

Women take their place on corporate boards

By Sharon Reier

Friday, March 21, 2008

As the homeland of strong female characters from Nora in "A Doll's House" to former Prime Minister Gro Harlem Brundtland, Norway seemed the natural place to enact a law in 2003 requiring companies to fill 40 percent of corporate board seats with women by 2008.

The 40 percent target has been met, with some companies embracing the change enthusiastically: Domstein, a major seafood company that never had a woman on its board, named Hanne Refsholt, the chief executive of the largest cooperative dairy in Norway, to be its chairman.

But when the law was first proposed in 2002, "all the companies were up in arms," recalled Elin Hurvenes, a Norwegian entrepreneur who founded the Professional Board Forum to help women candidates meet the institutional and wealthy private investors who call the shots when it comes to picking boards in Norway.

"Executives were quoted as saying it was a completely ridiculous law and it would never happen," she said.

Hurvenes, who holds a masters of business administration degree and sits on the boards of two start-up companies, said it never would have happened without the penalties in the law that threatened to shut companies down if they did not comply. In 1993, women took up 3 percent of corporate board seats; in 2002, the figure was 6 percent.

"If organic growth is 3 percent every 10 years," Hurvenes said, "it would have taken 100 years to get to 40 percent."

For ambitious women eager to gain a seat in the boardroom, the good news from Norway and elsewhere is that a growing number of companies are searching for women with qualifications, talent and tact to serve as outside, or nonexecutive, directors.

"The general consensus today is that diversity is very good," said Krister Svensson, who runs CMi, a mentoring program based in Brussels for senior executives preparing to be board members or chief executives. This year Svensson has five women in his nonexecutive director mentoring program; last year he had none.

There is, Svensson said, a new paradigm for corporate governance: "If you have 12 gray-haired men, average age 65, on a board, they tend to think about business prospects and strategy from the same perspective. But if you put a 45-year-old from a hot company and a woman and an international representative on the board, the quality of the debate will deepen."

High-profile corporate governance studies like the Higgs Report in Britain, which in 2003 emphasized the need to "broaden the pool of candidates" for directorships, have also influenced some companies to appoint women to their boards.

But the reality on the ground is that the proportion is still small. Experts say it is constrained by the small number of women executives who have reached the so-called corner suite level, as well as a deep-rooted desire at many boards to preserve traditional male networks and the chemistry and comfort level that go with them.

That is why Norway's five-year process has raised expectations among women jockeying for board seats throughout Europe.

Since women and men often network in different circles, Hurvenes's company, sponsored by corporations like Norsk Hydro and Telenor, offered a forum for companies to meet women who were interested in filling board seats. Women are often less vocal about asking for a higher position, and Hurvenes encouraged them to use the contacts they made. She called the new law "the largest transfer of power to women since they got the vote."

Now Norway's initiative is being followed elsewhere. In Spain, the Socialist-dominated Parliament has passed legislation calling for 40 percent board participation by 2015, although so far it does not have the kind of enforcement measures that accompanied the Norwegian law.

In the Netherlands an organization called TopBrainstorm is preparing a voluntary charter for corporations to sign that would commit companies to meet targets for getting women into the kind of senior executive positions that make it

possible for them to become board candidates. The initiative will be presented to the Dutch government on May 28.

Marieke Bax, a former Sara Lee executive who founded TopBrainstorm, said that in addition to corporations pledging to promote women, there needed to be a government initiative to smooth the paths and build the image of women who choose to devote a large portion of their lives to corporate careers. In the Netherlands, Bax said, 85 percent of women with children work a maximum three days a week because of social norms - mothers are expected to bring their children home from school to eat lunch, and hiring a nanny is prohibitively expensive because of the tax code. "When career women go to pick up their children after school, they are ostracized and practically spat at," Bax said.

Over the long term, these kinds of affirmative action plans may increase the paltry number of board seats held by women in most European countries. Women's participation rates range from 0.7 percent for Portugal to 5.3 percent for Belgium, according to a European corporate governance paper compiled by the executive search firm Heidrick & Struggles.

