



IVEY

Women in Business Leadership: European and North American Perspectives

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What is the % of women on corporate boards?

Why do we care about raising the % of women on corporate boards?

How do we raise the % of women on corporate boards?

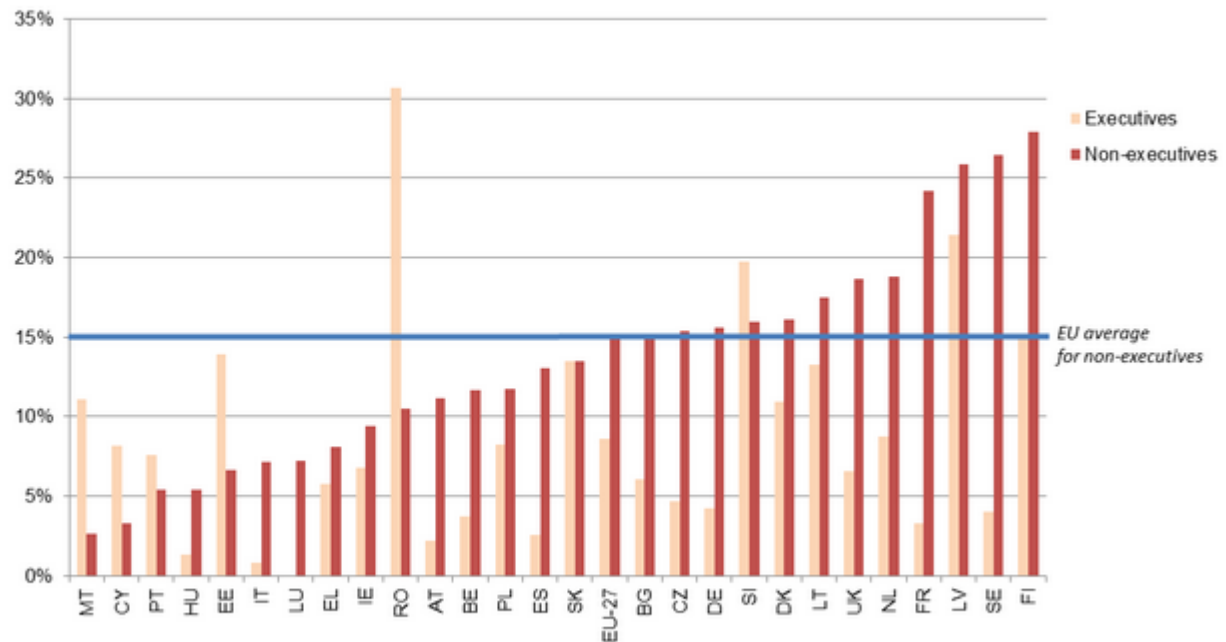
Why focus on Board Directors?

- Monitor & counsel management
- Ensure compliance with laws and regulations
- Protect shareholder value
- *Homogeneity may signal insularity and lack of effective oversight*

EU Member States

Percentage (%) women on boards

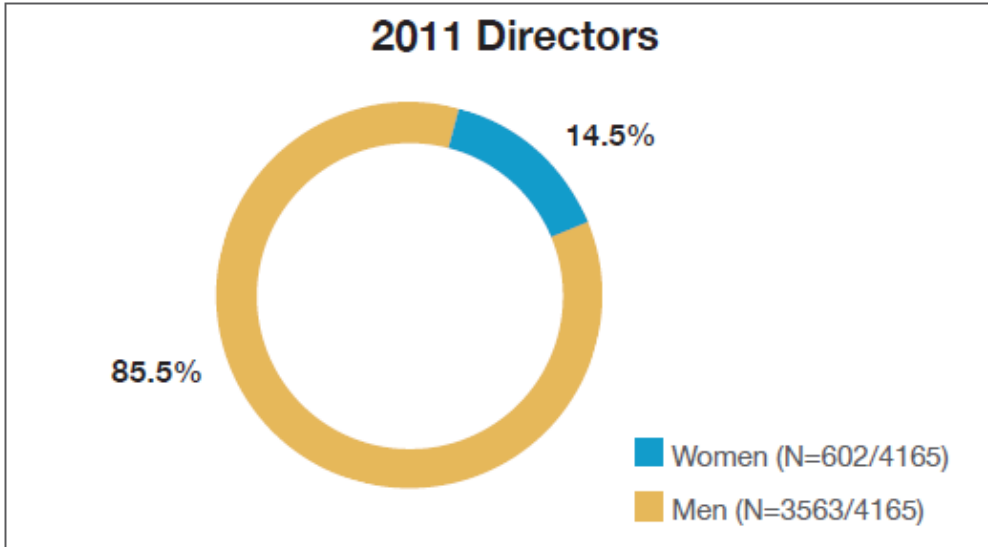
Women on the boards of the largest listed companies: executive and non-executive members (January 2012)



