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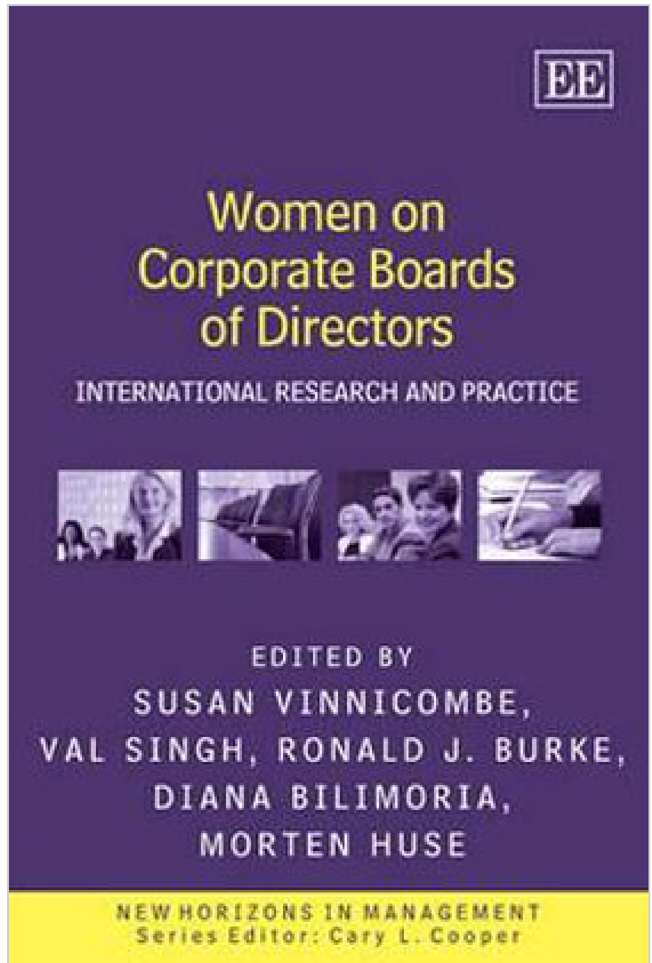
Women not yet "on board"

Women on Corporate Boards of Directors: International Research and Practice. Edited by Susan Vinnicombe, Val Singh, Ronald J. Burke, Diana Bilimoria, and Morten Huse, Edward Elgar Publishing, Inc., Northampton, Massachusetts, 2008, 252 pp., $114.30/hardcover.



Maria Sorokina
Maria.Sorokina@mail.wvu.edu

Maria Sorokina is a graduate student in the Department of Economics, West Virginia University.

Women on Corporate Boards of Directors is a collection of essays focusing on women's accessibility to corporate boardrooms in 11 countries around the world. The book is divided into two parts: the first ("International Perspectives") describes the status of women in quantitative terms, while the second ("Research Themes") uses primarily qualitative approaches to understand both the challenges facing women hoping to attain a board of director's position and the effects of gender-diverse boards on firms' performance. Nine of the eleven countries studied—the United States, Canada, the United Kingdom, France, New Zealand, Australia, Norway, Iceland, and Spain—are commonly considered developed nations, while two less developed countries—Jordan and Tunisia—are the subject of one chapter that compares and contrasts the way women are seen on boards of directors in those countries.

Each chapter of "International Perspectives" begins with an overview of the business environment and/or the place of women in the workforce of the country examined. It quickly becomes apparent that the number of directors in each country who are women is very small (no more than 20 percent, except for Norway, and often less than 10 percent, of the total) and that changes over time have been minuscule. The authors suggest the following as possible reasons:

1. Lack of necessary "social capital" (defined as "the network of social connections that exist between people and their shared values and norms of behavior, which enable and encourage mutually advantageous social cooperation") and professional network experience
2. Hiring processes that are dominated by "shoulder-tapping" (i.e., favoring friends and acquaintances)
3. Discrimination, the source of which some researchers claim is a reluctance to depart from the homogeneity of a male-only board of directors
4. Work–life balance concerns among women
5. Lack of senior female mentors
6. Lack of qualified female candidates

The authors make the following additional observations:

1. On average, women directors are younger than their male counterparts.
2. Female directors tend to be concentrated in a few industries (e.g., retail, insurance, and banking) and are scarce in others (e.g., oil refining).
3. A number of women serve as directors on multiple boards.
4. In a few countries, access to senior management positions has historically been better in the public, rather than the private, sector.
5. In some countries, women of races or ethnicities other than that of the majority are few, as are changes in their numbers.
6. Some countries employ databases to make the search for female candidates easier.
7. Some governments and private bodies conduct research to determine female representation on their boards of directors.
8. The presence of women on boards of directors of family-owned companies is not uncommon.
9. Women without experience as chief executive officers (CEOs) are more likely to be appointed to a board seat in Australia and the United States than in the other countries studied.
10. Spain and Norway have established quotas for female board representation.

