DIVERSITY ON CORPORATE BOARDS OF DIRECTORS

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Some Comparative Statistics – Women Directors

- Norway – 40% plus.
- Finland, Norway, Sweden & Denmark – 23 to 29%.
- France & Spain – 40% goals (20 & 20).
- Germany – 2%, Japan – 1%, Portugal – .06% (PIIG).
- Australia, Hong Kong, Approx. 8.75% (Oz 2009).
- United Kingdom, 11.7% (FTSE 100), 7%.
- U.S., approx. 12.5% (reported 16.1%)
Why Women?

1. Positive role models in the organization.
2. Avoidance of “groupthink.”
4. Differing risk profile (“If Lehman Brothers had been Lehman Sisters ....”).
5. Match of ambient diversity.
6. International conventions (CEDAW) and soft laws.

Cf. The business case (Fanto & Solon; Henry Bosch)
Counting Errors and Misleading Statistics

- Reporting the number of directorships held by women as the number of women directors (US: 12.5 vs. 16.1%).
- Australia; same error but of little moment (far fewer trophy directors) (Frances Anderson, Melbourne LLM, 2008).
- Two tiered boards – 7% vs. 2% on managing boards in Germany.
Does the Glass Ceiling Exist?

- Fifty % of the middle managers and 50% of the workers are women while only 2.4% of the CEOs are.
- Catalyst, Inc., reports that 14.1% of managers are women, down from 14.4% in 2010. Other studies report lower numbers.
- Evidence of a glass ceiling: growth in number of female trophy directors.
- Evidence of a glass ceiling: sidestepping onto corporate boards vs. vertical ascension.
More Glass Ceiling

- Glass walls.
- Rubber floors *Cf.* women and the absence of high level networks.
Six Initiatives to Put Women on Boards

One: Quota Laws

- Norway, Spain, France.
- Under consideration: Italy, Germany, Belgium, Netherlands, Australia?
- Produces excess of trophy directors ("golden skirts," "scramble for talent").
- Public corporations “go dark.”
- Constitutional objections.
- Libertarian objections (too intrusive).
Two: Certificate and Pledge Programs

- “Talent to the Top Pledge” in Netherlands (Heineken, Phillips, Shell, Unilever, reed Elsevier).
- France: advocacy (Claire de Montaigu).
- U.S.: advocates of a Rooney rule.
- Monitoring?
- Penalties?
Three: Soft Law “Comply or Explain” Requirements (ASX: “If not, why not”).

- London Stock Exchange
- ASX Rules.
- Cf. New York Stock Exchange Listing Rule 303A.
- Effect of demutualization?
Four: Mentoring/Sponsorship Programs

- Insufficiency of Mentoring Alone.
  - Plastic Bubble Phenomenon
  - Office Uncles
  - Star Systems
- Fifty six of 200 ASX chairs, 63 qualified candidates.
- Female directors rose from 8.5% to 13% in 17 months.
Five: Renewed Institutional Investor Activism

- Pennsylvania State Treasurer.
- International Finance Corporation.
- Proxy Advisory firms: Glass–Lewis, Risk Metrics.
- Candidates: CALPERS, NYSCERS. Wisconsin Public Employees, Labor Union and Public Employee Pension Plans.
Hard Law Disclosure Requirements

- SEC Regulation SK, Item 407(c)(2)(vi):
  1. Whether diversity is a factor in choosing board candidates?
  2. How diversity is considered?
  3. How the company assesses effectiveness of whatever policy it has chosen?

- Results of the Holtzer study.
- The loophole: merely disclose that you have no policy.
Women have been 35–40% of the MBAs and 40–50% of the law graduates for 20 or more years now, but they are 12–13% of the directors, 7% of equity partners, 4 percent of the senior most executives and 2.4% of the CEOs. They are, or are soon to become, more than 50% of the workforce overall.
High Expectations Since 1970s

- Law – Matriculates
  - 22.9% – 1977
  - 28.1% – 1979
  - 37% – 1984
  - 42.6% – 1995
  - 48.3% – 2002

- MBA Degrees
  - 11.6% – 1976
  - 19.2% – 1979
  - Mid 20s – late 80s
  - 36.9% – 1995
  - 39.8% – 2000
  - 40.7% – 2001

Jean Kirkpatrick – 1980
Sandra Day O’Connor – 1981
The Wrong Advice; Too Much Aggressiveness

1. Why the Best Man for the Job Is a Woman
2. Be Your Own Mentor
3. Play Like a Man, Win Like a Woman
4. Play Hardball
5. Breaking the Glass Ceiling (2)
6. Smashing the Glass Ceiling
7. Nice Girls Don’t Get The Get the Corner Office
8. Going to the Top
9. Same Game, Different Rules
10. Women Don’t Ask
AND

12. Skirt Rules!
13. Seducing the Boys Club.
15. The Labyrinth of Leadership.
Outright Discrimination?

1. Retaliation (25,000 EEOC gender discrimination letters to sue issued per year).
2. Hostile mid and upper level work environments.
4. RIFs and mini RIFs.
5. New bosses.
6. Application of stereotypes to them (too feminine, too masculine, secondary earner bias).
7. Adoption of stereotypes by them (bully broad, iron maiden, queen bee, ice queen).
The Prices of Motherhood

- Two wage earner families increased but have begun to decline: 23% in 1960, 60% in 1995, and 50% in 2005.
- Women with a single child and no time on the “mummy track” will earn 99% of the comparable male at 40; women with more than one child and additional time will earn 60% (Stanford, Michigan studies) at age 40.
- Part time work is stigmatized (“recreational”); a request for flex scheduling flex scheduling is termed “hari karri.”
- Eight percent of women remained childless in 1950, 10% in 1976, and 20% in 2005.
- The number of stay-at-home mothers has increased 13% since the mid 1990s.
- Of women partners in large Chicago law firms, 60% have no children.
- Opting Out phenomenon (the Leaky Pipe
Turbo Capitalism – 24/7, face time, travel and weekend work.