Source: European Commission's Database on women and men in decision-making

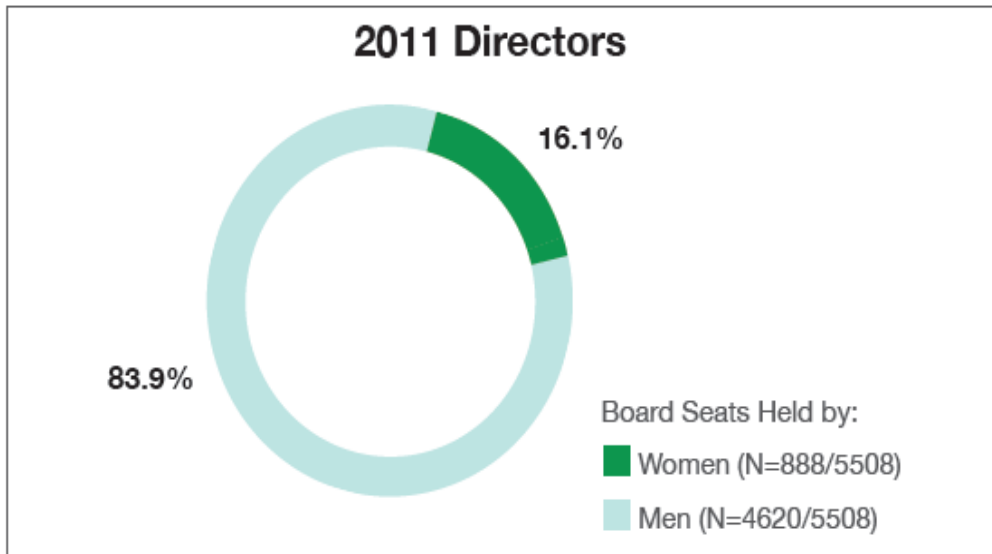
Available at: [http://europa.eu/rapid/press-release MEMO-12-860 en.htm](http://europa.eu/rapid/press-release_MEMO-12-860_en.htm)

Catalyst Census



- In 2009, women held 14.0 percent of board seats.

CANADA: FP 500



- In 2010, women held 15.7 percent of board seats.

USA: Fortune 500

Why are we concerned with women's representation on corporate boards?

Business Case:

