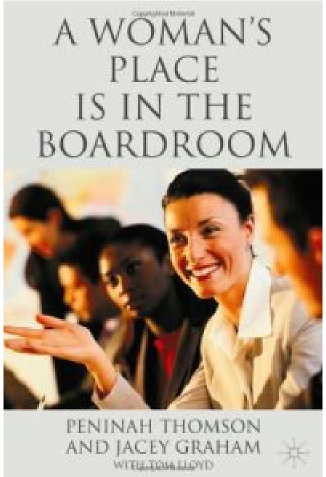

Book A Woman's Place Is in the Boardroom

Peninah Thomson and Jacey Graham
Palgrave Macmillan, 2005

Recommendation

The numbers are revealing: Women held only 14% of US directorships in 2003 and only 10% of UK corporate board seats a year later. Why does such a dearth of distaff board members prevail when a vast majority of women hold jobs, make most major home and business purchases, and outnumber men in attaining university degrees? Is this imbalance due to the male-oriented corporate culture, child rearing issues, biased recruitment and promotion policies, all of the above or something else entirely? Consultants Peninah Thomson and Jacey Graham thoroughly explore this issue, examining the reasons why the gap exists, why companies would be healthier with a greater female board representation and what firms can do about it. They also detail how they formed the “Financial Times/Stock Exchange (FTSE) 100 Cross-Company Mentoring Program” as one solution to the problem. The book’s conversational flow makes up for its repetition and lack of synthesized information. *BooksInShort* suggests it to all executives who seek balanced corporate governance and particularly to women who aspire to directorships.

Take-Aways

- Women are grossly underrepresented on large corporations’ boards: In 2004, only 10% of UK board seats belonged to women; in 2003, women held just 14% of US board seats.
- Females make the majority of purchasing decisions both in the home and the workplace.
- Gender-equal boards would correspond better to “the ‘mind’ of [the] market.”
- Men and women exercise different yet complementary styles. Together they could create a new, superior management paradigm.
- Male CEOs don’t consider child rearing a deal breaker in promoting women.
- Male-oriented corporate cultures are one reason why women don’t ascend to the boardroom in greater numbers.
- Development, mentoring and coaching are crucial for women who aspire to directorships.
- The “Financial Times/Stock Exchange 100 Cross-Company Mentoring Program” began in the UK in 2004 to develop a “pipeline” of incipient female directors.
- Measuring gender imbalances in your company can quantify this issue and provide a launching pad for solutions.
- Sustained change requires “individual, team and systems” commitments

Summary

Why She Who Controls the Purse Doesn’t Rule the Business World

Women make up slightly more than half the world’s population. In the United States and United Kingdom, they make more purchasing decisions than men and earn the majority of bachelor’s and master’s degrees. Women own more than a third of US businesses. Worldwide, they “influence” greater than 85% of buying choices, purchase more than half of all new cars and “start 35% of new businesses.” Yet, in 2003, women held only 13.6% of *Fortune* 500 company directorships; in 2004, only 9.7% of *Financial Times* Stock Exchange (FTSE) 100 directors were female. Given their overriding presence in economic life, why are so few women on corporate boards?

> “These large, increasingly global institutions that shape our world and our lives are themselves misshapen, because they are led and governed almost entirely by men.”

While many reasons exist for the lack of female directors, the question of whether to have more women serve in corporate boardrooms no longer is debatable. Greater female involvement in corporate governance draws talent from the entire labor pool at a time when skills and capabilities are in great demand. In general, women bring different strengths and management styles to the board table than men. A fairer representation of women on corporate boards would give companies a competitive edge over firms that rely solely on male expertise.

To Buy or Not to Buy...Only a Woman Knows

Women make the majority of purchasing decisions in the home and in the workplace. When it comes to buying furniture, planning vacations or purchasing a new house, more than 80% of the time a woman makes or influences the decision. Even for automobiles and consumer electronics – sectors where you might think men dominate – women drive 60% of the purchasing decisions about cars and 51% about electronics. In the US, more than half of working women contribute most of their families' incomes, and, in most homes, women manage the household finances.

> "Our research has convinced us that there is no conspiracy and that if there is a glass ceiling, it is not of man's deliberate making."

