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WEEKEND EDITION FRIDAY, JULY 8, 2011 - SUNDAY, JULY 10, 2011

## Fida takes on State-owned firms over women directors

Activists want companies to comply with legal requirement on gender balance



**418**  
SEAT NUMBERS

**Male directors in NSE listed companies (main market)**  
Firms keen to review the composition of their boards on expiry of the terms of current directors.

**38**  
SEAT NUMBERS

**Female directors in NSE listed companies (main market)**  
Every state corporation is under constitutional duty to ensure that no gender falls below 33.3 per cent and no gender exceeds 66.7 per cent on the board.

BY MICHAEL OMONDI

State-owned companies are facing major boardroom shake-ups as civil society groups – now popularly known as Constitution enforcers – begin the push for full compliance with the legal requirement that their boards reflect gender and ethnic diversity.

The Federation of Women Lawyers of Kenya (Fida) is expected to throw the first salvo in the quest for inclusion of more women in the

boardrooms – a move that is expected to break male domination of the corporate world's most important decision-making organs.

Fida's action is hinged on the constitutional requirement that no gender should occupy more than two-thirds of boardroom seats in State-owned companies or in firms where the State's stake is more than half.

The new law that came into force on August 27 last year also requires all public institutions to reflect the country's ethnic diversity in staffing.

The number of women in boardrooms of State-owned companies stands at less than 15 per cent, according to the Institute of Directors (Kenya) reflecting the influence that old-boy networks have had over appointments to the boards. Fida is promising to use the Constitution to bring this trend to an end in what promises to be one of the most far-reaching changes in Corporate Kenya. Full compliance by all State firms with the Constitution offers women a larger role in the crafting of **BOARD, Page 4»**

# Fida takes on State companies over women directors

»From Page 1 corporate strategy and evaluation of management decisions that has, over the years, remained in the tight grip of men.

"We are conducting an audit of all State corporations and will in the next few days start sending letters to those in breach to remedy the imbalances or prepare for legal action," said Grace Maina-Kimani, Fida's executive director.

"Every State corporation has the constitutional duty to ensure that no gender falls below 33.3 per cent and no gender exceeds 66.7 per cent in their boards."

Fida has won the backing of the Commission for the Implementation of the Constitution, which on Wednesday said that the bulk of the State firms are in breach of the law on gender and ethnic balance.

The women lawyers' action is not only expected to shake up the political establishment — the root cause of the boardroom gender imbalance — but also the Nairobi Stock Exchange (NSE) where four listed Government-controlled firms will have to overhaul the composition of their boards.

Of the listed State firms, only KenGen is compliant with the constitutional requirement on gender. The power producer has a third of its 12 member board made of women — making it one of the few State firms in compliance with the Constitution.

The other four NSE-listed State firms

such as Kenya Power, East African Portland Cement Company (EAPCC), National Bank of Kenya (NBK) and Kenya Re must either replace some members of their male-dominated boards with women or simply increase the size of their boards and appoint women to the new positions.

Cement-maker EAPCC, for instance, does not have a single woman on its eight-member board, while NBK has only one among the 11 directors.

Kenya Power has two females in its 13-member board while Kenya Re has similar number of women on its 11-member boardroom.

The bulk of top non-listed Government firms and agencies such as Central Bank of Kenya, Kenya Ports Authority, National Hospital Insurance Fund, Kenya Pipeline Corporation and the Communications Commission of Kenya are still overwhelmingly male-dominated.

Most of the firms said they will review the composition of their boards on expiry of the terms of current directors — raising the spectre of a gigantic court battles with the women activists.

"We plan to comply with the new Constitution but this will happen at the end of the terms of current directors," said Mark ole Karbolu, the chair-

## Women representation in boardrooms in major state corporations

COMPANY	BOARD SIZE	WOMEN PRESENT	IDEAL NUMBER
KENYA POWER	13	2	5
KENGEN	12	4	4
NATIONAL BANK	11	1	4
EA PORTLAND	8	0	3
KENYA RE	11	2	4
CENTRAL BANK	9	2	3
KENYA PORTS AUTHORITY	11	1	4
NATIONAL OIL	10	3	4
KENYA AIRPORTS	12	1	4
KENYA PIPELINE	10	1	4

SOURCE: COMPANY REPORTS

man of EAPCC. Mr Karbolu said the cement-maker will state that position to key shareholders — the Government that owns 25 per cent, National Social Security Fund (27 per cent) and Lafarge (41.7 per cent). Human resource experts said the persistence of gender and ethnic imbalance in these agencies and companies despite their claim to be equal-opportunity employers shows the negative influence that politics has had over official policy.

"The composition of boards in Government-owned companies has to change now that these requirements are embedded in the Constitution," said Sammy Onyango, the managing partner at consulting firm Deloitte.

President Kibaki assumed the presidency in 2003 with the directive that a third of all public jobs be reserved for women, but little has changed.

Fida has made its intentions known with last month's move to block the

swearing-in of appointees to the Supreme Court on grounds that the composition fell short of the Constitutional requirement.

The Judicial Service Commission (JSC) tapped five judges for the Supreme Court with Njoki Ndung'u as the only woman.

In turning to the Constitution, Kenya, at least on the public sector front, will be following in the footsteps of some European countries that use similar laws to bridge the gender in balance.

Norway gave listed companies two years in 2005 to raise the share of women in the boards to 40 per cent. This has resulted in the rise of female representation on Norwegian boards from eight per cent to 44 per cent.

Spain and the Netherlands have passed similar laws due to take effect in 2015 and 2016, respectively, and France is working on a legislation requiring female presence in boards to be at least 40 per cent by 2016. The sex imbalance in the boardrooms of Kenya's state corporations is being linked to the structure of

the country's politics that has remained male dominated and allows politicians to use old-boy networks in the appointment of directors.

There is however evidence that the imbalance is not restricted to state owned firms.

The number of women in boardrooms of NSE listed companies remains low — and may be getting thinner.

Women occupy only 38 out of the 418 seats on the boards of the 45 companies that make the main investment market segment at the Nairobi Stock Exchange (NSE), representing nine per cent of the seats, according to filings made to the Capital Markets Authority (CMA).

Half of the companies, mostly commercial and agriculture firms had an all-male board and those with female board members are majority owned by multinationals. Firms with women friendly boards include Safaricom, Barclays Bank and East African Breweries with three seats each for the women while blue chip local firms such as East Africa Cables, Access Kenya and CMC Holdings are the most unfriendly to women.

Lack of women in directorships is said to be preventing the flow of fresh ideas into the boardrooms where the ticket to a seat is often influenced factors other than pure merit.

"The exclusion of women is robbing the corporate world a lot of talent," says Mr Onyango. Still, executives and board members have preferred to tap women who maintain the status quo often ejecting women directors with independence of thought.

Of the 45 firms listed in the main market, only one—Kenya Re insurance—has a woman chairing its board following the appointment of Nelius Kariuki as chairperson in 2007 and most firms have preferred women to reserve peripheral roles in the board.

*Additional reporting by Moses Michira*

**We plan to comply with the new Constitution, but this will happen at the end of the terms of current directors**