Full Utilization of Available Talent

Connection with Female Customers

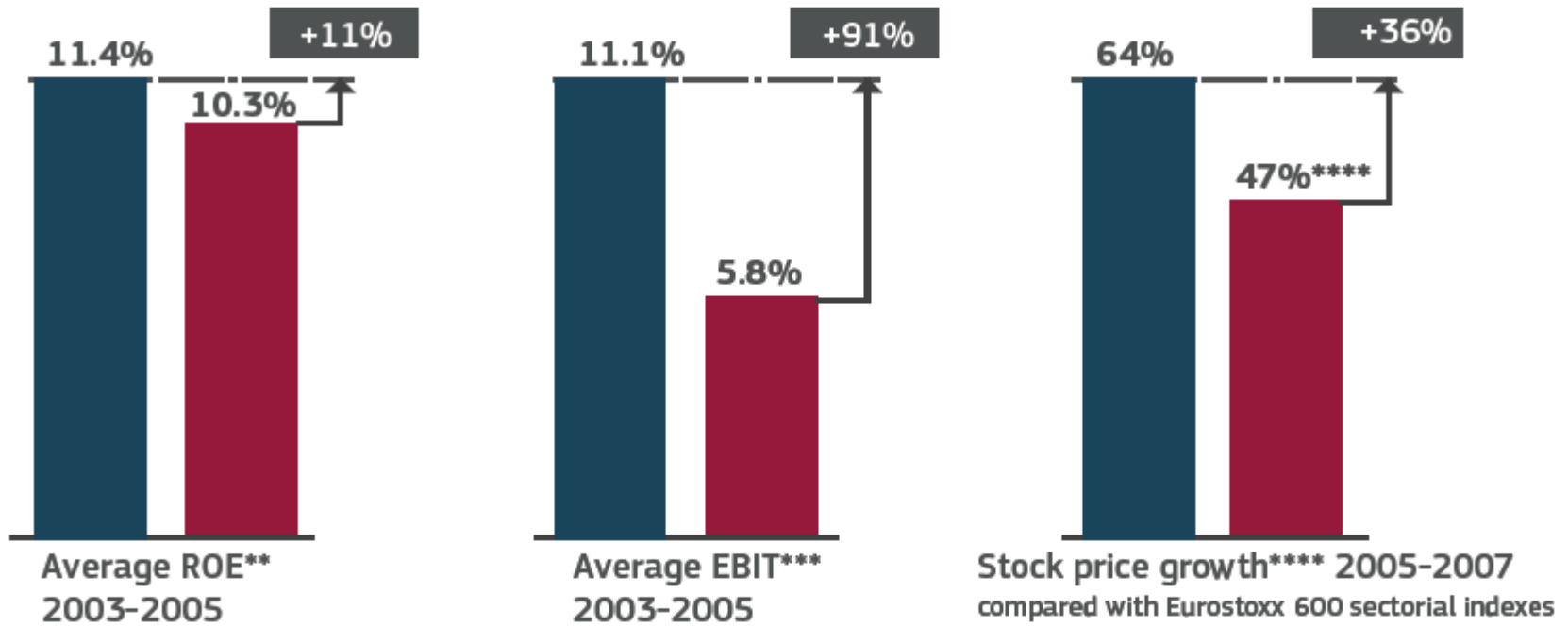
New Standpoint at the Table

- Longer-term focus
- Impact on people
- Company reputation

Culture of collaboration

Konrad, A. M., Kramer, V., & Erkut, S. (2008). Critical Mass: The Impact of Three or More Women on Corporate Boards. *Organizational Dynamics*, 37(2), 145-164.

Economic performance of the companies with most gender-diverse management teams compared with their industry average



 Companies with most gender-diverse management teams*
 Industry average

* 89 companies, indexed with the scoring system developed by Amazone Euro Fund
 ** 87 companies, data not available for two companies
 *** 73 companies, financial sector not included
 **** Of the most gender-diverse companies, 44 have a market capitalization greater than 2 billion euros
 Source: Amazone Eurofund database; Amadeus; Research Insight; Datastream; Bloomberg; McKinsey

USA:

Panel data on the *Fortune 500* from 1998-2002 indicated that % of women on the board predicts firm financial performance

Direction of causation is from presence of women to performance

Carter, D. A., D'Souza, F., Simkins, B. J., & Simpson, W. G. (2010). The gender and ethnic diversity of US boards and board committees and firm financial performance. *Corporate Governance: An International Review*, 18(5), 396-414.

Spain: Panel Data (1995-2000)
from companies on the Spanish
Stock Exchange indicates that % of
women board directors predicts
firm financial performance
*Direction of causation is from
presence of women to performance*

Campbell, K., & Mínguez-Vera, A. (2008). Gender diversity in the boardroom and firm financial performance. *Journal of Business Ethics*, 83(3), 435-451.

Israel:

Panel data from 1997-2009
indicate that having 3 or more
women on the board positively
predicts firm financial performance

Electronic copy available at: <http://ssrn.com/abstract=1868033>

1999-2003 Panel data from 126
S&P 500 firms rated by *Kinder
Lydenberg Domini (KLD)* indicates
that % women board directors
predicts *corporate social
responsibility*

Boulouta, I. (2013). Hidden connections: The link between board gender diversity and corporate social performance. *Journal of Business Ethics*, 113(2), 185-197.

How do we increase women's representation on corporate boards?

Proposed EC Directive:

- 40% of each sex on the boards of large publicly listed companies
- Target should be met by 2020
- Would affect 5,000 companies

Available at: http://ec.europa.eu/justice/newsroom/gender-equality/news/121114_en.htm

EC members with legislative quotas:

- Belgium requires 33% by 2017
- France requires 40% by 2017
- Iceland requires 40% by 2013
- Italy requires 33% by 2015
- Netherlands requires 30% until 2016

Available at: http://ec.europa.eu/justice/newsroom/gender-equality/news/121114_en.htm

Are Quotas a Good Idea?

