Theme of the Book

A global economic crisis might not be immediately linked with a book on up-to-date comparative thinking and international research on women becoming – and not becoming – corporate board directors. But the harsh reality of shocking international business practice led overwhelmingly by male boards of directors provides a stark context for wondering what difference it might have made to the credit crunch if more boards had had more women directors on them.

The other question linked to this edited volume on participation, styles and contributions of women board directors is not whether the low numbers will change – but of course when and how promptly. Because it is clear in considering the international picture as this text does, that change will happen. Coercive forces are at play: government legislation as in Norway, Sweden and Spain. Liberal awareness is spurring change: it is the right thing to do (Canada, the US). And stakeholders can work together (or align together): the typical UK approach to ‘cooperative collaboration’ among different interest groups.

And when different levers of influence reinforce each other, the result is increased board representation by women: new corporate governance guidelines in response to corporate scandals increasing media attention to the lack of women directors; enlightened CEOs and chairmen seeking out and securing able women directors.

And with more representation of women at board level, corporate reputation rises – especially in organisations operating close to their customers and among intelligent workers seeking employers of choice. Good governance, good management
practice, good community relations become synonymous with sound corporate social responsibility that is ethically just.

And suddenly we are back to the tip of the iceberg of what has gone wrong alongside the absence of women membership on boards of directors.

Key themes in the book are outlined below, along with questions posed for men and women leaders serious about the issue of women becoming corporate board directors.

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Key Learning Points

Issues explored include:

• How women directors champion difficult issues and debates
• How women influence boardroom behaviour
• The contribution of women directors’ human and social capital
• Gendered experiences and the glass cliff
• The glass ceiling or a bottleneck?
• Networking to harness local power for national impact
• Women on board in best practice companies
• Whether critical mass makes a difference?
• Future directions for research.
Who is the book for?

“Women interested in achieving board seats would benefit from the practical advice offered here. Companies interested in attracting and recruiting women directors would find the best practice information of immense value. In addition, as more countries undertake a variety of initiatives to increase women’s representation on corporate boards through legislation, suggestions for supporting women through the creation of mentoring and networking opportunities and through developing lists of board-ready women are described.”

Theme 1: Increasing transparency in appointing / supporting / evaluating membership of a board of directors

Here are three sets of practical things a board member or committed executive can do to expand the potential membership of women on corporate boards of directors:

Challenge assumptions about what kinds of women are seen as worthy or ‘right’ for board membership, by asking/ pursuing/ finding out:

- How is it determined who ‘fits’ best and what circumstances are taken into account when seeking specific skills for appointing women to the board?
- What role does accreditation and training of directors play in appointing women directors? How is social capital (knowledge, skills, and experience) of board directors measured?
- How does the presence of a woman or women on a nominating committee influence other women’s nominations going forward? Are current women directors encouraging (or discouraging) future women directors from being considered?
Support behind-the-scene initiatives which position and promote women’s appointments to boards by asking women directors:

- What encourages a woman to become more interested in serving on a board? And how does a woman get her critical first appointment?
- What part do networking / corporate search firms / advocacy organisations / etc play in an appointment process?
- When and under what circumstances do these methods work well for a woman’s appointment? When not?

Champion ‘gender-free’ practices for evaluating board contribution by inquiring:

- Whether criteria used to evaluate directorships differ by director sex? What biases, if any, influence evaluation of men and women directors?
- In what ways do investors evaluate men directors as distinct from women directors as good matches for their company boards?

As proper research queries posed in the book, these are practical lines of inquiry which serious executives can initiate to conduct their own ‘action research’.

Theme 2: A business case for more women on corporate boards?

The public of course, in the throes of the credit crunch, is asking the same question about the evidence in the business case for men directors.

The editors conclude that targeted research is still needed in the future: to explore, for example, the extent to which the presence of women directors is a variable in company performance, or implied links between effective boardroom behaviours and women’s presence on those boards.
Yet current, cutting edge studies such as those in this volume offer compelling evidence in the present for women directors’ distinctive contribution to board effectiveness. Here are some strong indicators:

- Women corporate directors, as ‘not fully included group members’ offer vital perspectives and skills: challenging the board’s collegial norms; championing the discussion of conflict-inducing issues and adopting a ‘constructive controversy’ approach to problem resolution. [Chapter 11]
- Women directors are likely to make a positive contribution to the performance of strategic and CSR control tasks, and to increase board effectiveness through their input to board working styles. [Chapter 12]
- The presence of women directors significantly improves board development activities, which in turn enhance the boardroom culture and the performance of the multiple board tasks. [Chapter 12]
- Compared to men directors, women directors are younger, bringing a greater diversity to their boards in terms of nationality and a broader portfolio of experience. Increasing their number provides the opportunity for a more diverse set of human capital experiences to be utilised by top firms. [Chapter 13]
- The presence of high-ranking women in a firm is a critical signal, affecting the tendency for the highest quality women to join the firm. [Chapter 15]

Ethically based executives are well positioned to provide this evidence informally, sharpening their eyes and ears to the qualitative distinction between the respective contributions which men and women bring to corporate performance.