The workplace is no different, with American women holding more than 50% of purchasing manager jobs. They also wield enormous power over health plans and pension funds, given their predominance in human resources. In addition, women own 38% of American companies, hiring more than 27 million workers and producing more than $3.5 trillion in yearly revenues.

> "The reason large companies should appoint more women to senior management positions is that it will improve their performance."

Since women make the majority of purchasing decisions, assuming that companies would benefit by having women on their boards is not a huge leap. A 2004 UK study found that firms with female directors generated greater returns than companies led exclusively by men. A US research project the same year concluded that companies with a more equitable gender mix achieved a higher return on equity than those with a less-diverse board. Although the studies don't prove that a better gender balance among board members leads to higher earnings, they do support the intuitive reasoning behind it.

He Tarzan, She Jane

Women and men have different strengths. For example, tests reveal that girls are more skilled verbally, while boys tend to excel at mathematics. Women communicate differently as well, looking for collaboration, empathy and bonding experiences. Men, however, seek status by displaying position and knowledge in their communications.

> "The root of the problem lies not so much in the culture's ideals of femininity, as in the distinctively masculine culture that has evolved in companies."

Men created and shaped the corporate environment, so the traditional business culture is male-oriented, making it easier for men to navigate and get ahead. The hierarchical, linear structure of most corporations plays to men's strengths. Men compete aggressively for position and openly exhibit ambition. However, many women don't want others to view them as ambitious because they associate that trait with being self-serving or manipulative. Women also tend to shy away from "office politics," an aversion that hampers their advancement. Cultural conditioning inhibits women in corporate settings that favor men's natural abilities and inclinations.

> "The evidence suggests there are two board pipelines, one for men, one for women, and that the women's is much leakier than the men's."

While the numbers of men and women starting their careers are almost the same, "many more women drop out as they climb their career ladders." Among women with MBA degrees, only two-thirds work full time, while 95% of their male counterparts hold full-time jobs, according to a 2005 *Harvard Business Review* article. Why do women leave their jobs? Many wish to have children or need to care for elderly parents. Others quit work because they find it unfulfilling, or they feel out of step with corporate cultures. One female executive commented, "You break so many glass ceilings on the way up...that you finally come to realize that you have accumulated a lot of shards along the way."

In the Minds of Men

Several CEOs and chairmen of *Fortune* 500 and FTSE 100 companies – "the corporate kings" – shared their opinions on gender inequality on boards of directors. They commented on why so few women are appointed to boards, how they felt about naming women to boards and what they could do to add to the numbers of female directors. The interviews revealed several themes:

- Some industries, such as mining, engineering and investment banking, are more male-oriented than other sectors, such as retail or health care. Fields with "macho" cultures make it more difficult for women to fit in and succeed.
- The career path to a board candidacy requires a lot of travel, relocation or operational experience. Male executives commonly believe that women are less willing to travel and move than men.
- Many CEOs view the lack of viable female candidates as a "pipeline" issue rather than a discrimination issue: The labor pool lacks enough eligible women for board positions.
- They also believe that once women start holding more board seats, "a tipping point" will occur and others quickly will follow.
- Most male executives concur that women bring valuable leadership qualities to the boardroom. But some ask how much those factors outweigh the traits at which men excel.
- They acknowledge child rearing as an issue that affects women's careers more than men's, but don't consider it a deal breaker in promoting women.
- All the corporate kings agree that excluding "half the world's talent pool" from board consideration would lead to serious competitive disadvantages.

"The Marzipan Layer": Living Just Below the Frosting on the Cake

The researchers asked similar questions of women in senior management roles just below the board level, the rank that Laura Tyson, dean of London Business School, deems "the marzipan layer." Female executives believe that fewer women are in the pipeline because corporate cultures make it easier for men to progress up the career ladder. These high-status women suggest that men are subconsciously biased when they lean toward male candidates for board positions.

> "There comes a stage in the careers of many able and ambitious women when they begin to feel a little like a fish out of water."

