

Underrepresentation of Women in the Boardroom

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Abstract: The following paper analyzes women's underrepresentation in the corporate boardroom within the US in order to research, define and understand why women still hold fewer executive boardroom positions than men. The paper analyzes women's roles in family, responsibility for child and homecare, belief in self, interactions with men and other cultural aspects of both society and organizations in order to consider differing views of the issue and possible reasons it is a concern both for the women, families and the organizations that are lacking gender leadership equality.

Key words: gender; diversity; boardroom; discrimination; equality; business; organizational behavior; organizational culture; ethics

JEL codes: J12, J13, J15, J16, J21, J24, M12, M54

For years women have fought for equal rights, and while making significant progress, continue to be underrepresented in the boardroom, which begs to question: Why? This has been a long debated issue. Some feel it is a non-issue and just a lack of continued, natural, evolution toward a more diverse society. Others feel it's a vital necessity for women to be heard, arguing that if women do not have equal numbers in the boardroom their voices, perspectives, concerns and ideas will not be equally considered. Further still, others believe that women's lack of participation and inclusion in boardrooms are actually hurting companies and global economies (Bilimoria, 2000). It is important to explore these complex issues and consider the advantages of women's representation in the boardroom, the barriers to achieving this equality and the deeper issues society must acknowledge in order to implement a constructive plan of action.

1. Fact vs. Fiction

While more women are now graduating from college than men, women are still outnumbered by men in the boardroom by almost 10 to 1 (Sandberg, 2013). 10.5% of boardroom seats are women's according to the GMI ratings study in 2012, which analyzes 4,300 companies globally (GMI, 2012). In the United States women make up less than 15% of board positions in Fortune 1000 companies (Sweigart, 2012). Women still under-earn men by more than 20% in the US even though their education is the same, if not better (Gibb, Fergusson, Horwood & Boden, 2013).

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1.1 What's the Big Deal?

It is undeniable that fewer women in positions of power result in less voice for women in general in companies. Women's rights are less likely to be advocated for and decisions that are made will lack a sufficient female perspective. As a result, it is expected that it will continue to remain difficult for women to be treated fairly and have their needs met. It would be unrealistic to expect that men would fully understand and anticipate the needs of women the same way as if there was equal representation of them in the boardroom. It is true that people tend to gravitate to people who are similar to them, so men are more likely to mentor other men and spend time with them, resulting in a greater likelihood that they will also be considered for promotions (Ragans, Cotton, 1999). This raises questions for organizations about ethical treatment of women and fairness. Many claim that by not taking measures to advance and encourage the growth of women within an organization these companies are not acting in a responsible manner (Bilimoria, 2000).

1.2 A Better Bottom-Line

Beyond even obvious ethics and corporate responsibility, the company could actually be hurting its bottom line. "A 2011 survey by U.S.-based non-profit organization, Catalyst, shows that company boards made up of 19-44 percent women achieved 26 percent more return on invested capital than those firms with no women directors" (Nayak, 2011). There is also a significant impact of having women represented equally if the company is serving women with its products and services (and most are). Joanne Crewes, a Proctor and Gambel senior leader explains, "You can't afford not to be diverse. You can't afford not represent the consumers or the markets that you are going after." (Nayak, 2011)

Even in non-traditional female industries women can impact the bottom line in a positive way. According to the report by Price, Waterhouse, Coopers, profit margins are higher for mining companies with women on the board (PWC, 2013). This raises the question if companies are being, not only wise, by fair to shareholders if they are not proactively encouraging and promoting women in leadership. If they knowing can increase their bottom line by doing so, it seems unethical and irresponsible not to.

1.3 The Blame Game

While the data shows a clear divide both in the US and globally between the number of men and women in boardrooms, opinions are equally divided about the complex reasons of underrepresentation of women in US senior leader positions. Some advocates for women point to men in power for exclusionary practices that create a glass ceiling for minorities and women (Adams & Ferreira, 2009). Others blame women for not engaging in activities and practices in order to earn board seats (Sandberg, 2013). Though it may seem archaic, many men and even women believe that women should be responsible for raising families and should not try to compete for more competitive and demanding positions within organizations (Adam et al., 2009). Regardless of blame, the reasons are numerous and wide-ranging.