**Theme 3: When women get the top jobs – the glass cliff?**

The new twist to a woman being blocked on her way to the top is being appointed to the top when the company is in deep trouble. (With an economy in dire straits, there will be plenty of corporations we can hold this new trend up against in the coming years . . .)
Managers and leaders serious about women’s career advancement can be on the look-out for these kinds of gender-specific phenomena:

- Conditions under which senior women are chosen or passed over to become CEOs?
- What kinds of companies or industries are more likely to appoint women board directors? When?
- Once appointed, under what conditions are women directors most likely to be considered successful?
- What happens to a woman’s career at the face of the glass cliff . . . ?

Existing Chairmen, members of nominating committees and search consultants need to challenge current assumptions with a view to eliminating the bias against female director appointments.

**Theme 4: The dance between good governance and gender diversity of boards**

The business world is shifting due to external influences – e.g. the government and external regulation – we can expect the impact of the current global economic crisis to increase this trend.

Can today’s gender-conscious executive – male or female – dance to these rhythms:

- What are women’s prospects of being appointed to corporate boards?
- Which steps lead the dance: more women appointed to corporate boards leading to better governance? Or good governance leading to better women on corporate boards?
Theme 5: Expanding the scope of study of women on boards

Business leaders on the boards of voluntary organisations, or venture capitalists behind high tech start-ups are not exempt from the focus of this book.

Their own tick list of questions on women becoming (or not becoming) members of boards of directors of organisations in sectors outside FTSE /Fortune 1000 companies includes.

- What do men and women who serve on both business and not-for-profit boards find about boards with women on them and boards without women on them?
- What lessons are also available from women serving on directors’ boards of public sector organisations, non-government official (NGO) organisations, SMEs and privately held / entrepreneurial companies?
- Are these lessons transferable to other contexts of board directorship?
- Are there distinctive outcomes associated with women on these boards? What makes it possible or difficult to anticipate that similar outcomes might be expected if more women were on large corporate business boards of directors?

The UK: Women’s progress on FTSE 100 boards

“Since 1999 the International Centre for Women Leaders at Cranfield School of Management has annually monitored the progress of senior women in the top FTSE100 companies in the UK. There are now 131 female directorships on FTSE 100 boards, making 11.7% of total FTSE 100 directorships.”
**Critical success factors in women accessing a non-executive directorship on a FTSE100 board**

1. Excellence in a professional sector
2. Commercial experience in a large company
3. Knowledge ability in corporate governance
4. Personal connections with Chairmen and CEOs through day-to-day working

**What difference does it make having more than one woman on a corporate board?**

1. Market capitalization is significantly higher for boards with women directors.
2. Anecdotally, from women members of boards with more than one woman on them: reduces stereotyping, broadens perspectives, improves communications and inclusion of corporate social responsibility.
3. Substantially increases optimism amongst senior women below board level about the viability of balancing combining career and family.

**Necessary factors in accelerating the pace of change for women**

1. Continuous communication from top individual top leaders of the strategic need to build the female talent pipeline, and of performance expectations.
2. Robust management disciplines, including goal-setting and accountability for improvement, being applied to the problem, as in the case of any other critical business priority.
3. Diversity being fully integrated into the talent agenda and processes.
4. Creation of an all-inclusive culture (starting with education and awareness of business leaders and HR business partners), so that the talents and differences that women bring to business are recognized and valued in the talent process.
5. Search consultancies become more proactive in building relationships with women who have not yet held a FTSE non-executive directorship.
6. Chairmen and CEOs proactively seek data about and build relationships with senior women from the talent pool.
True or False?

It's hard to find women suitably qualified for FTSE100 directorships...

False: “The 2007 FTSE Report identifies nearly 400 women on FTSE100 Executive Committees and FTSE 250 boards and Executive Committees – women who should beprime candidates for FTSE 100 directorships. Add to this pool the top executive women in the public sector, voluntary sector, non-quoted companies, significant entrepreneurs and private equity companies and there are probably around 1000 potential female candidates for FTSE100 non-executive directorships.”

