

WOMEN'S BOARD SEEKING BEHAVIOUR: A CONCEPTUAL TYPOLOGY

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ABSTRACT

There is continued concern in Australia over the low representation of women on corporate boards. A range of strategies have been proposed to address a perceived need to provide training for 'board ready' women. One program is the provision of scholarships to complete a recognised company director's program. Underlying this approach is an implied assumption that undertaking a company director's course will lead to board appointments. This paper presents findings from interviews with six of ten women who won scholarships to undertake the course. Contrary to expectations, completion of the course did not lead to board seeking behaviour for most study participants. A conceptual typology to describe the board seeking behaviours has been developed.

Keywords:

Gender and leadership; board composition; board of directors; board context; non-executive directors

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INTRODUCTION

There has been considerable focus in Australia as elsewhere, particularly in the UK and Europe, on the low representation of women on corporate boards. By the end of 2011, the proportion of female board members in Australia's top listed companies (ASX200) had risen from a plateau of 8.3 per cent to 13.5 per cent, with 29 per cent of all ASX200 board appointees in 2011 being women (Australian Institute of Company Directors 2012; Equal Opportunity for Women in the Workplace Agency 2010).

According to the Australian Institute of Company Directors (AICD) (Australian Institute of Company Directors 2011) the lack of women on corporate boards is a 'pipeline' problem which needs to be addressed through both short and long term measures. One strategy is to increase the number of women who are 'board ready', through improving opportunities for women to develop skills deemed appropriate for board membership. In 2009, ten scholarships were offered to women in Western Australia to complete a highly regarded company director's course. The scholarships are seen as one measure that will improve the pipeline of suitably qualified women. To date there appears to have been little evaluation of the effectiveness of this type of initiative, particularly from the participants' points of view.

This paper addresses this issue and reports on the findings from a study with six women who received scholarships and undertook a company director's course. The aims of the study were to examine the recipients' experiences and perceptions in relation to the program and their board seeking behaviour.

The remainder of the paper is organised as follows. A brief overview of the women on boards' literature is provided. The methodology is then explained and this is followed by a discussion of the findings relating to the women's board seeking behaviour following course completion. A conceptual typology to explain these behaviours is developed. Additional findings pertaining to the women's experiences of

scholarship award and course completion are not included in this paper and can be found in a more expansive report (Lord and Marinelli 2012).

WOMEN ON BOARDS

Over the past decade, there has been an increasing focus on the lack of women in leadership positions and the need for greater board diversity. These issues have been monitored through the regular measurement and reporting on women on boards and executive positions (e.g. Catalyst Women Board Directors census in the USA, The Female FTSE 100 Board Report in the UK and the Equal Opportunity for Women in the Workplace Agency (EOWA) Census of Women in Leadership in Australia).

The benefits of increased diversity at all levels of business, and particularly in influential decision making positions have been identified (Bilimoria 2000, 2006; Daily and Dalton 2003) and include higher average returns on equity by around 10 per cent (McKinsey and Company 2007) and higher operating profit (Clarke 2010).

One argument for the persistent gender imbalance on corporate boards is that women lack sufficient human capital for board positions. This has been noted as both an assumption by and an observation of those selecting for boards (Burke 2000; Oakley 2000) and a perception of those aspiring to board positions (Vinnicombe and Singh 2003; Vinnicombe 2011).

However, the view that women lack adequate human capital for boardroom positions has been disputed by more recent work by Singh, Terjesen and Vinnicombe (2008). In their study of UK boards, women were found to be more likely to possess postgraduate business qualifications, international experience and experience as directors on boards of smaller firms than their male counterparts. This high level of human capital was supported previous work in the US by Hillman, Cannella and Harris (2002).

A review into Women on Boards commissioned by the UK government “The Davies Report” (Davies 2011), found that the challenge to increasing the number of women in corporate boardrooms was one of

both supply and demand. The supply challenge is associated with perceptions that fewer women than men have the necessary experience in positions that have traditionally been the source of “board ready” candidates. The issue of demand highlights that although some women are capable and ready to serve on boards, they are not achieving these positions. In recent work, Sinclair (2005) premises that currently leadership evokes a masculine stereotype and narrow success measures. Women may not be achieving board positions, despite their capability, as they are not perceived to mirror this stereotype. In Australia, recent approaches to increasing women’s representation on corporate boards have involved a mix of voluntary demand side measures and a range of supply-side programs.

ASX Corporate Governance Principles

Changes to the ASX Corporate Governance Principles and Recommendations require all companies listed on the ASX to include in their annual report i) their diversity objectives and progress, ii) the proportion of women in the organisation at all levels including senior executive and the Board, and iii) the mix of skills and diversity that the board is looking to achieve in its membership. These requirements operate under an “if not, why not” principle and non-compliant entities must explain in their annual report why they have not implemented appropriate measures (Grace 2010).

