



Critical Thinking Project

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Submission to: Virginia Mathis

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Introduction

We are living in a progressive world where politicians, activists, and other groups are noticing and talking about vastly. Companies and organizations have also noticed this and are taking steps towards integrating different groups of people into their company management. Though a vast topic, I would like to focus on women in business.

It would be a cliché to simply say, 'Women represent half the population and therefore would be a huge resource to ignore.' Although the statement is true, it ignores the fact that businesses with women in the management and board member has a higher return ratio compared to businesses that do not. "Studies have shown that women in leadership positions help increase returns and payout ratios. Women are also primed to be leaders in entrepreneurship through educational experience." (Fetsch, 2015)

This paper aims at proving woman in business should not only be a social responsibility, but it is also a financial benefit to the company.

Hypothesis

I believe that women in business are very beneficial for the financial stability of the company. This is most likely because women by nature make calculated risks, do not make hasty decision, and good at job delegation. However, there is a very small role woman play in management positions. According to *crunch base* women only held 11% of board memberships in 2020. "In 2020, 49 percent of companies did not have a woman on the board, an improvement from 60 percent a year earlier; Women held 11 percent of board seats, up from 7 percent..." (Ann Shepherd, 2021)

Finally, having a diverse group brings different experience towards the table which could be the best way of exposing the company to a broader market. “Of the 199 companies that have dropped off the list since 2011 due to a merger, bankruptcy, or related reason, the majority had either zero or below-average number of women directors. ...There is a correlation between board diversity and company success.” (Gero & Garrity, 2018)

For my hypothesis, I have prioritized the company's profit because a company's ultimate goal is making profit, and any company that is on par in terms of profit when compared to the rest of the industry is considered a healthy company.

I have also touched on social responsibility because the new generation is considerate when it comes to which company they are spending on. Millennials would rather spend a little more money on products and services of companies that welcome diversity instead of companies that only aim at maximizing profit disregarding everything else.

Solutions

In order to bring gender diversity, we will need to change wordings when putting advertisements. It is very common to use the pronoun ‘He’ when looking for an ideal candidate, which could be discouraging for woman to apply. Instead of such pronouns, I propose saying ‘The ideal candidate should...’ and such. According to the book ‘Why Woman mean business’ it is stated that neither woman nor men in HR found this as an issue. “Of the 20 jobs listed, all but one began by describing the ideal candidate as: ‘He will be...’. The exception was what brought the point home. It was for a secretarial post and began with the words: ‘She will be...’.” (Wittenberg-Cox & Maitland, 2009)

My second proposal is to mandate a law that allows at least 1 of the board members to be a woman in a publicly traded company. However, such laws could be difficult to implement on a federal level as some states could oppose to it and form their own laws. Such laws are being implemented with California being the first state to do so. “Publicly traded California companies

have nearly doubled the number of female directors on their boards in the three years since a first-in-the-nation law mandating gender diversity on boards was enacted in the state, a new report has found.” (Sumagaysay, 2021) Such law has brought actual change in hiring practices with more companies needing woman to fill in their seats for the board of directors.

Finally, I propose promoting Business and master’s in Business programs to young women, mostly from high school. This is meant to get more woman optimistic about the business program colleges and universities provide. With more woman MBA graduates, it is more likely they have a better chance at having a role with board members of publicly traded companies.

Best Solution

I believe the best solution is to make immediate changes in the hiring practice of companies, meaning, having to change the wording to encourage applications from more woman for a management position. Although the other 2 solutions are also viable, it is more of a result to the first solution rather than a solution per se. Women taking management roles is highly motivational to the younger generation, and this in turn will lead to the next 2 solutions having a greater return.

A study by the University of Guelph in Canada has found that HRs in most companies are sexist in their hiring and promoting practice, along with their policies and policy implementation. Although the study has found multiple examples of gender discrimination, I will state one in order to avoid unnecessarily lengthy paper. “Institutional discrimination against women can occur in each type of HR policy from the recruitment and selection of an individual into an organization, through his/her role assignments, training, pay, performance evaluations, promotion, and termination. ...Institutional discrimination against women also occurs in performance evaluations that are used to determine organizational rewards (e.g., compensation), opportunities (e.g., promotion, role assignments), and punishments (e.g., termination).” (Stamarski & Hing, 2015)

Limitations

The biggest limitation is the inability to control the direction companies decide to take. Although many might have a discriminatory hiring practice by policy, it is mostly done in practice, and it would be hard for companies to see this unless it is studied upon.

The best solution to this is to show results of companies that have a non-discriminatory hiring practice. Companies like Google already are implementing this, specially with YouTube where a woman CEO has made the website one of the most opened in the world with millions of gigabytes of data consumed daily. By using these companies as an example, other companies would be willing to follow suite.

Conclusion

Changing hiring practice of companies is not something that happens overnight and would need the involvement of different groups. Tweeting or posting about the need to have women in the workplace could be a step forward. Change comes slowly and we need to be patient to see real change. Involvement of government, CSRs and other companies is important as well.

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