

New Catalyst Study Reveals Financial Performance is Higher For Companies with More Women at the Top

A new study released by Catalyst (<http://www.catalystwomen.org/>) demonstrates that companies with a higher representation of women in senior management positions financially outperform companies with proportionally fewer women at the top. These findings support the business case for diversity, which asserts companies that recruit, retain, and advance women will have a competitive advantage in the global marketplace.

In the study **The Bottom Line: Connecting Corporate Performance and Gender Diversity**, sponsored by BMO Financial Group, Catalyst used two measures to examine financial performance: Return on Equity (ROE) and Total Return to Shareholders (TRS). After examining the 353 companies that remained on the F500 list for four out of five years between 1996 and 2000, Catalyst found:

- The group of companies with the highest representation of women on their senior management teams had a 35-percent higher ROE and a 34-percent higher TRS than companies with the lowest women's representation.
- Consumer Discretionary, Consumer Staples, and Financial Services companies with the highest representation of women in senior management experienced a considerably higher ROE and TRS than companies with the lowest representation of women.

“Business leaders increasingly request hard data to support the link between gender diversity and corporate performance. This study gives business leaders unquestionable evidence that a link does exist,” said Catalyst President Ilene H. Lang. “We controlled for industry and company differences and the conclusion was still the same. Top-performing companies have a higher representation of women on their leadership teams.”

“The Catalyst study confirms my own long-held conviction that it makes the best of business sense to have a diverse workforce and an equitable, supportive workplace,” said Tony Comper, Chairman and CEO of BMO Financial Group, sole sponsor of the research.

A Note on Methodology

Catalyst divided the 353 companies into four roughly equal quartiles based on the representation of women in senior management. The top quartile is the 88 companies with the highest gender diversity on leadership teams. The bottom quartile is the 89 companies with the lowest gender diversity. Catalyst then compared the two groups based on overall ROE and TRS.

“It is important to realize that our findings demonstrate a link between women's leadership and financial performance, but not causation,” said Susan Black, Catalyst Vice President of Canada and Research and Information Services. “There are many variables that can contribute to outstanding financial performance, but clearly, companies that understand the competitive advantage of gender diversity are smart enough to leverage that diversity.”

About Catalyst

Catalyst is the leading research and advisory organization working to advance women in business, with offices in New York, San Jose, and Toronto. As an independent, not-for-profit membership organization, Catalyst uses a solutions-oriented approach that has earned the confidence of business leaders around the world. Catalyst conducts research on all aspects of women's career advancement and provides strategic and web-based consulting services on a global basis to help companies and firms advance women and build inclusive work environments. In addition, we honor exemplary business initiatives that promote women's leadership with our annual Catalyst Award. Catalyst is consistently ranked No. 1 among U.S. nonprofits focused on women's issues by The American Institute of Philanthropy.