

Stella-Jones Inc.: Investors Should Be Happy it's Joined the 30% Club

Description

That's right. Clap your hands. **Stella-Jones Inc.** ([TSX:SJ](#)) has joined a very exclusive club.

It's one that will have positive implications for its shareholders for years to come. By appointing Katherine Lehman, managing partner of New York-based private equity firm Hilltop Private Capital, to its board of directors September 1, it's upped the number of women on its board to three, which represents 30% of its total number of board seats.

The movement toward greater gender balance in businesses and organizations has spawned 30% Club chapters throughout the world, including here in Canada. Dedicated to persuading large corporations to increase the percentage of women serving on their boards and in senior management, a recent report about diversity disclosure practices at TSX-listed companies by one of Canada's biggest corporate law firms suggests Canadian public companies still have a lot of work to do in this area.

Why 30%?

The founders of the movement back in 2009 felt they needed a measurable goal, and 30% is said to be the point at which an idea or plan reaches critical mass. Unfortunately, in 2015 only 12% of all board seats of TSX-listed companies were held by women. Worse still, 47% of TSX-listed companies had no women directors whatsoever.

That's just bad business. Fortunately for Stella-Jones investors, the company understands better than most the importance of a diverse board—it sets the tone for hiring practices throughout the company.

When asked why he appointed a 50/50 cabinet, Prime Minister Trudeau stated, "Because it's 2015." Women around the world were talking about his off-the-cuff remark.

But he was right. The time is now for Canadian companies to update their views. No longer is it acceptable to have men-only boards. And you can forget about the argument some men raise that there just aren't enough qualified women to fill these positions. It just doesn't wash.

I'm married to one. There are plenty. Believe me.

So, why is this good for Stella-Jones investors?

MSCI studied more than 4,000 companies between December 2009 and August 2015. It found that companies with strong female leadership (three women board members or more) generated an annual return on equity of 10.1%, 270 basis points better than those with fewer than three women board members.

While a higher ROE doesn't necessarily translate into better stock performance, it certainly can't hurt. More importantly, it suggests that Stella-Jones is able to think bigger picture, and that most certainly

leads to better stock performance in the long term.

Down 16% year-to-date, now might just be the perfect time to buy Stella-Jones stock. If you already own it, hang on to it. Not many companies are part of the 30% Club.

Stella-Jones is.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. TSX:SJ (Stella-Jones Inc.)

Category

1. Investing

Tags

1. Editor's Choice

Date

2025/08/19

Date Created

2016/09/16

Author

washworth

default watermark

default watermark