The Norway Example

- Law passed in December 2003 required public-listed firms to have 40% women directors by January, 2008

Source: Ahern, K. R., & Dittmar, A. K. (2012). The changing of the boards: The impact on firm valuation of mandated female board representation. *Quarterly Journal of Economics*, 127(1), 137-197.



FIGURE I

Percentage of Women Directors and CEOs of Norwegian Public Limited Firms

Data are from the annual reports of the 248 Norwegian public limited firms (Allmennaksjeselskap) in our sample. Only shareholder-elected directors and CEOs are included in the sample. To be included, firms must have publicly traded stocks and available stock price data in the Compustat Global database. See the Online Appendix for data on all public limited and private limited firms from 2003 to 2009.

Impact on firm performance:

- After the quota: negative impact of % women in Norway (NOT Denmark)
- Firms that had women on the board in 2002 performed significantly better in 2007, 2008 and 2009 than those without women in 2002

Source: Ahern, K. R., & Dittmar, A. K. (2012). The changing of the boards: The impact on firm valuation of mandated female board representation. *Quarterly Journal of Economics*, 127(1), 137-197.

Implications:

Were all the good women taken?

- Companies with no women were unconnected to feeder pools
- Did not know how to work well with women

Voluntary Goals: The UK Model

- FTSE 350 Board Chairs asked to set goals for 2013 and 2015
- Goal for FTSE 100 is 25% women by 2015

Rationale for 25% Goal

Using the following rationale we believe that a minimum of 25% is achievable on FTSE 100 boards:

- Current number of FTSE 100 board positions = 1,076
- Current proportion of board positions held by women = 12.5%
- Assumed board turnover = 14%. Turnover in the last six years was 2010 = 12.5%, 2009 = 14.5%, 2008 = 13.3%, 2007 = 13.6%, 2006 = 16% and 2005 = 15.5%. Average = 14.24%.

Board target for all new appointments from March 2011 to be 2/3 male, 1/3 female, effective from the publication of this report.

Source: *Women on Boards*, February 2011

Impact of the voluntary goal:

Table 6: New Appointments

Female FTSE 100	2012	2010	2009	2008
New female appointments	47	18	23	16
New male appointments	143	117	133	133
Total new appointments	190	135	156	149
Female % of new appointments	24.70%	13.3%	14.7%	11%

Source: Dr. Ruth Sealy and Professor Susan Vinnicombe OBE, *The Female FTSE Board Report 2012*, Cranfield International Centre for Women Leaders

Catalyst Accord: Women on Corporate Boards in Canada

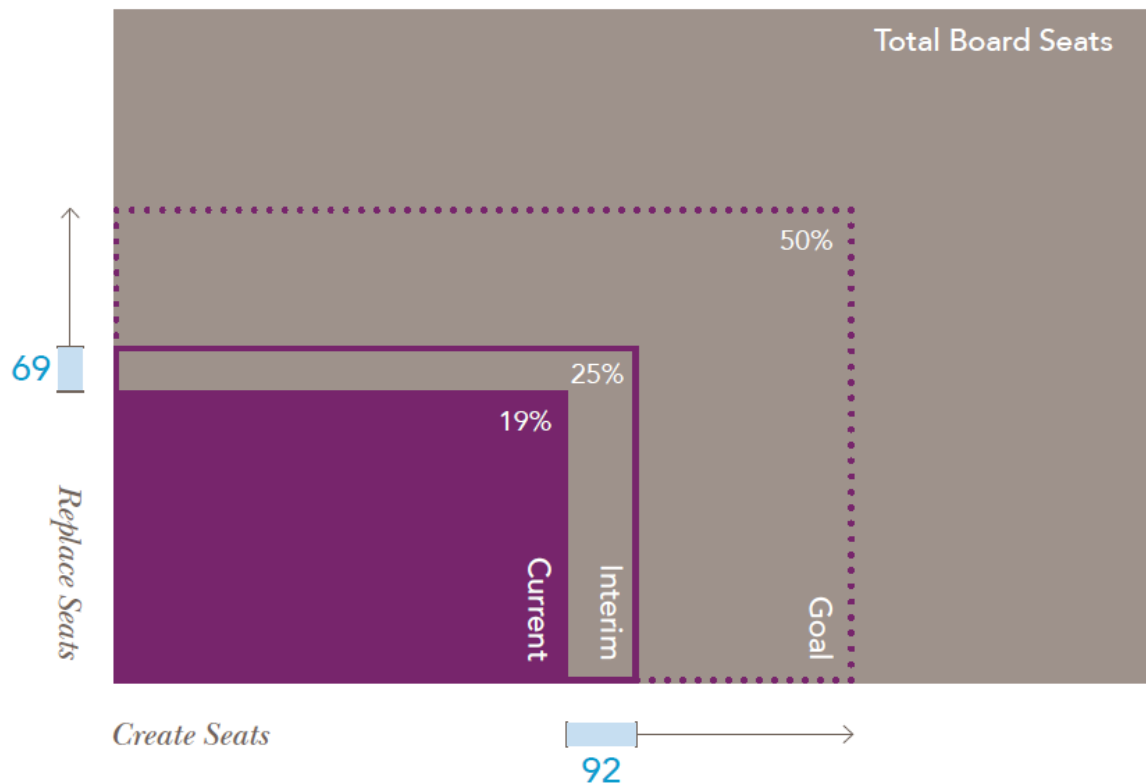
- Goal of 25% women board directors by 2017
- Would be accomplished by adding only one women director per company in the *FP100*

