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The 'Terrible Truth' About Women On Corporate Boards

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by Judy B. Rosener Ph.D.

It's no secret that the number of women on corporate boards in the U.S. has not increased greatly over the last decade—especially in large organizations. In the Fortune 500, women hold only 15.7% of board seats. It's no secret that in the U.S., more women than men now graduate from college. It's no secret that women constitute the largest consumer base in many organizations.

It's also no secret that:

- not all professional women are married, have children or view the work/life issue as the main reason why there are so few women on boards.
- women today tend to want careers, not just jobs.
- women tend to ask different kinds of questions than do men.
- women tend to be more inclusive and collaborative than men.
- women tend to be more comfortable with ambiguity than men, are more holistic in their thinking and tend to be more process oriented than men.

This does not mean women are better than men, or would be better corporate board directors than men; rather it means they are different—and tend to bring what can be termed "added value" to a corporate board. This is because they ask different questions, are concerned about process, and tend to complement the attributes of their male colleagues.

It has long been assumed that "to be a leader is to be a male." Meaning when looking for corporate board members, male rather than female attributes have been sought. In addition, people tend to be more comfortable with people like themselves. As a result, men tend to appoint male rather than female board members.

Refer to this article where I asked a number of male CEOs of large firms why they have no women on their boards. Their response most often was "I'd like a woman on my board, but I can't find one." When I asked the follow-up question, "What kind of women are you looking for?" I was given a list of qualities that many of their male board members didn't possess. There is no shortage of talented women ready, willing and able to fill board seats.

In a May 31, 2011 article for AGENDA, a *Financial Times* service read by corporate directors, Amanda Gerut states that, "The percentage of board seats held by women in the Fortune 100 increased a mere 1% between 2004 and 2010, with women gaining 16 seats. White men on the other hand, gained 32 seats. This puts the balance of board seats today at 72% white men and 17% women of any color."

In another May 31, 2011 AGENDA article, Amanda Gerut states that according to Catalyst, a nonprofit research and advocacy group for women in business, women hold 2.6%of board chairmanships and 8.8% of lead directorships at companies in the Fortune 500, compared with 15.7% of board seats overall.

Different research findings report slightly different numbers depending on what type or age of companies they survey—however, the *terrible truth* is that until corporate leaders acknowledge that having more women on their boards is a business issue, not merely one of social justice, progress will remain slow.

In May of 2003, I gave a speech at the Forbes Executive Women's Forum in New York titled "Women Leaders Needed to Help Shape the Future of Business." In the same month and year, I wrote an article for *Directorship* titled, "Women on Corporate Boards Make Good Business Sense."

Today, eight years later, there is increasing evidence that companies with more than three women on their board have a higher return on investment. So, even though it makes good business sense, nearly 25% of Fortune 500 companies still do not have one woman on their corporate board.

The "*terrible truth*" is the growing knowledge that women tend to exhibit different leadership attributes than men, not better or worse, merely different. They tend to be holistic rather than linear thinkers, they tend to negotiate in a win/win rather than a win/lose manner, they tend to be sensitive to subliminal cues, and comfortable with ambiguity.

Sometimes male attributes are needed and sometimes female attributes are needed. However, in today's fast changing global environment, which is culturally diverse, and characterized by ubiquitous social, political, and economic uncertainty, *female attributes represent "added value."*

Knowing this, why is it that so few corporate leaders acknowledge that putting women on their boards makes good business sense? And what is it that needs to be done so more women are appointed to corporate boards?

The answer most often heard is to have workshops to help men understand male/female differences and the value of both, to provide mentoring for women, and to make sure there are always women in the selection pool. Increasingly, however, the notion of requiring female quotas is taking hold.

In a number of countries, Norway for example, female quotas are mandated for both upper level positions in public and private organizations and corporate board membership.

Whether or not requiring quotas is a good idea, is debatable. An extensive review of the issue can be found in a background paper by Rohini Pande and Deanna Ford for *The World Development Report on Gender* published April 7, 2011. Additionally, in a *Debatepedia article* titled

"Debate: Quotas for Women in Corporate Boards," the pros and cons for affirmative action, women, and companies are provided.

Susan Stautberg, is the co-founder and co-chair of an organization called WomenCorporateDirectors (WCD), and President of PartnerCom. WCD is the only global membership organization and community of women corporate directors. It is comprised of more than 1,000 members serving on over 1200 boards in 32 chapters around the world. On May 18 of this year, Stautberg, and co-founders Alison Winter and Henrietta Holsman Fore, at a WCD Dinner in New York City, issued a "Call to Action" which listed 10 steps to bring more women on boards.

The 10 steps they suggest are:

1. Build a pipeline through advocacy and mentorship, i.e. Identify, Coach, Promote and Advocate.

2. Assure every director slate includes at least one woman.

3. Declare board diversity a necessary component of good governance.

4. Turn CEOs into champions and change agents.

5. Expand the pool, e.g. look beyond CEOs for directors.

6. Provide specific board training.

7. Sponsor research about the relationship between diverse boards and women leading in the boardroom to performance.

8. Report and write about the issue, i.e. more media focus on the business case for women on boards.

9. Refer women to board seats.

10. Exercise rights as a shareholder. Vote 'No" or withhold a vote for board nominees in companies that fail to have women directors. Raise questions about a board's composition.

Since today women constitute the majority of consumers, and an increasingly large part of the professional labor pool, it would seem wise for women to realize they are not the problem. Rather the "terrible truth" is that organizations that don't realize the value of having women on their boards will find themselves less competitive than those who do!

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