

Paths to Leadership: Women's Experiences with and Aspirations for Board Service

In the wake of this decade's corporate scandals, crimes, and excesses, improving corporate governance in the United States has become a priority. Legislators,¹ investors,² and executives³ have implemented structural and procedural changes intended to improve accountability and credibility. Among current concerns about the state of corporate governance is the recruitment of qualified board members.⁴ Fear of personal liability and heightened scrutiny have made board positions less desirable for some, but for others it may have increased the opportunities to serve.

This is especially welcome news for women, who currently comprise 51% of the U.S. managerial workforce but only 14.8% of the directors on boards of large, publicly traded U.S.

corporations.⁵ The disparity becomes more striking when one considers that in 2005, just 568 women held one or more of the 5,161 total Fortune 500 corporate board seats.⁶ Moreover, a four-year study released in late 2007 by Catalyst, a research and advisory group, showed that Fortune 500 firms with more women

board members outperformed those with very few women on such measures as return on equity and return on sales.⁷

Given such superior financial performance, why aren't more women serving on corporate boards? Some have explained the small numbers of women board members as the result of weak pools of experienced and qualified women,⁸ while others have pointed to the effects of under-developed social networks,⁹ and still others to the persistence of sexist stereotypes, including that women are ambivalent about holding positions of power.¹⁰ Yet a recent Urban Institute study of non-profit boards found that 94% had one or more women directors and that women held 46% of all seats.¹¹ These remarkable facts indicate that women do not eschew positions of power, and that they can have the experience and social networks to

obtain them. Indeed, previous CGO research has found that women seek leadership roles and often add value to those roles by focusing beyond personal achievement to make a difference, help others, and contribute to their communities.¹²

Clearly, whatever conditions have led to the current state of under-representation of women on the largest corporate boards do not prevail in the non-profit sector. Many women are finding opportunities to gain governance experience and become part of the extended social networks that can develop through that service. While membership on such governing bodies may not be perceived as bestowing the same power, prestige, and perquisites of their for-profit counterparts, the attendant governance responsibilities are just as integral to organizational legitimacy, continuity, and success. The media's focus on, and the attention of researchers to, large, for-profit corporate boards may obscure the extent and the value of women's contributions to the guidance and direction of organizations throughout society. Given this, we set out to learn about the experiences and aspirations of professional women in exercising leadership outside of their primary work responsibilities on formal boards and informal bodies such as committees and advisory groups.

The Survey

In May 2007, we administered a survey¹³ completed by 537 highly experienced women managers and executives attending a leadership conference hosted by the Simmons School of Management.¹⁴ The survey inquired about service on formal boards, including Boards of Directors, Trustees, Alderman, and/or Selectman, and informal boards such as committees and advisory groups. Depending on their experience on such boards, respondents were guided through a series of questions about their respective motivations, participation, and aspirations for current and future board service.

Methodology

The survey was developed and administered using ZoomerangTM, a web-based survey product. Using its reporting capabilities, we first looked at frequencies and other descriptive statistics to sort respondents into three groups: those with service on formal boards, those with service on

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informal boards, and those without any type of board service.¹⁵ Subsequently, survey data were coded and statistical software (Stata 10)¹⁶ was used for cross-tabulations and analysis of means.

Where and How are Women Serving?

The majority of survey respondents reported participating on either formal or informal boards. Almost one-third (30%) had experience serving on a formal board, while 31% had experience on informal boards. Most formal board experience involved non-profit organizations; only approximately one in ten (11%) respondents served on for-profit boards, matching the findings of the Catalyst study of Fortune 500 companies. Women’s service in all sectors tended to be on smaller, local firms and organizations.¹⁷ The majority (70%) of respondents’ formal and informal board service was in organizations with less than \$1 million in annual revenues; similarly, approximately half of the organizations had 50 or fewer employees. A small group of respondents did serve on larger corporate boards. Ten percent of reported board experience was in organizations with \$10 million or more in revenues, and 3.5% of the total was in those with more than \$50 million in sales.

Women are serving in leadership roles on boards. Almost half of respondents (46%) who serve on formal boards

hold or have held the position of chairperson, while one-quarter (26%) of informal board members reported such experience. Many formal board members reported serving in other officer roles such as secretary (42%) and committee chair (64%), and just under one-quarter of informal board members had done so. The role of treasurer was the position least likely to have been held (27%) on formal boards and second least likely (21%) on informal boards.

