rotary, and the increased attraction of, and retention of, volunteers. Ultimately, it is crucial for the future of Rotary.

However, the research also highlights that the mere presence of a single woman on a board or in a senior position is not enough to realize the benefits. It is argued that there needs to be 20% female employees at each level and in each function for an organisational culture change. At 30% there is a noticeable difference and at 40% gender is no longer an issue – "the percentage of women in senior roles needs to reach a tipping point before diversity benefits kick in".¹¹

GENDER BALANCE AND PERFORMANCE

Research across the world into the performance of industries in the corporate sector is finding a strong correlation between gender balance on corporate boards, and performance. For example:

- Studies such as those done in the UK, Finland, Canada, and the USA have found and linked a higher proportion of women in top management positions with improved financial performance.¹²
- Data of the financial performance of 353 companies between 1996 and 2000 showed that companies with the highest representation of women in senior management positions had a 35% higher Return on Equity and a 34% higher Total Return to Shareholders than companies with the lowest levels of representation.¹³

Gender Diversity in Rotary District

- Data from 215 Fortune 500 companies between 1980 and 1998 found that the 25 companies with the best record for promoting women outperformed the median profits of Fortune 500 companies in the industry by up to 69%.¹⁴

The reasons for this improved performance are varied. As well as enhanced engagement with staff (discussed below), it has also been found that the diversity that women on boards brings offers a differing and complementing perspective to that of men.¹⁵

The Conference Board of Canada, for example, noticed that boards with women on them had enhanced unity, and a higher larger range of implementation of business monitoring strategies.¹⁶ Similarly, William Donaldson, Chairman of the US Securities & Exchange Commission writes that “just as we strive for diversity in our workforce, we should strive for diversity of thought and experience on our boards. Monolithic backgrounds are destined to foster monolithic thinking”.¹⁷

**EXPANDING
MEMBERSHIP
BASE**

Gender diversity in senior positions and on boards has been linked to attracting, retaining, and contributing to positive attitudes amongst female employees,¹⁸ which would be equally applicable to female Rotarians.

- Over the past decade it has been women Rotarians that have allowed Rotary International’s membership base to continue to grow (see figure 1).¹⁹
- Rates of women volunteers in Australia, and the growth in these rates, far exceeding that of men (see figure 2) – women are a fast growing sector of potential volunteers for Rotary at a time when the number of male Rotarians worldwide is falling.²⁰

With such as high dependency on female Rotarians, as Robert Franklin, CEO Autoliv Australia notes, it “doesn't take a rocket scientist to work out that it's an absolute business imperative to find ways to advance and keep them”.²¹

	Rotarians			Clubs			Governors		
	Women Rotarians	Total Rotarians	% Women Rotarians	# of Clubs w/ Women Rotarians	Total Clubs	% of Clubs w/ Women Rotarians	Women Governors	Total Governors	% of Districts w/ Women Governors
Jul-01	101,726	1,170,501	8.69%	15,673	30,254	51.80%	39	517	7.54%
Jun-02	126,775	1,243,431	10.20%	19,719	31,256	63.09%	57	513	11.11%
Aug-03	133,922	1,218,230	10.99%	21,353	31,661	67.44%	46	521	8.83%
May-04	146,918	1,217,457	12.07%	22,693	31,761	71.45%	60	525	11.43%
Jan-05	149,994	1,205,732	12.44%	22,963	31,807	72.19%	47	528	8.90%
Jun-06	168,101	1,222,788	13.75%	24,373	32,756	74.41%	69	529	13.04%
Jun-07	178,050	1,224,168	14.54%	25,228	32,943	76.58%	51	532	9.59%
Jun-08	187,976	1,231,483	15.26%	26,085	33,270	78.40%	63	532	11.84%
Jun-09	196,749	1,234,527	15.94%	26,853	33,790	79.47%	69	534	12.92%