2. Women and Families

It is inevitable that women who choose to have families must be out of work for at least a period of time. While some come back quickly after giving birth, others take time off to care for the newborns and later toddlers. Some women choose to take years off to be with their children before going back to the workforce. Inevitably, they lose the experience that their male counterparts gain during their absence (Sandberg, 2013). Some decide not to go back to work at all. Sheryl Sandberg, CFO for Facebook and recent feminist advocate, claims that women

are distracted from work often years before the actual birth of their child. They become disengaged and stop “leaning in” and taking on projects because of their future familial goals (Sandberg, 2013). Many women feel pressured by higher demands than their husbands after they rejoin the workforce. They are often the one’s expected to take time off for ear infections and doctors appointments while their husband works, continuing the male advantage for better opportunities. Sandberg argues that smart women should make sure they pick a spouse wisely-one that will support them and take on a fair share of responsibility at home (Sandberg, 2013). She also encourages women to be aware of the guilt that can creep into working motherhood, and accept it as just part of the reality of competing goals (Sandberg, 2013.)

2.1 Cultural Expectations

It has long been expected that the men in society be the “bread winners” for their families. Women have been expected to care for children, cook, clean and otherwise “keep house” while men work and earn money to support them (Sandberg, 2013). This expectation is ingrained throughout our fabric and it is difficult to undo, even after years of making strides against discrimination. Even when society acknowledges that all people are equal and women have the right to vote and work in any job they choose, the underlying deep-seated culture often lags behind.

Sometimes the discrimination is hidden and harder to detect. Men are sometimes expected to work longer hours, even though they have families because the wife is home with the children (Daily, Certo & Dalton, 2009). Women have maternity leave that is protected by law and most take advantage of it, but paternity leave is not common, or traditional. For a man to take time from work during the birth of a child he is often expected to return much sooner or risk being judged as not committed to his career (Daily et al., 2009). Men often gain promotions and raises when they have a family, while women are discouraged from taking on new tasks and projects. Regardless of whether the woman has children or not, she will often be expected to work in more “support” roles such as administration or operations and less likely to be in executive jobs, either because of others expectations of her or her own (Daily et al., 2009).

Further still, Sheryl Sandberg explains in her book, “Lean In”, that while men are encouraged to be assertive and ambitious the same is not true for women. Worse still, women who are nice and likable are often not as successful as women who are not. Men’s likability is directly correlated to success, but women’s likeability is not. So, if a woman is too nice she isn’t appropriate for leadership roles, but if she is too assertive she isn’t either (Sandberg, 2012). What’s a girl to do?

2.2 Women’s Views of Self

Men have been told for years either directly or indirectly that they can (and should) be in positions of power. For women that is not the case. Women have been taught from an early age to have less ambitious goals (Daily, Certo & Dalton, 2009). It’s fine for women to raise families and work as secretaries, but men’s worth is often tied to career and wages. There are numerous examples of this. More importantly it is related to how women see themselves. Women often attribute their success to help from others or luck, while men attribute it to hard work and intelligence. Women will be asked how they did on a test or presentation and underestimate their grade or success. Men tend to overestimate; it had to be them that excelled above all others (Sandberg, 2013). This explains that women often are their own worst enemies in terms of what they believe they can achieve.

2.3 Advantages of Mothers as Leaders

Some take the opposite view that mothers are less attractive as candidates in senior roles. While it is undeniable that some companies may resist hiring women in senior roles or fear they will not want to travel, be

unable to contribute the necessary commitment to the job or have conflicting commitments, others may embrace them. Studies show that many women who are mothers understand leadership better because of their parenting experience (Huse & Solberg, 2006). They often possess skills that many others don't that make them valuable in senior leadership roles. They can often utilize their multitasking, leadership, managerial and motivational skills learned at home equally well at work (Bilimoria, 2000). Their experience managing conflicting responsibilities, communicating effectively, managing time and organizing processes will aid their on-the-job requirements. Not all people agree with this philosophy but the skills used in parenting can often be translated in the workplace (Hillman & Harris, 2002).

2.4 Nobody Does It Better — Or Do They?

In Norway, which is considered a progressive community on many levels, the government has focused on women in the boardroom as a primary objective. In 2008, Norway officials implemented a requirement for most limited liability corporations that 40% of board members must be female. While controversial, female board membership reached the requirement by the end of 2009. It also had some unforeseen benefits. While proponents felt board would have better perspective and better voice on women's issues Norway also saw its female workforce rate go up to 75%. More people working and earning more money means more tax revenue and better government programs to support society as a whole. "One Norwegian lesson," Prime Minister Jens Stoltenberg says, "is that if you can raise female participation, it helps the economy, birth rates and the budget" (Benhold, 2011, p. 2). Because of the moves in Norway, Spain, France, Iceland, the Netherlands, Italy and Belgium have followed suit, implementing female board quotas.