Programs for Women

In addition to the voluntary demand side measures described above, there has been a considerable increase in the supply of appropriately qualified women for positions on Australian boards. Professional membership organisations such as the AICD, Business Council of Australia and Women on Boards have played a prominent role in developing a range of programs and initiatives. These include: joint scholarships with Government, online services aimed at helping aspiring women directors find board positions, mentoring programs, and seminars and briefings for women (Business Council of Australia 2010) (Australian Institute of Company Directors 2010).

AICD Company Directors Course Scholarship and Program

A scholarship program for women to undertake a company director's program represents one of the particularly resource-intensive initiatives currently being offered and is the focus of our study. In 2009, the Government of Western Australia offered ten scholarships for women in Western Australia to undertake one of the AICD Company Directors programs. The scholarship provided the opportunity to attend the course and included one year's free membership of the AICD, giving recipients access to information and services related to securing a board position. The scholarships are intended to be "a practical way to help achieve greater diversity on boards by providing talented women with the knowledge that they need to help them secure private sector and public sector directorships" (Australian Institute of Company Directors 2010).

The AICD Company Director's course is the recognised qualification for board directors and there are in excess of 15,000 graduates of the course in Australia and overseas. The course content focuses on the role of the board and practice or directorship, including key responsibilities in the areas of risk, strategy, finance, legal and compliance obligations. It equips participants with skills in decision-making and achieving board effectiveness. Completing the course also provides participants with an opportunity to network with current and future board directors from across a range of industries (Australian Institute of Company Directors 2010) .

The Western Australian scholarship program was part of a larger national scholarship program, with each state government aligning the scholarship with their current areas of focus. In Western Australia, the program was targeted at women with an interest in working on government and community boards.

THE RESEARCH PROJECT

The aim of this study was to explore women's board seeking behaviours following the awarding of a scholarship and completion of a company director course and the value and impact of such initiatives, from the point of view of the recipients. The study explored two key questions: (i) Did the scholarships successfully encourage the participating women to actively engage in behaviours to supply their labour to

board positions? And (ii) How do scholarship holders see themselves in terms of the ‘pipeline’ of labour that is board ready? We note that this study did not aim to assess the content or design of the Company Directors course based on the known influences on women’s leadership achievement, rather the study focused on the perspectives and experiences of the scholarship recipients.

Ten scholarships were awarded in the inaugural program. Six recipients of the scholarship were available to participate and in semi-structured interviews were asked to cover areas that included winning the scholarship, completing the course, as well as their board related activities prior to and following completion of the course. Inductive analysis, followed by open coding to identify significant statements relating to the participant’s experience of completing the course, their work experience and board position seeking behaviour prior to and after completion of the course was undertaken. Key themes emerged from the data (Miles and Huberman 1994) and using a constant comparative method, a concept map was developed grouping significant statements into themes and higher level categories.

FINDINGS

The findings show four different board seeking behaviours that followed the completion of the company director’s course: Doing, Considering, Observing and Not Pursuing. Comments by the scholarship recipients provide supporting evidence and are indicative of the range of comments made by the women. The comments are shown as indented text enclosed by quotation marks (“”).

The scholarship recipients were highly qualified women aged from 29 to 65 years, based in in remote, regional and metropolitan areas of Western Australia. All women were university educated and five of the six held at least one formal university postgraduate qualification at Masters level. They had diverse experiential backgrounds such as education, nursing and public health, acting, accounting and social work. At the time of interview, the women were employed in roles with a strong community focus, across the Not for Profit, Government and Academic/Education sectors.

Board Seeking Behaviours

The majority of the women (5 of 6) were interested in further board opportunities with only one of the group not considering board positions at the time of interview. The board seeking behaviours are presented in **Error! Reference source not found.** as an emergent four part typology (Barnes et al. 2007) with the following categories: i) Doing, ii) Considering, iii) Observing and iv) Not Pursuing. The women's experiences following completion of the course are examined using these categories.

<insert Figure 1 here>

Doing

“They were convinced that they really wanted me to do it, and I thought ‘Okay, okay, bugger it I’ll do it, okay, I’ll have a go’”. [2]

Doing is characterised as actively applying for board positions. Of the six scholarship recipients interviewed, two had applied for board positions following completion of the course. Interestingly the approaches used are similar to those used by the group to obtain board and committee experience prior to completion of the company director's course.

