

Why there are so few female board chairs in Europe and what to do about it?

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Part One: Why?

In the last decade, we have witnessed a sharp rise in the number of female directors in many developed economies (Fig. 1 and Fig.2). Yet the number of female board chairs remains very low (Fig. 3). The 'world champion' is Sweden, where 15% of the largest public companies were chaired by women in 2018. In Japan the figure was only 2%, while the UK is among the leaders with 9%. The average for developed economies in 2018 was 6%. These low percentages are intriguing, because [our earlier research](#) shows that women often outperform men in such critical board-leader competencies as listening and questioning and such personal attributes as restraint and patience.¹

We decided to find out why female representation was so low and to identify some potential remedies. In the first stage of our research we interviewed: 30 incumbent board chairs (15 women and 15 men) from the UK, Finland, Denmark, France, USA, Australia, Spain and Japan; 20 shareholders and nomination committee members from the same countries; and 5 partners from leading executive search companies.

Our initial research provided two answers to the question of why there are so few female chairs.

The first hypothesis is that women are sometimes **discriminated against – mainly subconsciously – by the people who make nomination decisions**: shareholders, incumbent board chairs and members of nomination committees, who are mostly men.

'When a client talks to me about a potential candidate to replace a board chairman, I automatically think about a man.' Senior Partner, board practice, global executive search company.

*'We started drafting a profile of my successor with an open mind. Yet in no time we were discussing what experience and attributes **he** should have.'* Former chair of three 350 FTSE company boards

The second hypothesis was advanced by many female respondents, according to whom **women are less willing than men to take on the role of chair**. They cited various reasons – natural modesty, education and upbringing, cultural stereotypes, family duties, etc.

As one woman, an ex-CEO-turned chair of two companies, told us: *'I never had an ambition to become a board chair. It only happened because I had a mentor (a man) who had strongly encouraged me to think big, to take risks, to meet influential people. I think many women are like I was – modest in their aspirations – and do not even think about becoming board chairs.'*

¹Shekshnia, S, Zagieva, V (edits) (2019) *Leading a Board: Chairs' Practices Across Europe*. Palgrave MacMillan, Singapore

Another respondent shared her view: *'I think many women (unlike men) stay out of the limelight; they do not proactively seek important positions and even shy away when such opportunities present themselves.'*

At the same time a significant number of both male and female respondents rejected the idea of 'unwillingness'. As one female chair from Finland put it: *'This is complete nonsense. Give women opportunities and they will take them. Look at what happened with female board members.'*

We decided to test both hypotheses by looking at the largest public companies in 13 developed economies: Canada (81 companies), Denmark (60), Finland (81), France (90), Germany (98), Italy (55), The Netherlands (62), Japan (97), Singapore (107), Sweden (86), Switzerland (84), the UK (90) and the USA (93). We used data from BoardEx, a business intelligence service that holds in-depth profiles of over 1 million organizations and their leaders. We identified 1,084 chairs (1,019 men and 65 women) who could be considered 'professional'. We excluded from our sample chairs who are members of founding or managing families.

To test our first hypothesis – women are being discriminated – we looked at the leadership and social capital of both female and male chairs. If the hypothesis were true, female chairs would on average have greater leadership and social capital than their male colleagues. Based on the existing literature, as well as our research and interviews for this study, we identified a number of elements that constitute the leadership and social capital of a board chair: CEO experience; prior director experience and prior experience of chairing a board committee; a Ph.D. or MBA degree; and education at a top university. We also hypothesized that, if it is more difficult for a woman to become a chair, then women should become chairs at a later age than men.

As you can see from Figure 5, there is no statistically significant² difference between female and male chairs when it comes to such factors as CEO experience and advanced degrees or education at elite universities. In fact, fewer women than men have these characteristics. A higher percentage of female chairs have prior experience as independent directors, but a higher ratio of male chairs have chaired board committees before assuming their current roles. Female chairs are also younger than their male counterparts: women on average become chairs at the age of 57, while the average age for men is 61 (Fig. 4).

The problem is therefore not that women are being discriminated against when it comes to chair appointments; the problem is that **there are too few women who possess what is considered the key attribute of a board chair – CEO experience** (Fig. 5).