Many agree it's too soon to truly be sure of the impact of the quotas in Norway and other countries. Some nay-sayers feel there are only "token" women (often referred to as "golden skirts") on boards who are not making much of a difference (Huse et al., 2002). Admittedly the women on boards are less experienced than their male counterparts and may have a difficult time influencing the majority quickly. Others are trying to measure success by company bottom line alone, which is difficult to do in a depressed global economy that is influenced by many complex measures (Huse et al., 2002). Such a recent change will need to be reflected on to be certain of outcomes years later. Feminist advocates believe it is still a step in the right direction and that results will follow.

2.5 Are Quotas the Answer?

Quotas do have a direct way of correcting the fundamental problem. Ingrained cultural ideas often dissipate once change occurs. In the case of racial discrimination in the US, people began to see African American people differently once they were no longer segregated and unable to vote. While racism still occurs it is no longer acceptable and people began to work closer together and more cohesively, beginning to dissolve years of separation (Hillman et al., 2002). In the same way, people who have more traditional views of women will be able to see that women in the board room is normal and that they can work in roles of power effectively and that women's voice is valuable. While the easiest solution to increasing the number of women in the boardroom would logically be to implement quotas like Norway has, the issue is much more complex (Branson, 2007). Quotas would be a direct and tangible way of increasing the number of females on boards, and should not be disregarded as a solution, but there are other issues and potential solutions that should also be considered.

3. Individual Responsibility

Sheryl Sandberg suggests that women must take ownership of their own potential. Having moved up the

ranks herself, now the CFO of Facebook, she says that women must work for a “seat at the table” (Sandberg, 2013). She suggests that women must be confident, know their worth and work hard for a spot. She strongly suggests that women must be assertive, have their voice and own it. She also points to women as the reason their careers have not progressed when they lose traction when beginning to think about a family. She warns women not to lose sight of career goals when planning for personal ones (Sandberg, 2012). She cautions, however, about women being too “nice” and warn that women must remember that likeability and success are not equally correlated for women and that women must learn to accept that. They must be assertive and not so worried about being liked if they are going to earn their spot in the boardroom (Sandberg, 2012).

3.1 Corporate Change

Sandberg’s views are pragmatic and focus on controlling what women can on their own, but her position fails to consider the responsibility of others regarding barriers to the boardroom seats. Like any discrimination there is still the issue of responsibility of the more powerful party that cannot be ignored. In this case it’s men and corporations. Men and businesses must acknowledge the need to change. While the government does have the ability to require quotas, the men in control at companies should implement a plan to equalize the participation for women by a defined date. A socially responsible corporation acting both morally and ethically would focus on doing this as quickly and efficiently as possible. Of course it is naïve to expect corporations to do this on their own, which would be refreshing, so other measures can be taken. Queues can be taken from Finland and Australia on how to encourage corporate diversity while not going to the extreme of making it law. Finland also has non-mandatory yet popularly supported government targets for female board membership and a “corporate governance code that explicitly and emphatically recommends gender equality” (Sweigart, 2012). Australia requires corporations to disclose and report on its achievement for women board positions and then publicizes the report of which companies are focused on improving female board diversity (Sweigart, 2012). Both measures have been effective and now Finland only slightly trails Norway for female board participation.

3.2 Ownership

Taking individual responsibility for raising awareness and keeping the focus on corporations to be diverse is also a big factor in change. The will of the people is and always has been the greatest driver to social change. If people are complacent in any issue then change will be slower, if non-existent. By asking sometimes difficult and complex questions to people in power at companies, governments and even to ourselves (and each other) we can help overcome complex ideas about how we act, norms of society and uncover the real barriers to necessary change.

We should ask ourselves the difficult questions. Why don’t more men mentor women? Why do women do more housework? Why don’t we demand change in companies? Why don’t many women feel confident in their abilities? Why aren’t we working together to become a voice of all? What am I personally doing that perpetuates this discrimination? Internal reflection and external communication are the fundamental drivers in ending all kinds of discrimination, be it in the boardroom, the cotton fields, the classroom, the voting line or anywhere else oppression seeps in and lingers until someone extinguishes it in thoughtful and meaningful ways.

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