The first was notified of a potential paid board role. Initially hesitant to apply she felt that her confidence had been bolstered through the knowledge gained and contacts made through completion of the company director's course. She sought guidance from contacts made on the course and was ultimately successful in being appointed.

A second woman had applied for several advertised board positions. Highly motivated to seek board positions, she stated that she had a strong CV, considerable relevant past experience, high education levels and had completed the company directors' course, but had not been successful in securing a position. At the time of interview, this participant was still interested in securing a board appointment, but expressed a desire to connect with and obtain guidance from other women who had made it on to boards.

Considering

“I’m actively now looking at the opportunities that are available for directors, and I will consider doing that” [3]

Considering is characterised as actively monitoring the sector, contemplating positions, but not yet applying for them. Two of the six women were in this category. They gathered information through activities such as continuing an annual membership of an AICD, joining advocacy groups that promote women’s board appointments, regularly accessing the on-line and printed content including subscription to online services that advertise director vacancies.

The primary reason given for not applying for a board role was a perceived lack of suitable opportunities or of opportunities that were not as one respondent put it “her cup of tea”. When pressed further, the “suitable” opportunities that these women were seeking were with companies or organisations that aligned with their values and ethics. That is organisations that had an ‘appropriate purpose’, those that performed ‘good work’ or assisted others. This did not exclude corporate board roles, but did constrain the companies and organisations that would be of interest.

A further reason given for not applying for board roles was a lack of capacity because of other commitments such as completion of postgraduate study or gaining further skills. However, securing a board position was a future agenda for these women and as such they actively monitored the sector.

Observing

“I haven’t actively pursued anything, but at the same time I’m not on any mailing lists advertising vacancies” [6]

Observing is characterised by a more passive engagement with the board sector. Information and opportunities are not actively sought. One of the participants was in this category. She maintained a membership with the AICD following completion of the course, but did not actively seek out information

or opportunities. She was however waiting for the ‘right’ opportunity that was in line with previous work experience and a preference for remaining in the not for profit sector.

Not Pursuing

“It’s a huge jump from NGO, from having worked in an informal environment like NGOs, to then get into a formalised structure of Government or private sector onto a board.” [5]

The final category is ‘not –pursuing’ and is categorised by not being engaged with the board sector following completion of the course. Reasons included placing priority on other career development opportunities and issues relating to accessing networks. The perceived difficulties in breaking into external networks outside of the not for profit or non-government sectors, and the expected ways of achieving this, represented major challenges.

Potential linkages and interaction between the four types of behaviours

The proposed typology of board seeking behaviour allows for movement between the four categories and does not postulate that this will be a sequential or unidirectional progression. For example, a ‘doer’ might move to ‘not pursuing’, ‘observing’ or ‘considering’ as a result of further experiences and vice versa.

Thus the typology is open and dynamic to allow for the range of experiences and perceptions that might inform board seeking behaviours. The typology provides a basis for an integrated discussion on previous research that gives some insights into the experiences and perceptions of the participants in our study and this is explored in the next section of the paper.

DISCUSSION

The findings give insights into the board seeking behaviours of six ‘board ready’ women who in addition to extensive previous experience on non-corporate boards, councils and committees had completed the company director’s course. These findings support those of previous international research that has revealed the high levels of education, qualification and varied experience of women directors (Hillman,

Cannella, and Harris 2002; Sheridan 2001; Singh, Terjesen, and Vinnicombe 2008; Sheridan and Milgate 2005).

The act of applying for the scholarship, completing of the company director's course and the assessments suggest an interest in and intention to engage with the board sector. This is realised to an extent.

Outcomes varied from a high level of engagement and active participation (Doing and Considering), to more passive behaviours (Observing) and a lack of activity (Not Pursuing). Contrary to expectations for this sample of 'board ready' women, the completion of the company directors program did not necessarily lead to the active pursuit of board membership – neither in the community and government sectors, nor in the corporate sector; it did not transform all six participants into 'Doers'. The completion of an AICD program can address the development of human capital by ensuring a larger pool of women with recognised formal training but is not sufficient to ensure active board seeking behaviour. These findings question whether a "company" director's course is the appropriate mechanism for increasing women's representation in the community and government sectors, and whether targeting women interested in these sectors is an effective mechanism for increasing women's representation on corporate boards.

Our data provide some possible insights into the reasons that scholarship holders did not necessarily become 'Doers' following completion of the company director's program. Firstly, the participants had expressed some strong preferences about the types of board that they would like to be involved with – those congruent with their values and aligned with their previous experience. Given the targeting on scholarships to women interested in being involved with community and government boards, this is not unexpected. It is important to note that corporate boards were also of interest, but interest was limited to companies and industries that were inline with their personal value systems. Associated with these preferences were concerns expressed by some about whether they would 'fit in' and reservations about internal politics that might be involved in the membership of some boards.