Even when the numbers appear far better, as in Britain and the Netherlands, local academic researchers argue that the true figures are somewhat lower. A researcher at Erasmus University in Rotterdam recently published a Female Board index for the Netherlands analyzing 122 companies. "The figures were depressing," Bax said. Only 2.1 percent of executive directors of Dutch companies are women, while 6.9 percent of nonexecutive directors are women. Of that pool of 48 women and 928 men, 56 percent of the women are foreigners like Judith Sprieser, an American and former chief financial officer of Sara Lee who sits on the board of Royal Ahold. Sprieser is also a director of Allstate and USG in the United States and Reckitt Benckiser, a pharmaceutical company based in Britain.

In Britain, where progress has been steadier, a Female FTSE 100 index compiled at the Cranfield School of Management shows 123 women holding 11 percent of the seats on FTSE 100 boards, with 20 percent of new FTSE 100 director appointments going to women in 2007.

Still, said Ruth Sealy, a Cranfield senior researcher who headed the study, "there appears to be an increasing polarity between the 24 companies which are exclusively male and the growing pool of 35 companies with multiple women on their boards." Research shows that women make their most effective contributions when they are on boards with other women, a phenomenon that enables women to be listened to as individuals, rather than viewed as tokens or representative of a special point of view. A study by Catalyst, a nonprofit research and advisory group on women's career issues, found that companies with at least three women on their boards on average had better financial results than companies with no or only one woman.

But if women's participation can be a boost to profits, there is still a perception "that a woman is uncomfortable with risk and decision-making," said Eleanor Tabi Heller-Jordan, who runs Catalyst's European operation out of Zug, Switzerland.

One of the obstacles to appointing more women is a persistent preference among companies to have either sitting or retired chief executives on their boards.

"A sitting CEO is perceived to have great value because he or she is facing the same issues and complexities at their own companies," said Herminia Ibarra, a professor at Insead, the international business school with campuses in Singapore and Fontainebleau, France. "The number of women is restrained by the small number of people who have reached that level.

"In fact, in Europe, like in the United States, you have a few very visible women on boards who are constantly being headhunted," Ibarra said. "Everyone is running around chasing the same small pool."

There is some evidence that the pool is expanding as some corporations cast the net wider in search of directors with special skills or experience. Susan Stautberg, co-founder of WomenCorporateDirectors, which has chapters in 10 U.S. cities and London and enables women directors to meet to discuss common board issues, said that experience in specific countries like India or China might be appealing, and so might expertise in information technology, mergers and acquisitions, or regulatory issues.

For the candidates, snagging that first directorship, like making that first million, is the hardest. It usually requires not only qualifications, but strong recommendations from people on the board or in their network and creating a perception that one is a team player.

Take the case of Martina King, who is on the board of Johnston Publishing, a FTSE 250 company, as well as Capita, a business services company in the FTSE 100. King, now 46, was the European chief executive of Yahoo. An executive recruiter, also a woman, "knew my background and the background at Johnston Press," King said. "There were already a number of people on the board I knew from my newspaper career. The relationships were already favorable. I was known and I already had my mettle tested in my career."

King said she liked the flexibility involved in being a nonexecutive director, and the chance to learn about other business sectors. On the deficit side, as a relatively young director accustomed to decision-making, King said she sometimes would see something that should be done, "but since you are not hands on, it takes a little patience. I wouldn't say you

don't challenge, but it is done in a positive environment."

For women whose credentials do not automatically put them high on the list of director candidates, Ibarra, of Insead, suggested additional networking, writing articles, and accepting speaking engagements to gain a higher profile.

Stautberg, of WomenCorporateDirectors, added that when going through the interview process, behavior should not be the same as when applying for a management post.

"When you interview for a job, it is all about how great you are and what a leader you are," Stautberg said. "When you interview for a board, it is about how compatible you can be."

That doesn't mean promising to vote with the majority, but giving the signal that "you know how to ask the right questions," said Stautberg. "That if you wind up in a foxhole, you are the kind of person they want to be with."

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