For the second hypothesis, i.e. women are less interested in leading boards than men, we assumed that, if it were true, a lower percentage of eligible women would seek chair positions. First, we examined the career paths of former CEOs who entered and left their positions between 1994 and 2018 in S&P 500 (USA), FTSE 350 (UK), CAC-All Tradable (France) and large-capitalization companies (Sweden) – all countries with a relatively high percentage of both female CEOs and chairs.

² Statistical significance was tested with the Z-test. This was possible as the size of female and male chair samples allowed the application of the central limit theorem and hence the assumption that they had a standard normal distribution. The significance level was set to 5%. P-values obtained: 0.186 (committee chairing); 0.052 (another company directorship); 0.322 (CEO experience); 0.984 (MBA/PhD degree); 0.818 (elite education).

Women represented only 4% of the total sample of former CEOs (73 out of 1,760) and 46% of them (34 women) had become board chairs, while for men the percentage reached 80%. However, different countries have very different dynamics. In the USA a greater number of former CEOs — 14 out of 20 women and 635 out of 662 men — had become the chairs of their companies either during their executive tenures (reflecting the US tradition of combined chair/CEO appointments) or right after leaving the CEO position. In France, where the double appointment is also quite common, but declining, 217 out of 285 male CEOs had become chairs, compared to only 8 out of 21 female CEOs. In the UK, where the positions of chair and CEO are usually split, a higher percentage of male CEOs had not pursued their career by becoming board chairs, but the percentage of women was even lower. In Sweden the situation was reversed: a slightly higher percentage of female CEOs had become board chairs (Fig. 6). We will return to Sweden in the second part of our article.

We believe that, on the basis of this data analysis, it would be a stretch to conclude that women are less willing to become board leaders than men. However, our study does indicate that eligible women use this opportunity to advance their careers **less frequently than men**.

Part Two: What to do about it?

Statistical analysis shows that equally qualified women and men have roughly identical chances of being appointed board chairs, but women use these opportunities less frequently than men. What could be done to increase the number of female board leaders – as a way both to correct gender inequality and to improve the quality of corporate governance in the world by significantly expanding the pool of potential board chairs?

The dramatic rise in female participation on boards in such countries as Norway and France suggests that quotas are one possible strategy. The first obstacle for introducing gender quotas at the chair level is statistical: while there are on average 11 board members in large public companies there is only one chair for every board. To overcome this hurdle some experts have proposed that the position should be rotated between a man and a woman every five to seven years, but this idea has not found many supporters in the business community.

The most obvious strategy for increasing the number of female board chairs is to increase the number of female CEOs, since CEO experience is such an important prerequisite for the chair's job and some 20 to 50 percent of female CEOs become board chairs. We believe that augmenting female representation among chief executives is a noble cause and further research should be conducted to identify the reasons for its current low level (less than 7% at S&P 500 companies in 2018). Specific strategies should be developed and implemented at global, national and company levels, and supported with media campaigns. However, being realists, we realize that it will take years to see a significant number of women in the world's C-suites. It will take even longer for this to translate into a noticeable increase in female board leaders (the tenure of a successful CEO is currently around seven years). Other strategies could and should bring faster results. After studying cases of effective female chairs – based on the experiences of Sweden, the Netherlands, the United Kingdom, and some specific shareholders and companies from other countries – we have identified four specific strategies which we believe could be effective.

Redefine role requirements and nomination practices. Traditionally, experience of being a CEO is the number-one prerequisite for qualifying to be a chair. It does not have to be that way. There is no hard evidence that chairs with CEO backgrounds perform better than those who have not held the chief-executive job. What our earlier research suggests, however, is that some key attributes of effective chairs – restraint and patience specifically – are not the qualities of a typical CEO. Rather, chief executives demonstrate boldness and decisiveness, action-orientation and assertiveness, personal ambition and even narcissism. On becoming chairs, many ex-CEOs continue to demonstrate chief-executive behavior in the boardroom – taking the lion's share of airtime, talking more than listening, offering decisions rather than facilitating discussions and occupying the centre stage.

We believe that the people who contribute to and make decisions about nominating board chairs – nomination committees, incumbent chairs, shareholders, boards, partners of executive search companies and other stakeholders – should move from experience-based to competency-based profiling of future board leaders. In the book *Leading a Board*, based on our research into the work of chairs in nine European countries, we defined five attributes that make a chair effective: restraint, patience, availability, specific soft skills (listening, questioning and framing) and specific hard skills (systemic thinking and general business acumen). Decision-makers should base their selections on whether candidates have these core competencies rather than CEO experience.

