



WOMEN ON BOARDS: 3 MYTHS AND 3 WAYS FOR WOMEN TO GET AHEAD

MANY COMPANIES STAND TO BENEFIT FROM HAVING MORE WOMEN ON
THEIR BOARDS. WHAT'S THE WAY FORWARD?

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Despite advances in gender equality over the last century, we continue to face a gender gap. In many countries (some more than others) differences in access to economic and political opportunity, education, health, and survival between men and women persist. Of course, there are differences in the degree of the gap in different countries; it is lowest in Iceland, Finland, Norway, and Sweden and widest in Iran, Mali, Syria, Pakistan, Chad and Yemen.

Boards are a key place where we see this gender gap. Board composition continues to be overwhelmingly male. In the EU, around 17% of board directors of the largest publicly listed companies are women; in the US, women hold about 19% of the directorships of S&P 500 firms. In Japan it is 1%.

Positive impact

Studies have documented the positive impact that women's membership on boards makes in terms of company performance. What might explain this? First, women bring a fresh perspective to complex issues. Compared with their male counterparts, women board members are more likely to take active roles on boards, challenging issues and asking difficult questions.

Second, women may bring a deeper understanding of certain markets and of consumers than their male colleagues. A third reason may be that women tend to be more flexible and better able to manage ambiguous situations.

A recent meta-analytic study investigated the relationship between women on boards and performance, finding that women can make more of a difference in some countries. In countries with better shareholder protection, female board representation is positively related to profitability; in such contexts, greater gender diversity on boards ensures that directors bring different knowledge, experience and values. In countries with greater gender parity, female board representation is positively linked to market performance. This relationship between female directorships and market performance is negative in countries with low gender parity.

Since 2006 in Norway, and with increasing intensity in other parts of the EU between 2010 and 2014, countries have started putting in place legislation that is attempting to level the playing field through quotas. This means there will be additional opportunities for more women to achieve board membership in the coming years. The sanctions for companies which don't comply can be quite harsh, with one example being Belgium where the appointment of new board members is void until the quota, which ranges mostly between 30-40%, is achieved.

3 myths

So, how can women's membership on boards be increased? First, there are 3 myths that need to be dispelled:

Myth 1

Women don't have the right leadership style. According to a study by Cranfield University, once women are appointed onto FTSE 100 boards, they are more likely to be appointed to subsequent directorships and to hold multiple directorships (15% compared with 11% held by men).

Myth 2

Women haven't got the right experience. Many male CEOs frequently chalk up women's absence from boards to a lack of general management experience, and to many of them not being in the pipeline long enough. Female directors, on the other hand, say there aren't more women on boards due to male stereotyping.

Myth 3

Women don't take risks. In fact, women are more likely than men to be appointed onto corporate boards in precarious circumstances (Ryan & Haslam, 2005). There is also evidence to suggest that women who pursue a career path leading to directorship are less risk averse than "typical" women (Adams, 2014).

So what can you do to prepare and overcome these 3 myths?

Women who wish to become board members can enhance their chances of being appointed to a directorship by actively preparing in a number of spheres.

3 ways you can increase your board readiness

1] Build your network

The power to anticipate and influence change rests in your network. You need to know your network to nurture it. Speaking to headhunters is of course one way of getting onto the radar screens of boards. You may also wish to consider becoming a shadow board member; in this case, you will need to identify whom to follow. A natural choice would be your mentor. But if this is not a possibility, mapping your network will help you to identify possibilities.

2] Understand what it takes to be board ready

Assess your familiarity with key board responsibilities. They include strategic support to management, business improvement, organizational and leadership assessment, financial understanding and risk management, corporate governance principles as well as board leadership and effectiveness.

3] Develop your story

Take inventory of what you know and what is distinctive about your experience and expertise. Develop a narrative about what sets you apart. This should answer the question: why should anyone be interested in you? Get ready to be able communicate this clearly and succinctly. As you begin to identify the boards on which you seek membership, this will help you to develop visibility.

In the changing board landscape that is open to more and more women, one challenge is that many up-and-coming women have a great deal more education than previous generations but less high-level leadership experience. This means that search criteria will have to be adapted and on-boarding and attention to board dynamics will become more important in order to avoid tokenism and the development of an us vs them mentality on boards.

Is your company ready to benefit from more women on its board? Are you board ready? Keep these myths and tips in mind to create more inclusive boards and reap the rewards of diversity.

[Bettina Buechel](#) is Professor of Strategy and Organization at IMD. She recently led a special [event for board-ready women](#) at IMD's [High Performance Boards program](#).

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