Who is Serving and Why?

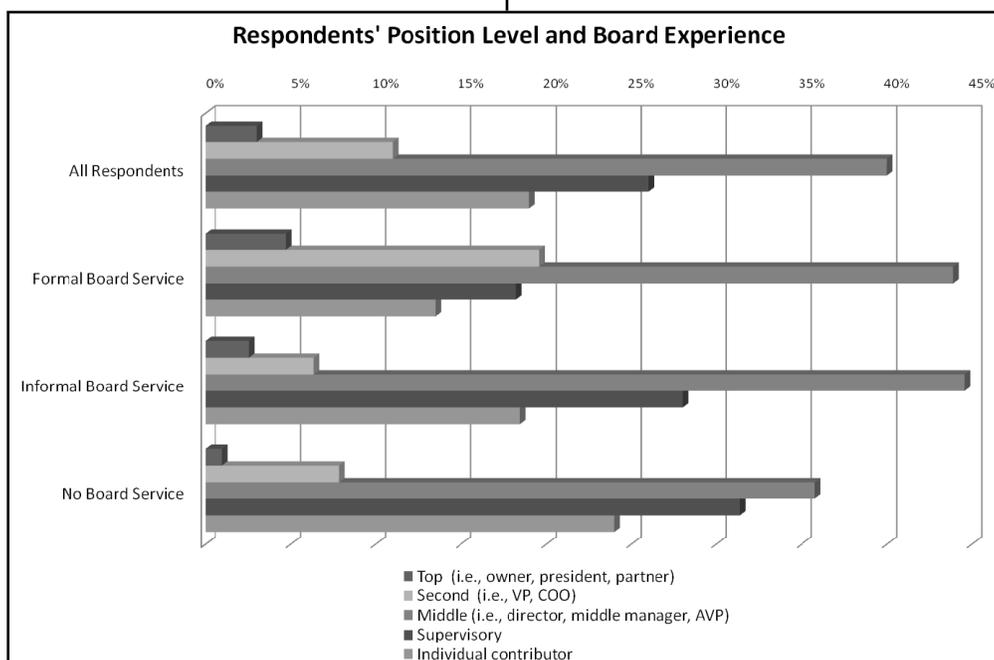
Work experience, current position, and income level were all positively associated with board membership. Compared to those respondents that had no board service, the typical formal and informal board members had more years of work experi-

ence, had received more promotions, and had higher incomes. Sixty percent of all board members had twenty or more years of work experience, while approximately the same percentage (62%) of non-board members had less than twenty years’ experience. Those with board service were 2.5 times more likely than those without to hold the position of vice-president or higher. Personal as well as household income appears to be a factor in formal and informal board participation. Respondents with more than \$100,000 of personal and/or household income were the most likely to have had board service. Conversely, those reporting the lowest personal and/or household income were the least likely to serve.

Surprisingly, one factor that does not appear to inhibit board service is motherhood. Women with children under age 18 living at home were just as likely to have had either formal or informal board experience as those without.

Most women reported that they chose to serve on an organization’s board to provide strategic leadership and business expertise. Almost three-quarters said they were motivated to

accept a board position by a desire to contribute to the community, and 60% reported that they served to be involved in work about which they were passionate. They tended to see board service neither as a job requirement nor something that would lead to career advancement.



In fact, respondents seemed to compartmentalize their outside leadership activities from their employment: only 8% of board members said they had told their employers about their outside activities.¹⁸

Women attained their board positions most commonly through a recommendation from a current member of the board (75%) and an association with the organization (46%). Given that the majority of respondents’ formal board experience was on non-profit boards, which typically expect board members to donate generously, it was surprising that only 15% cited “to provide financial support” as one of the reasons they had been asked to serve. Similarly, only 11% reported they had obtained their seat by virtue of being an existing donor.

Aspirations to Serve

We found strong evidence that professional women aspire to serve on formal boards. More than half (56%) of those who had never served on a formal board expressed a desire to do so. Many (46%) in this group did have experience on informal boards; they may see a formal board seat as a logical advancement in their public service as well as personal development. One-third (34%) sought seats in for-profit companies, while 36% were interested in non-profit boards and the remainder in private foundation or government boards. However, nearly all (91%) respondents with no formal board experience held non-executive positions, which might make it difficult for them in the near future to put themselves forth as qualified to serve on boards of all but the smallest organizations. One optimistic note, however, is that almost two-thirds (63%) of these aspirants are between the ages of 30 and 49 and thus may look forward to many years of professional growth and advancement.