Available at: <http://www.catalyst.org/catalyst-accord-women-corporate-boards-canada>

Catalyst, Canada FP 100

PATHS TO NARROWING THE *FINANCIAL POST* 100 GENDER LEADERSHIP GAP⁵

2011 *FINANCIAL POST* 100 BOARD SEATS



Implications for Policy:

- Hard quotas work in that they increase the % women
- A hard quota in too short a time frame can damage shareholder value
- It is critically important to set goals that are achievable

Implications for Boards:

- Create a “job description” identifying gaps in board skills and expertise
- Connect to feeder pools of qualified women through recruiters and women’s networks

- Interview a diverse slate of candidates
- Select the best candidate, who will often be a woman
- Develop a strong on-boarding process for women directors

Women's Shares of MBAs Earned in Canada



catalyst.org

Source: The Association to Advance Collegiate Schools of Business, unpublished statistics (2011).

Canadian Women in Business



CANADA



Sources

Catalyst Research (2013).

Catalyst, 2012 Catalyst Census: Financial Post 500 Women Senior Officers and Top Earners (2013).

Catalyst, 2011 Catalyst Census: Financial Post 500 Women Board Directors (2012).

Statistics Canada, "282-0009," CANSIM (February 2013).

Statistics Canada, "282-0002," CANSIM (January 2013).

Source: Catalyst. *Catalyst Pyramid: Canadian Women in Business*. New York, Catalyst, 2013

Off-ramps: Sylvia Ann Hewlett

WOMEN

- 37% leave work voluntarily (average = 2.2 years)
- 43% with children leave
- 44% leave to care for family members
- 17% leave because the job is not satisfying (52% of MBAs)

MEN

- 24% leave work voluntarily
- 24% with children leave
- 12% leave to care for family members
- 29% leave to switch careers
- 25% leave to gain training
- 12% leave to start a business

40% of highly qualified women with spouses ...