Figure 1

Source: Rotary International, 2009

Gender Diversity in Rotary District

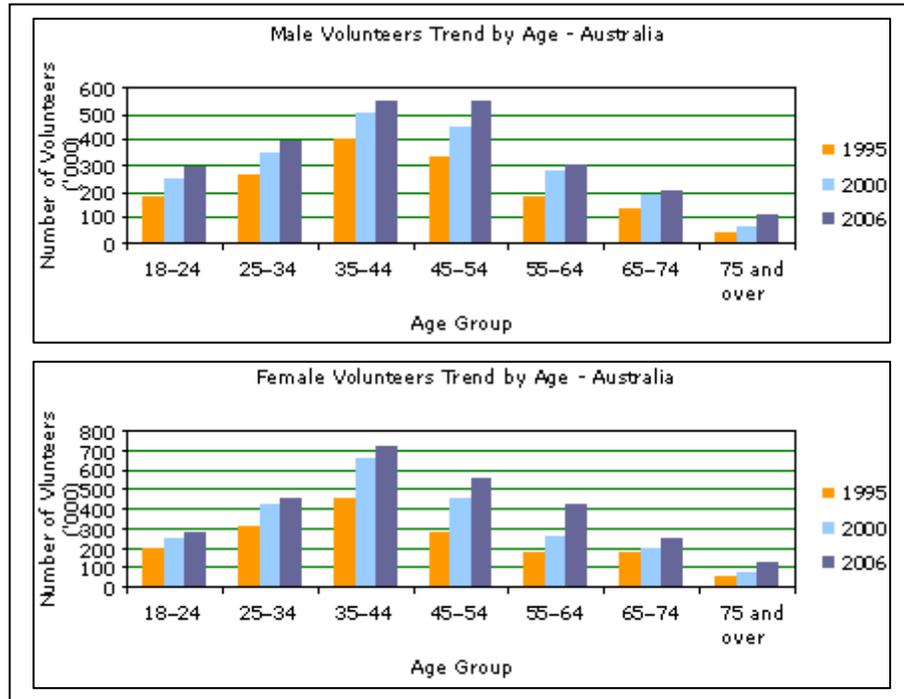


Figure 2

Source: *Volunteering in Australia: Changing Patterns in Voluntary Work, 1995-2006, Commonwealth of Australia, 2006*

As such, it is more important than ever to increase the number of women Rotarians if Rotary is to continue to grow and attract talent both internationally and locally. Women in leadership positions and on the Board can contribute to this in a number of ways:

- Women have a deeper and more intimate knowledge of the needs and goals of women volunteers,²² placing them in a unique position to attract women to the organisation, as well as retain them.
- Further, women are increasingly aspiring to senior positions in all areas of life, and are not always content to remain in lower-level positions as may have been the case in the past. The presence of women on the Board will send a strong message to both current and future women volunteers that women are valued by Rotary, and there is potential for advancement.²³

ENGAGING WITH ROTARY EXCHANGE PARTICIPANTS

Of the Rotary exchange programs, such as the Youth Exchange, GSE, Ambassadorial Scholars and Peace Scholars, the majority of participants are women. Currently, the percentage of these participants who go on to have further involvement in Rotary is low, which represents a missed opportunity to engage these active young people, who have been touched by what Rotary has offered them and probably have a desire to give something back to the community.

Through increased leadership roles for women at the higher levels of Rotary District 9800, such as on the Board, this will indicate to these participants that there is a progression structure in place for talented women.

THE WAY FORWARD

With so many Rotary clubs struggling to recruit new members, it is vital to explore ways to expand our membership base and attract new volunteers. This is in line with both the core values of Rotary International, and current membership goals.

In light of this, and the other benefits that increased gender diversity on the Rotary District Board would bring, it is recommended that Rotary District 9800 seeks to increase the number of women on the district Board, and as such adopts some of the applicable recent changes to ASX's Corporate Governance Principles and Recommendations, including:²⁴

- Providing greater transparency on the processes which the Board adopts in board member selection and succession planning, including the steps it takes to ensure that a diverse range of candidates, and the appropriate mix on the Board, is considered.
- Establishing a diversity policy which includes requirements for the Board to establish measurable objectives for achieving gender diversity.
- Establishing appropriate procedures to ensure that the diversity policy is implemented properly, including an internal review mechanism
- Assessing annually the Board's achievement of, or progress towards the objectives

The gender diversity policy should draw from the Corporate Governance Principles and Recommendations' suggestions, including:

- Commitment to diversity and articulation of the benefits arising from it, such as the needs importance of maintaining a strong membership base.
- Commitment to and identification of ways to promote a culture which embraces diversity
- Transparency of Board processes, review and appointments.

Further, as well as specific strategies to increase gender diversity on the Board, we also need a vertical strategy that acknowledges gender diversity from a club level through to district level.

CONCLUSION

Rotary International, and indeed Rotary District , is an invaluable organisation that touches the hearts of millions of people across the world. This work is possible because of the efficacy and efficiency of Boards around the world and in Rotary District 9800. However, if we are to continue to do this important work in both the short and long term, we must use our strengths to move forward and create an environment in which gender diversity is addressed and actively pursued.

Increased female representation at senior levels, including on the Rotary District Board, will not only benefit the performance of Rotary, but also assist in attracting and retaining female membership at a time when membership growth has stalled. In light of this, it is recommended that the Rotary District 9800 Board investigates the possible implementation of some of the ASX Corporate Governance Principles and Recommendations.

This report has been written in a personal capacity by Kerry Kornhauser, a Rotarian in District. It does not necessarily represent the views of her club.

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NOTES

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