Quality of life: housekeeping goes first, followed by laundry, cooking, and recreation.

Opting Out: only 38% of female Harvard MBAs (1985–1991) are working full time after 15–20 years; only 20% from less prestigious schools.
A DIFFERENT REGISTER

1. Avoidance of imperatives/use of indirect interrogatories.
2. Increased use of modal verbs.
3. Use of hedges.
4. Rising intonations in declaratory sentences.
5. Silence and quiescence in face of adversarial stances.
Legacy of Tokenism/Skewed Groups

- Boundary heightening by the dominants: stereotype the tokens (too emotional, a woman, intuitive versus analytical) and emphasize their similarities (cement themselves together).
- Performance pressures on the token (only black, only woman).
- Coping strategies (adoption of stereotypical profiles):
  1. Become invisible.
  2. Be the mother figure.
  3. Become one of the boys.
  4. Be the butt of humor, or the clown.
  5. Queen bee syndromes.
  6. Become the mascot.
Secondary Sex Discrimination

- The half hour versus the hour interview.
- Continued reliance on the corporate “promotion tournament.”
- Subjective promotion processes (“the law of inverse certainty”).
- “Rank and yank” rating schemes.
- The long hours and the maximum face time norms.
- Absence of alumnae and welcome back programs
In S&P/ASX 200 Index companies, women held 8.65% of directorships as of late 2008.

Number of women is less (but not much less) than positions held: 26 women hold 64 board positions; 2 hold 4, 8 hold 3, and 16 hold 2.

Ninety women hold 128 of 1479 positions available (6.1%).

97 of 200 companies have no women directors.

Financial & Property Trusts (35); Consumer Discretionary (25); Materials (15).

Boo list: Utilities & Healthcare (5 each); Telecommunications (4); Information Technology (2).
Add a female director to nomination governance committee.
Avoid trophy directors.
Eliminate secondary sex discrimination (Saturday meetings, over-emphasis on face time).
You manage what you measure. Keep diversity records.
Appoint a diversity manager.
Current US Status

Twelve sitting women CEOs, down from 15, January 1, 2010.
First woman CEO – Jill Barad at Mattel (1997).
Other notables – Marion Sandler (Golden West), Carleton Fiorina (Hewlett-Packard), Andrea Jung (Avon), Meg Whitman (eBay), Ursula Burns (Xerox).
Profiles 22 past and present CEOs.
Losses: Sammons at Rite Aid; Bartz at Yahoo; Barnes at Sara Lee; Gold at Western Union; Ivey at Reynolds; Jung at Avon Products.
Additions: Morrison at Campbells; Whitman at Hewlett-Packard; Rometty at IBM.
Lessons Learned

- Value of sidestepping.
- Value of education.
- Necessity of financial grounding.
- Mentors?
- Informal networks?
Counterintuitive

- Have your children early.
- Glass cliff theory (Mulcahy, Jung, Ivey, Russo, Reynolds, Woertz, Barnes, Sammons, Bartz)
- Jim Collins, Good to Great.
- Michael Maccoby, The Productive Narcissist.
- The Plowhorse versus the Showhorse.
- Plowhorses.
Why Aren’t There More

- Work/life issues.
- How we chose CEOs (Searching for the Corporate Savior).
- Legacy of tokenism.
- In a different register.
- Necessity of paradigm shifts.
- Too Aggressive, Too Assertive.
Twenty of the 21 women in the CEO sample have children (20 women have 43 children).

Several have three children (Bartz, Braly, Woertz, Barnes, Kullman).

The ying and the yang: children become more important as you progress toward the top (Brenda Barnes).
EDUCATION

- All 22 women have bachelor’s degrees.
- Seventeen of the 22 have advanced degrees, 15 MBAs, 1 JD and 1 MSEE.
- One woman has both an MBA and a PhD (Irene Rosenfeld).
- One woman (Fiorina) has 2 MBAs (Maryland and MIT).
- Education clearly matters, more for women than for men.
Some final deductions

- Be able to represent your company anywhere.
- Be financially literate.
- Be a problem solver.
- Line experience is overrated but get some if you can.
- Go where they (other women) aren’t.
- Do not a tall poppy be.
- Prioritize careers with your partner.
- And a whole lot more.
Limited Comparative Statistics

- 2 Female CEOs in ASX 100 (Australia).
- 1 Female CEO in Hang Seng 100 (Hong Kong).
- 5 Female CEOs in FTSE 100 (UK).
- 15 Female CEOs in Fortune 500 (US).