felt their husbands create more work around the house than they perform

FORTUNE

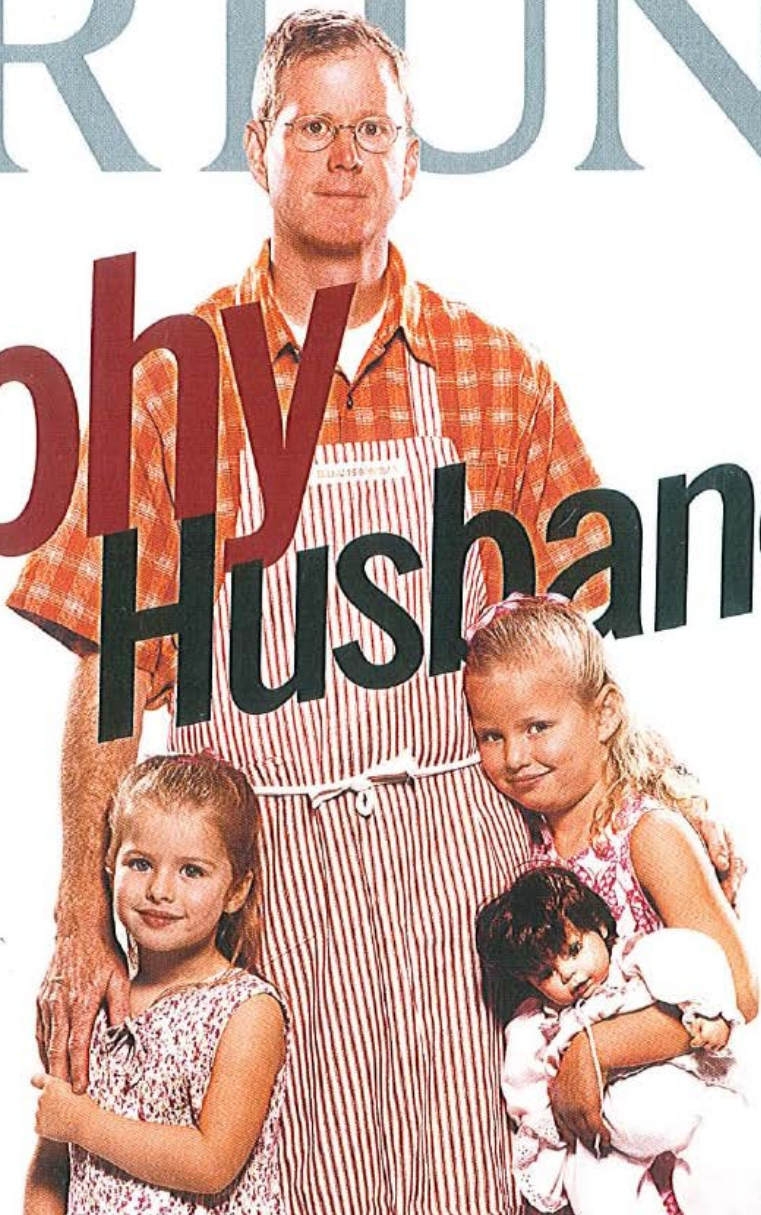
OCTOBER 14, 2002 \$4.99

The
New

Trophy Husband

Who's
behind
every
powerful
woman?

(Increasingly,
it's a stay-at-
home dad.)



Men's Lives Have Changed

- In 2009, *only one in five* families with children under age 16 had one employed parent and one stay-at-home parent.
- **88%** — The proportion of two-parent families in Canada where it was the mother who stayed home in 2009 (437,000 families).
- **12%** — The proportion of two-parent families in Canada where it was the father who stayed home in 2009 (58,000 families).
- Source: Statistics Canada http://www42.statcan.gc.ca/smr08/2010/smr08_143_2010-eng.htm

Lone Parents in Canada

- **1.4 million** — The total number of one-parent families in 2006
- ***Almost 3 times the number of families with a stay-at-home parent***
- **80%** — The proportion of one-parent families headed by women in 2006 (1.12 million).
- **20%** — The proportion of one-parent families headed by men in 2006 (280,000)
- Source: 2006 Census, [Family Portrait: Continuity and Change in Canadian Families and Households in 2006: Findings](#).

The Next Generation in a nutshell...

“Ideally, work should be something that is a continual source of personal growth and passion. However, it is also important that I cultivate a strong and healthy family, maintain a network of good friends and remain active in my hobbies.”

What employers can do

- “I would want an employer to highlight to me how supportive she is of my personal views on work-life balance and time for family. If I could see that an employer was encouraging of this, I would be more attracted to the job opportunity.
- Additionally, I would want an employer to emphasize the growth opportunities in the firm.
- I would further want the firm to provide me with tangible evidence on how to make these advancements happen, and help to orient my work toward achieving this goal.”

Don't expect me to sacrifice advancement

“Initiatives that focus on work-life balance and family without threatening my progression potential would motivate me to stay with a company.”



The New Organization (hu)Man

“After 2 years at Ivey, I have heard several CEOs, CFOs, and COOs talk about their commitment to work-life balance. I often wonder how accurate their stories can be, given their extraordinary time commitment outside the home. In a few cases, their children have been in the crowd with me, confirming the inaccuracy of their message. If I have children, I will be at every game, practice, recital, and rehearsal. I cannot say what I want to be when my career has reached its peak, but I do know that what I cannot become – I will not be that CEO standing at the front of the room lecturing on how I was there for my family, when I never was.”

Ivey Business School