These preferences and influences on seeking and obtaining board membership align with some of the previous research concerning women's access to board positions. Among the reasons for accepting or declining a board appointment in a study of US corporate boards were "time commitment", "conflicts of interest", "could not play a useful role", "challenge as director", "opportunity to learn" and "quality of top management" (Lorsch and MacIver 1989). In another US study, women directors were revealed to be more philanthropically driven than male directors and this social sensitivity appears to be a positive influence on the appointment of women to boards (Ibrahim and Angelidis 1994). There appears to be potential to more fully investigate possible links between these types of motivations and the 'considering' behaviours described by some of the participants in our study.

The motivations and rationales behind women's board membership choices are not well revealed in existing research. Research using Hillman's framework shows that women are more likely than men occupy a community influencer role on a board (Hillman, Cannella, and Paetzold 2000; Singh, Terjesen, and Vinnicombe 2008). This aligns with the strong preference of the women in this study for board opportunities congruent with values, ethics and community involvement.

A second, potentially important constraint on the success of the scholarship program is that while it appears to be successful in improving the participants' human capital, some of the women felt they didn't have the relevant social capital to convert their skills and knowledge into corporate board membership. This is perhaps most evident in the contrast between the participants' discussions of attaining board membership in the NFP and public sectors before undertaking the company directors program and their experiences following the program. In the 'pre program' experiences, the participants mentioned the role played by their professional networks in achieving NFP and public sector board positions. However, these types of stories don't appear prominently in the 'post program' discussions about corporate board positions.

The important role played by the interaction of both suitable human and social capital is an extensive, important and ongoing theme in literature on women's corporate board representation. In the words of Kumra and Vinnicombe (2010) in discussing a study by Kilduff and Krackhardt (1994) "social capital is the contextual complement to human capital in explaining advantage". Successful access to board opportunities is influenced by human capital factors (for example: possessing a good track record, having a good understanding of business principles) in combination with significant social capital (for example: having a mentor that guided, coached and advocated, being visible to influential people, or possessing good business contacts). An individual's social capital, derived from personal relations and networks, influences director selection (Kim and Cannella 2008). Vinnicombe (2011) notes that at senior levels, women may not need mentors, rather someone high profile to sponsor them and "often lack the high-level relationships which their male colleagues find easier to foster in the male dominated executive suite". Further, women who successfully obtain board positions have long-standing, close relationship with other female directors (Sheridan 2001).

CONCLUSION

While the methods and findings of this relatively extensive body of research are diverse, they suggest at a general level that human and social capital characteristics are required to facilitate the attainment of board members and that their absence can act as a barrier. These themes resonate with the findings in our study and demonstrate the importance of ensuring that supply side programs such the AICD scholarships are closely integrated with additional complementary supply side strategies as well as integrated with demand based approaches such as the recent ASX Corporate Governance Principles. It is important to note that such supply side programs can be seen as having the potential for developing the human and social capital of the women; however they leave existing structures and processes in place. Programs in which the emphasis appears to be on 'fixing' women (Ely and Meyerson 1999) to ensure that they can meet the requirements of board membership rather than an examination of the current process and structures that result in the current inequities are unlikely to result in a change to the status quo.

It has been argued that there is “an urgent need for more scholarship in this field” (Tejersen, Sealy, and Singh 2009). This research helps to address this by contributing an understanding of the outcomes of women’s scholarship initiatives in the development of human capital and develops a conceptual typology to identify and categorise women’s board seeking behaviours. Our findings suggest a need for further ongoing research that focuses specifically on understanding women’s experiences and perceptions about completing relatively resource-intensive training programs. This can be partly achieved by speaking directly with participants and gaining insights into the rationales behind their particular preferences and behaviours. This broadens the potential to consider important social and structural barriers and facilitators to women’s representation on corporate boards. This approach provides a method for identifying and then further exploring the interaction between individual decisions by potential board members and their social and institutional context. In doing so, a broader range of explanations and potentially, appropriate policies, can be developed to ensure greater board diversity. In this particular study, individual interviews lead to a focus on the behaviours described by potential women board members; what they are doing and their reflections on why they are making their particular decisions to engage with particular types of board seeking behaviours. There appears to be ample scope for further understanding these experiences and rationales. In doing so, we may gain further insights into the reasons for women’s particular patterns of labour supply in the corporate board labour market and the extent to which these patterns reflect specific choices or constraints. As further research in this area is developed, there is scope to improve and extend upon the contributions made in this paper.

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Figure 1