Almost three-quarters (72%) of respondents who did have formal board experience said they aspired to continue and even expand their service.

More than half (55%) of this group aimed for another non-profit board seat, and the remaining 45% sought their first for-profit company board seat. Almost half (49%) of the respondents interested in the corporate sector held executive-level

positions of COO or higher, suggesting that they have experiences that could make them valuable contributors to the boards of companies in their industry and about whose business they have expertise.

We asked what actions these women believed they needed to take to secure a formal board position. Their three top priorities were social network building (88%), self-promotion (61%), and career progression (56%). No significant differences were found between the priorities of women targeting a non-profit board and those interested in a for-profit board.

Respondents clearly recognized the importance of both “what you know” and “who you know” for obtaining board seats. Two-thirds of board aspirants said they had begun developing their social networks, and more than half were working to improve their qualifications through developing useful skills and advancing in their careers. The level of respondents’ efforts to secure for-profit board positions was not significantly different from that of those who aimed for non-profit seats.

Call to Action

We believe these survey findings show that many women in

executive-level positions are ready, eager, and capable of serving as effective board members. The key is to match the large number of qualified women currently serving on formal and informal boards with for-profit and non-profit organizations interested in expanding the quality and diversity of their boards. The survey also found that a large number of younger, less-senior women aspire to formal board service at some point in their careers. This may indicate a potentially strong pool of women candidates for board positions in the years ahead.

In the meantime, to those executives seeking gender diversity among qualified board candidates, we recommend three steps:

- 1. Break existing habits and change the procedures for conducting board searches.** One way to do this is by identifying the pool of women executives whose governance experience in effective non-profits demonstrates good judgment. Business leaders need to move beyond the conventional process of asking, “who do we know?” The more powerful question is, “who *don't* we know?”
- 2. Expand the criteria by which potential board members are deemed to be qualified.**¹⁹ For instance, successful women entrepreneurs offer executive experience even if they have not dealt with the same issues facing large public companies, and women just below the top corporate ranks may have knowledge and expertise about their own companies that would make them effective inside directors of those firms.
- 3. Speak to women about possible service.** Members of large for-profit boards may need only to network with their counterparts on smaller and/or non-profit boards to find qualified women.

To women currently serving on boards, we recommend playing a key role in recruiting others. A 2006 study indicates that doing so would increase the boards’ effectiveness.²⁰ Researchers found evidence that a critical mass of three or more women in board rooms could significantly influence the content and process of board discussions, making decision-making more open, collaborative, and inclusive of many stakeholders.

To women who aspire to serve on boards, we recommend cultivating a network of contacts, becoming visible in professional and community organizations, and developing leadership skills and business expertise. Developing strong financial knowledge and acumen, in particular, may lead to increased board opportunities, especially given Sarbanes-Oxley’s requirements for these on audit committees. We also recommend finding and volunteering within a local non-profit organization whose mission or constituency fits with their personal values. Starting early in one’s career by serving on small, local non-profit or community boards provides valuable experience

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in problem solving, decision-making, and leadership. The obligatory fundraising duties enhance networking opportunities that can lead to visibility among corporate leaders and executive recruiters looking for potential board members. These experiences, combined with career advancement and greater degrees of managerial responsibility, will better position and prepare them for opportunities to serve on larger for-profit and non-profit boards.

We find that women executives are active in a wide variety of governance and leadership positions, especially in the non-profit sector, and aspire to play an even more robust role in corporations and in their communities. While these findings are encouraging, we recognize their limited implications for any level of immediate impact within the boards of larger companies and organizations whose qualifications generally exceed those currently held by many women in our sample. However, our research adds to the evidence that there is no shortage of women who are willing to prepare for board service and assume the accompanying responsibilities. It further suggests that while many women are intentional about preparing themselves for board service, others, such as professional organizations and business schools, can play an important role through training and mentoring programs aimed at increasing skills, expertise, and networks. Over time, these actions will result in an ever-widening pool of well-networked, qualified women, allowing current excuses for low female representation to be cast aside in favor of gender balance on boards and in leadership positions.