Some of the book's findings are encouraging. For example, in her chapter about the United States, Lois Joy recognizes research that shows a positive correlation between the financial performance of a firm and the presence of women on its board. Similarly, Ronald Burke and Richard Leblanc note that women no longer see their gender as an obstacle to obtaining a board seat in Canada; instead, they view it as an advantage. They see the increasing number of female board members as proof that CEOs understand that the presence of women on their board benefits the company both by enhancing communication with female clients and by having the women serve as role models for other women in the company. Also encouraging is Ruth Sealy, Susan Vinnicombe, and Val Singh's article describing the culture within boards of directors in the United Kingdom as a transformative one: most of the women on them once worked in the clerical or human resources field but now are coming from more diversified positions. The authors observe, however, that women tend to have less tenure as board members than men. On a final positive note, to counteract the various obstacles women face on the way to the boardroom, Norway introduced quotas for women on boards (a minimum of 40 percent), an approach that has been remarkably successful in increasing the number of women on boards. Author Marit Hoel lays out the chronology for the implementation of this obligatory quota in Norway since 1999.

Other research findings are not as progressive. Authors Rosanne Hawarden and Ralph Stablein point out that only 1.4 percent of all board directors in New Zealand are women. Val Singh (coeditor of the book and deputy director of the International Centre for Women Leaders) notes that the percentages of firms in Jordan and Tunisia with a minimum of one female director are just 14 percent and 37 percent, respectively. (Per Ernst & Young, more than 90 percent of S&P 500 companies worldwide have at least one woman on board.)

The authors discuss other reasons for the low representation of women on boards of directors. Lois Joy finds that, in the United States, women are more likely than men to be appointed to a board of a struggling company (the so-called glass-cliff effect), and Rosanne Hawarden and Ralph Stablein report that women directors in New Zealand tend not to recommend other women for board positions, perceiving a board seat as something that should be attained strictly through merit. Val Singh learns that the woman's role in the family in Tunisia and Jordan is very important, making it difficult for a woman to step out of that role on her own. Finally, rounding out the first part of the book, Mairi Maclean and Charles Harvey report that one of the most common ways of receiving a board of director's seat in the private sector in France is for a woman to occupy a higher level position in the French government.

In the second part of the volume, "Research Themes," coeditor Morten Huse (professor of organization and management in Oslo) recognizes that contributions of women are not strictly comparable across boards but rather depend on the tasks each board faces; thus, female board members might affect board performance positively or negatively, depending on the type of task. Controlling for educational background and professional experience, and for the way a woman comports herself vis-à-vis her male colleagues during board meetings, Huse finds that the mere presence of a female board member does not by itself lead to different outcomes. This finding is supported by the research of Diana Bilimoria (coeditor and professor of organizational behavior at Case Western Reserve University), et.al., who observe that the challenges women face climbing the corporate ladder give them the skills necessary to tackle the most difficult board issues. In a similar vein, Sumru Erkut, Vicki Kramer, and Alison Conrad's research shows that a board needs to have at least three women members (a so-called critical mass) for the women to begin to contribute significantly to decisionmaking and benefit the company.

Finally, some of the authors attempt to explain low female representation on boards in terms of two different kinds of factors: first, the reasons for women's electing not to hold director positions and, second, the concept that women possess different backgrounds than men that affect their ability to become board directors.

It would have been good to have included a set of tables and graphs in the first part of the book to allow for easy comparisons and grasping of the data. The second part is valuable in that it offers unique insights into the multidimensionality of the research on women directors; however, the description of the InterOrganization Network appears a bit redundant and misplaced.

I recommend *Women on Corporate Board of Directors* to academics with a background in organizational behavior, industrial relations, sociology, or economics and to those who have an interest in gender and corporate governance studies. The book would also be helpful to corporate executives seeking to increase the diversity of their board of directors and to women aspiring to such positions. The information about the chronology of the implementation of the Norwegian quota law and the place of women directors in Tunisia and Jordan is particularly valuable and make this book stand out from others on the topic.