The US: Learning from ‘best practice’ companies

Two key indicators distinguish a company with a sustained commitment to getting women into the boardroom. First, having maintained for ten or more years a critical mass of women board members (25% or more of board seats); second, having a board that is fully engaged in the company’s diversity and inclusion initiatives, efforts and activities.

These are the steps for companies wishing to learn from those that have already built more inclusive work environments:

1. Know the case for board diversity. Identify a company’s particular rationale for diversifying the boardroom, and codify and communicate it.
2. Get assistance with recruiting. Engage external agencies with a track record for identifying qualified women and other diverse candidates.
3. Be diversity champions. For all board seats, identify a diverse slate of qualified candidates from the nominating committee and search firms, and insist on diversity outcomes.
4. Continuously network outside the industry and region. Broaden leadership networks to identify talented women. Cultivate relationships with potential women directors in order to fill vacancies in a timely fashion and add
additional women to the board. Look to other industries, regions and economic sectors to locate women board directors and fresh perspectives.

5. Institute a board matrix. Broaden director criteria to consider untapped corporate officer women with line experience. Assess board needs, evaluate and map skills and competencies, and target areas for improvement.

[Chapter 16 & Chapter 17]

The big picture: selected snapshots

On top French corporate boards the percentage of women board members in 2008 was 7.6 per cent – an improvement on previous years but still below average for Europe. 37% of these female directors are board members due to family shareholding in the company.

The overlap between the worlds of business and politics means that the State plays an ongoing role in the promotion and nomination of key individuals to the boards of French state-owned or formerly state-owned companies. Almost 10% of women directors in the top 100 French companies arrived in the boardroom by working for the State in some capacity.

The small number of women directors of top 100 companies in France is an indicator of institutional continuity: the mechanisms that sustain the largely masculine micro-cultures typical of boardrooms in France conspire to maintain the status quo.

Although the elite French engineering and business schools are currently supplying an increasing number of female graduates to the labour market, it may be some time before women can achieve a place in the boardroom without having to follow patterns of behaviour set by successful male directors.
New Zealand mirrors the rest of the Western world with few women directors despite being the first country to institute voting for women, and having had women holders of senior constitutional positions. While boards in the state sector approach gender parity, the private sector continues to prefer male directors.

“A pessimist would predict that the exigencies of power, privilege and wealth in private hands will entrench existing male elites, and gender parity will need the stronger medicine of legislated quotas as is happening in other countries. An optimist would hope that the increasing pool of experienced state sector female board directors would trickle through to the boards of the private sector.”

The authors conclude that “getting that first substantive board appointment is critical for men and women directors alike.” To achieve gender parity on corporate boards they recommend the following changes:

- Increase the limited opportunities to showcase new talent
- Improve selection processes
- Develop professional training with an experiential element (legal and accounting professions)
- Drive above forward with active and vocal groups in academic, commercial and state sectors.

Canada has fewer women directors than the US and comparable levels to the UK, with numbers slowly increasing. In comparison with their counterparts 25 years ago, women directors today are younger, and better educated with greater breadth of experience, relevant skills and levels of competence.

Interest in boards of directors and corporate governance more generally has peaked over the past 5 years, due to ‘glaring failures’ in corporate governance. Recent changes in government policy may impact women. Amended Canadian Policy requires a competency approach to recruitment and assessment of directors – a change likely to increase the talent pool of available women and the representation of women on corporate boards.
Increasing the numbers of women directors is being tackled in two other ways. ‘Director Education Programs’ at university business schools throughout Canada may help grow the pool of board-ready women above its current level of around 250. Secondly, a mentoring program specifically targeting women explicitly provides coaching and connections geared to achieving corporate directorship.

About the Author

Susan Vinnicombe is Professor of Organisational Behaviour & Diversity Management and Director of the Centre for Developing Women Business Leaders. She directs the trailblazing executive programme for senior women managers/directors, ‘Women as Leaders’. In addition, she runs customised programmes for women executives, which have won three national awards. Susan’s particular research interests are women’s leadership styles, the issues involved in women developing their managerial careers and gender diversity on corporate boards. Her Research Centre is unique in the UK with its focus on women leaders and the annual Female FTSE 100 Index is regarded as the UK’s premier research resource on women directors. In 2004 the Research Centre was commissioned by the DTI to carry out a report on the ethnic diversity of the FTSE 100 Directors. Susan has written nine books and numerous articles. Alongside Susan’s research activities at Cranfield she is also a founding member of Women Directors on Boards.

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