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Endnotes

¹Most noticeably the Sarbanes-Oxley Act of 2002 (Pub. L. No. 107-204, 116 Stat. 745), also known as the Public Company Accounting Reform and Investor Protection Act of 2002.

²RiskMetrics Group. 2007. Postseason report: A closer look at accountability and engagement. New York: RiskMetrics Group. Retrieved from www.riskmetrics.com/pdf/2007PostSeasonReportFINAL.pdf. According to the report, as of September 2007, investors had proposed 656 proxy ballot initiatives, more than half of which were aimed at improving corporate governance. Proposals included changes in such matters as how board members are elected, sustainability practices are reported, and executives are compensated.

³For example, MCI radically re-designed its post-bankruptcy governance structure as proposed in "The Breeden Report," named after the former SEC chairman who served as a court-appointed monitor of the company. See Breeden, R.C. 2003. Report to the Hon. Jed S. Rakoff, the United States District Court for the Southern District of New York, on

corporate governance for the future of MCI, Inc. Retrieved from www.nysd.uscourts.gov/rulings/02cv4963_082603.pdf. General Electric and other prominent firms also made significant changes in processes and practices.

⁴For example, see Korn/Ferry International. 2005. *32nd Annual Board of Directors Study*. Los Angeles: Korn/Ferry International.

⁵Bureau of Labor Statistics. 2007. *Women in the labor force: A databook*. Washington, DC: U.S. Department of Labor. Retrieved from www.bls.gov/cps/wlfdatabook2007.pdf. Catalyst. 2007a. *Census of Women Board Directors of the Fortune 500*. New York: Catalyst. Retrieved from www.catalyst.org/knowledge/2007wbd.shtml.

⁶Douglas Branson notes that since a number of women are "trophy" directors sitting on several boards, these statistics actually report the percentage of board seats held by women, not the percentage of all board members that are women. See Branson, D.M. 2007. *No Seat at the Table: How Corporate Governance and Law Keep Women Out of the Boardroom*. New York: New York University Press.

⁷Catalyst. 2007b. *The Bottom Line: Corporate Performance and Women's Representation on Boards*. New York: Catalyst. Retrieved from www.catalyst.org/knowledge/bottomline2.shtml.

⁸For a discussion of this explanation, see Fairfax, L.M. 2006. Clogs in the pipeline: The mixed data on women directors and continued barriers to their advancement. *Maryland Law Review*, 65: 579-624.

⁹See Hillman, A.J., Shropshire, C., & Cannella Jr., A.A. 2007. Organizational predictors of women on corporate boards. *Academy of Management Journal*, 50(4): 941-952.

¹⁰Catalyst, 2007a.

¹¹Ostrower, F. 2007. *Non-Profit Governance in the United States*. Washington, DC: The Urban Institute.

¹²Merrill-Sands, D., Kickul, J., & Ingols, C. 2005. *CGO Insights* No. 20: Women pursuing leadership and power: Challenging the myth of the "opt out revolution." Boston, MA: Center for Gender in Organizations, Simmons School of Management.

¹³We gratefully acknowledge Hewlett-Packard for generously providing technology for the administration of the electronic survey.

¹⁴Of a total 541 respondents, 4 were male and were excluded from our analysis.

¹⁵To avoid making survey completion too time-consuming for those with experience on both formal and informal boards, we opted not to ask those with the former about service on the latter.

¹⁶StataCorp. 2007. *Stata Statistical Software: Release 10*. College Station, TX: StataCorp LP.

¹⁷Similar statistics are reported by Ostrower, 2007.

¹⁸This finding is consistent with the results of a Center for Work-Life Policy study looking at the leadership roles filled by minority professional women outside of work. See Hewlett, S.A., Luce, C.B., & West, C. 2005. Leadership in your midst. *Harvard Business Review*, 83(11): 74-82.

¹⁹Fairfax, 2006.

²⁰Kramer, V.W., Konrad, A.M., & Erkut, S. 2006. *Critical Mass on Corporate Boards: Why Three or More Women Enhance Governance*. Wellesley, MA: Wellesley Centers for Women. This finding echoes Rosabeth Moss Kanter's insight that the proportion of minority representation affects group dynamics more than the absolute number; see Kanter, R.M. 1977. *Men and Women of the Corporation*. New York: Basic Books.

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Linking gender and organizational effectiveness

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