



December 2004 NEWSletter



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January 2005 BVHRMA Luncheon

When: Thursday, January 6, 2005

Where: College Station Conference Center

Time: 11:30 AM - 1:00 PM

Cost: \$10.00 members/\$15.00 guests/\$5.00 students

RSVP: to Lawanna Gustavus at Gustals@kellyservices.com
by Monday, November 29, 2004.

Program: Chapter Business Meeting

All members in good standing are encouraged to attend

Your Foundation at Work: Effective HR Measurement Techniques

How do you demonstrate the value of your human resource department to the CEO, in language he or she can understand? The answer is HR metrics. Created with a grant from the SHRM Foundation, the book *Effective HR Measurement Techniques* shows you how to demonstrate, in bottom-line terms, the value of minimizing turnover, investing in training, evaluating team performance and much more. Learn how to measure the impact of your HR programs and watch your effectiveness soar. Visit www.shrm.org/shrmstore to order a copy of *Effective HR Measurement Techniques*.

The SHRM Foundation: *Investing in Your Future as an HR Leader*

Brazos Valley HRMA is an affiliate of SHRM (Society for Human Resource Management). For more information about HR employment, résumé's for individuals seeking a career in HR, and to find helpful links to other HR relevant web sites, go to www.bvhrma.org.

**The Bottom Line:
Connecting Corporate Performance and Gender Diversity
By Catalyst**

Business leaders increasingly request hard data to support the link between gender diversity and corporate financial performance. In response, Catalyst conducted a groundbreaking study, released in January, demonstrating that such a link does exist. Sponsored by BMO Financial Group, *The Bottom Line: Connecting Corporate Performance and Gender Diversity* uses publicly available data to explore the connection between gender diversity in top management teams and U.S. corporate financial performance in the second half of the 1990s. This period was chosen because it represents a time of considerable economic growth and for which there exists consistent and reliable gender diversity information.

Catalyst used two measures to examine financial performance—Return on Equity (ROE) and Total Return to Shareholders (TRS)¹—in the 353 Fortune 500 companies for which we have at least four years of data. We also examined the financial performance of several industries. We found that there is a connection between gender diversity and financial performance. It is important to note that the study explores a link, but does not demonstrate *causation*. In order to do the latter, we would need to rule out all other possible causes of good and poor financial performance, which is beyond the scope of the study. Our findings, highlighted below, re-affirm Catalyst's long-standing belief in the business impact of diversity.

Key Findings:

- The group of companies with the highest representation of women on their top management teams experienced better financial performance than the group of companies with the lowest women's representation. This finding holds for both financial measures analyzed: ROE, which is 35.1 percent higher, and TRS, which is 34.0 percent higher.
- Financial performance also was analyzed by industry, and in each of the five industries analyzed², the group of companies with the highest women's representation on their top management teams experienced a higher ROE than the group of companies with the lowest women's representation.
- In four out of the five industries analyzed, the group of companies with the highest women's representation on their top management teams experienced a higher TRS than the group of companies with the lowest women's representation.
- Catalyst Award-winning companies financially outperformed the 339 other companies in the sample. This finding holds true for both ROE and TRS.

Catalyst divided the 353 companies into four roughly equal quartiles based on the representation of women in senior management. The top quartile comprises the 88 companies with the highest gender diversity on leadership teams, while the bottom quartile is the 89 companies with the lowest gender diversity. Catalyst then compared the two groups based on overall ROE and TRS. We controlled for industry and companies differences to ensure that our findings were not influenced by a few uniquely performing industries or companies. For both ROE and TRS, on average, top-quartile companies financially outperformed bottom-quartile companies.

We also confirmed that the connection holds in the other direction. Again dividing our sample of 353 companies into quartiles—this time by financial performance measures (both ROE and TRS)—we analyzed the top-quartile (88 companies) and bottom—quartile (89 companies) financial performers. We found that top financial performers have a higher representation of women on their top management teams.

These findings further confirm the business case that Catalyst has put forth for the past 40 years: Gender diversity is indeed a characteristic of companies with excellent financial performance, and developing women managers and leveraging that talent by giving them a seat at the decision-making table is smart business.

For more information or to download a free copy of *The Bottom Line: Connecting Corporate Performance and Gender Diversity*, visit www.catalystwomen.org.

2005 BVHRMA Board

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BVHRMA EVENTS 2005

January 6, 2004 , 11:30am,
Luncheon, College Station Conference Center

February 3, 2005, 11:30am
Luncheon, College Station Conference Center

March3, 2005, 11:30am
Luncheon, College Station Conference Center

April 7, 2005, 11:30am
Luncheon, College Station Conference Center

May 5, 2005, 11:30am
Luncheon, College Station Conference Center

June 2, 2005, 11:30am
Luncheon, College Station Conference Center

Upcoming SHRM Seminars

Employment Law & Legislative Conference

March 14-16, 2005 in
Washington, D.C.
(More information coming soon.)

SHRM Global Forum Conference & Exposition

April 11-13, 2005 in
Chicago, IL
(More information coming soon.)

EMA Conference & Exposition

April 20-22, 2005 in Dallas,
TX
(More information coming soon.)

SHRM Annual Conference & Exposition

June 19-22, 2005 in San
Diego, CA
(More information coming soon.)