"Marzipan women" feel that men often misinterpret their cues. When women don't broadcast their ambitions as men do, men interpret that reticence as a lack of ability and desire. Female executives agree that women gravitate to "pink collar" departments, such as human resources, which give them less exposure to operations or other paths that lead to the boardroom.

> "Climbing the ladder up to the boardroom is not, of course, the ambition of every woman and we're not suggesting it should be."

Some distaff executives believe that many women don't crave board positions as men do: Perhaps women don't feel that the time, personal sacrifices, or risk and exposure are worth it. However, the interviewees concur that training and mentoring programs are crucial for those who do aspire to directorships.

"The FTSE 100 Cross-Company Mentoring Program"

Mentoring programs invite experienced executives to give advice, lend support, share knowledge and offer guidance to junior colleagues. In an effort to increase the numbers of women holding board positions, authors Peninah Thomson and Jacey Graham developed the FTSE 100 Cross-Company Mentoring Program in the UK in 2004. Initially, 20 male CEOs and chairmen from large corporations agreed to mentor women in senior positions at other companies. The ultimate goal of the program is to help marzipan women gain directorships at FTSE 100 companies or in the public sector. The program's guidelines call for mentoring relationships that are "based on mutual respect, candor and trust," and that encourage open communication about objectives and experiences. Early feedback from the coaches and the coached indicate that mentoring benefits both parties: It provides the mentor with an opportunity to consider the role of his company's marzipan layer, and it affords the female executive a chance to consult with a seasoned veteran of corporate boardrooms.

Yin and Yang Are Better Than Yang Alone

Research supports the premise that firms led by men and women work better than companies governed by people of a single gender. Organizational development specialist Carlotta Tyler studied more than 1,500 female leaders from 1981 to 1997. She concluded that women's approaches to work complement men's methods. The combination of the two different styles creates a better, more efficient archetype. The female work model is collaborative and relationship-based, while the male style is hierarchical and results-oriented. Men tend to be linear and sequential in their thinking, while women prefer an exchange of ideas and a circuitous process to reach conclusions.

> "With cultures, the devil is in the detail, in the micro-messages employees and other constituencies are constantly transmitting and receiving."

The Management Research Group conducted a study of 900 male and 900 female managers in the US and Canada to identify gender differences. The project, which gathered information from the respondents as well as from their superiors, peers and subordinates, found that:

- Women attained higher rankings on leadership measures, while men did better on "strategic planning and business orientation."
- "Women were seen as more energetic, intense and emotional. Men were seen more as low-key, understated, quiet," and better at "controlling their emotions."
- Women scored better on "people-oriented skills." Bosses believed that male managers were more adept at "business-oriented skills," but their subordinates disagreed.
- Their superiors judged both genders as "equally effective overall," while colleagues and subordinates selected women as "slightly more effective than men."

Next Steps

How can you help women succeed, in the short and long term, in your corporate structure? To anchor this issue in facts and numbers, conduct a quantitative analysis of your firm's governance. If the statistics show that women are underrepresented in your management, you can't deny the problem. Expand awareness of gender inequality within the company, enlist support from upper management and promote change. Raw data will provide a starting point for determining objectives, developing a strategy and considering implementation. Your firm also must ensure that its recruitment policy aligns with its vision of attracting and promoting female candidates.

> "If the appointment of a woman to a board drives egos from the room, that's almost reason enough for appointing her."

Companies can provide mentoring, coaching, education and development programs to help female employees get ahead. Creating a women's exchange within a company will help women come together to network and to navigate corporate politics, two areas in which they tend to do less well than their male counterparts.

> "There is nothing right or wrong about organizational politics – it just is."

Sustained change requires a commitment in three arenas: "individual, team and systems." To create a gender-inclusive culture, get all your business's constituents to examine their assumptions and attitudes, and to discard restricting behaviors. Modify team dynamics that exclude female members by demonstrating the value of diverse viewpoints and experiences. In the words of one female executive, "It's not enough to surround yourself with people who are different. You only get the real benefits if you value the differences and create a climate that allows everyone to bring all of themselves to work."

About the Authors

Peninah Thomson is a consultant at Praesta Partners, an executive coaching firm. **Jacey Graham** co-founded Brook Graham LLP, which specializes in corporate diversity management.