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# Over-achieving and under-represented: The case for women on



By [Angela Garvey Hammond](#)

## **The Vice President of the European Commission, Viviane Reding, says quotas are the only way to move women into the boardroom quickly enough. But will this really open the door?**

Virginia “Ginni” Rometty may not be a name you are familiar with but by the New Year it will be. On 1st January 2012 she takes over the helm at IBM and, as the first female CEO of one of the largest technology companies in the world, her every move in and out of the boardroom will be watched, scrutinised and publicised across the business pages.

Her appointment is a rarity in Corporate America. There are currently only 12 women CEOs/Presidents in the Fortune 500 and while Rometty will be joined by e-Bay founder and erstwhile political contender Meg Whitman, who takes over at Hewlett Packard on the same day, the American boardroom is still a male preserve.

Cross the Atlantic and the European boardroom is a little more diverse but not by much. The reason is simple according to Tina Marron-Partridge, an executive partner at IBM in London. “Men are often looking for mirror images

of themselves and that can make it harder for women.” Tina is highly successful and loves her job. She works in a male-dominated environment though that has never bothered her. She says it “took time to learn the rules” but knew she had to make a choice “to ensure the right qualities particularly valued by men were evident.”

## **Change in business culture**

The change in culture at IBM is just what Viviane Reding, the Vice President of the European Commission would like to see throughout business. She has made it her mission to see more women sitting in the boardroom around Europe pushing for quotas and legislation as the way forward.

Speaking to INSEAD Knowledge at the Women’s Forum in Deauville recently, she says, “60 percent of graduates are female, but you don’t find them in the workplace later on. And you certainly don’t find them at the level they deserve.”

She is in no doubt talking about the advantages women can bring to the top table particularly in the current economic climate.

“I know the saying about ‘Lehman Sisters and it all wouldn’t have happened.’ Now when I look very seriously at the studies which have been conducted by McKinsey and by Deutsche Bank for instance, it is very interesting to see that yes, *de facto*, companies with women on board make fewer errors because women are not for unconsidered risk taking... the results become better because less money is lost. Women also ask more questions and if you are forced to give answers, you might not make errors in the economic decision-making. And that is why it is very important to have enough women on boards.”

Of course this debate is not new. The issue over why there are still not enough women in the executive suite, and indeed why there is still a significant gap in pay have been chewed over and argued for years. But there has been some change.

## **Scandinavian examples**

Norway led the way in 2003 - setting down a quota for all listed companies to have 40 percent of their board seats filled by women. It has been achieved and supporters claim a huge corporate success. A study by the University of

Michigan is not quite so glowing. It noted that the financial performance of Norwegian companies suffered at least in the short term because of younger, less experienced board members. Other concerns were raised within Norway and outside about the quota system producing higher demand oversupply. The result, critics say, was some of the very capable female directors were being asked to sit on a host of boards, far too many to have the time to be able to add real value to every company.

It is still early days, but seeing what the Norwegians have done, the French and Spanish have adopted a similar system while Germany and the Netherlands are among other European countries still debating the pros and cons of such quotas.

With growing discontent in the UK over what many see as excessive corporate pay by largely male executives, the British government has been keen to promote itself as a strong supporter of women in business. The prime minister, David Cameron, recently spoke of his desire to get rid of the “usual sort of rotating list of men patting each other's backs and increasing the level of remuneration. I want to see more women in Britain's boardrooms, which I think would have a thoroughly good influence”.

## Changes in the UK

Strong words but has any action followed? An independent review by Lord Davies recommended that UK listed companies in the FTSE 100 should aim for at least a quarter of the board to be female and a progress report just published by Cranfield School of Management shows that 21 women have been appointed to board positions out of a possible 93. This represents 22.5 percent of all new appointments, some way short of the 33 percent recommended in the Davies report.

Others though are not leaving it there. Two women in the City of London, a chief executive and a Labour peer, have set up a network known as the **30 Percent Club**. The aim is to improve diversity around the top table by getting 30 percent of the seats filled by women. Their method is through motivating and encouraging chairmen to change their attitudes rather than forcing them to via quotas. Critically the club is also about developing the pool of talent just below board level knowing that many in the City say there are just not enough women to fill chief executive posts anyway.

Tina Marron-Partridge of IBM and a member of the 30 Percent Club admits this is partly true. Women make choices and often the higher you go in your job the longer the hours, the further away from home you have to go. So some women opt out. But for those who don't, often the top promotions elude them because they don't understand how to really climb the corporate ladder. Marron-Partridge says it's as much about "networking and packaging communication upwards. Women are very good at getting their head down and producing lots of work. However, getting on is also about looking at the bigger picture, how a company operates upwards and having a point of view to lead the business."

Viviane Reding embraces that philosophy wholeheartedly. The Vice President of the European Commission is no pushover. She has made it to the top in politics and has a string of honours and awards to her name and yet, of course, as vice president she is still one rung down from the very top. She suggests the problem originates way down the chain of command in business and she is making it her business to find out why. She has been on a networking tour of Europe's business schools asking what they are doing to open up the boardroom and the thorny issue of pay that is so inextricably linked. Research by INSEAD's Professor Herminia Ibarra shows that female graduates coming out of top business schools earn considerably less than that their male counterparts on the first day they arrive on the job.

Viviane Reding says, "We see that women who are doing MBAs have achieved very strong MBAs with very good results. And later on, in the workplace, they are passed over by their male colleagues who have not done so well. What can the business schools do in order to help women who are in business, who are in management so that they can become better educated or prepared to be on boards, to be 'board-proof.' Women mean business. It is in the interest of the companies to get them promoted, to get them in, to get them work... I think we need to join forces at all levels. At the political level, of course, but also at the business level. And at the level of the business schools in order to fill this deficit."

It's a challenging invitation for all the schools in Europe including INSEAD, London Business School and IE in Madrid... all of whom have men at the helm. Harvard is led by a woman.

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