If such a world, female candidates would stand higher chances of being selected. First and foremost, the 'CEO factor' would be removed and many more talented women would become eligible for the position of chair. Second, some studies demonstrate that professional women are better than men at the soft skills critical for a board chair³. They tend to be more patient, have higher EQ, listen better and have more self-restraint. At the same time, the hard skills required to lead a board – systemic thinking and general business acumen – could be developed outside the C-suite. In the course of our research we came across a number of effective board leaders (men and women) who had never held the job of CEO but had honed their skills as CFOs, country presidents or divisional leaders at large multinational companies. Senior partners from strategy consulting, auditing and legal firms who systematically work with CEOs and board members on complex projects, investment bankers, and CEO-1 executives with multi-industry experience usually have high levels of business acumen and system thinking. If we include these profiles, the pool of candidates for board chairs becomes significantly larger. In the UK alone almost 200 women will be added to the pool – there are 44 and 26 female partners in 'Big 3' and 'Big 4' offices respectively, approximately 100 female CEO-1 executives in FTSE 100 companies and 21 female senior partners in 'Magic Circle' law firms. We could also add senior female professionals who have recently retired from their jobs. On the male side there are approximately 400 people in the same categories. Making them part of the pool would create more choice for decision-makers, who often complain about a shortage of capable candidates for chair positions.

Let the decision-makers know about the female talent pool. In our interviews with female board leaders many of them described their path to the chair as a gradual evolution – start as a director, chair a committee, then become a vice-chair, gaining experience and learning about the board and the company. Experience helps these women to build self-confidence. Few of our respondents had become chairs by accident. As one described:

I was an independent director when the chair decided to retire. He asked who wanted to be considered as a potential successor and only one director volunteered. I knew that he was not a good candidate; however, I did not say anything and he got elected. A year later, when the situation deteriorated, I raised the issue with some experienced directors and they recommended joining forces to replace the chair. And when that happened they asked me to lead the board, which was not at all my intention.

She now runs that board successfully and regularly gets invitations from other boards to chair them.

Our research shows that women are not likely to seek chair positions proactively or to let the world know about their capabilities. Therefore, the world needs to make an active effort to learn about the existence of these women. We know that aggregating and spreading information about potential candidates has played an important part in dramatically increasing the number of female directors in such countries as France, Norway and the Netherlands. One example of such a service is Topvrouwen.nl, an initiative set up in 2014 in the Netherlands by Jet Bussemaker, former Minister of Education, Culture and Science, and Hans de Boer, Chair of the Confederation of Netherlands Industry and Employers. This is a database that provides profiles of seasoned female professionals

³ Folkman, J. and Zenger, J. (June 25, 2019). Research: Women Score Higher Than Men in Most Leadership Skills. *Harvard Business review*. Retrieved from <https://hbr.org/2019/06/research-women-score-higher-than-men-in-most-leadership-skills>

to organizations and search agencies that are looking for candidates to fill executive and non-executive positions. Creating a widely available, pan-European or even global database of potential female chairs would enable decision-makers to learn about female candidates and could eventually have a significant impact on the number of female chairs.

Encourage action at a micro level. The example of Sweden, which tops our ranking of countries with the highest proportion of female chairs, demonstrates that consistent policy at shareholder level can bring impressive results. The Swedish state holds significant stakes in 7 companies and fully owns 46 enterprises. The Ministry of Enterprise and Innovation and its board-search advisers nominate board candidates for these organizations. The Ministry strives for gender balance at both board and chair levels. As a result 47% of directors and 54% of chairs at Swedish state-owned companies are female. This policy also has a wider impact: out of the twelve women who lead boards at large, publicly traded Swedish corporations, four have been chairs of state-owned companies.

As we are perfectly aware of the limited impact of academic research on business decision-makers, we think that there is a need for a high-profile task force on female chairs modeled on the Cadbury commission. A report from such a committee, stating that women are at least as able as men to chair a board of directors and formulating specific recommendations for shareholders and nomination committees, could provide effective guidance for decision-makers, who in turn will elect more female board chairs.

Encourage women to step forward (and help them to do so). Our own research shows that women pursue opportunities to become board chairs with less enthusiasm than men. Some skeptics argue that this is natural, since men and women have different career strategies. They cite studies demonstrating that women are less likely to compete for executive positions⁴, especially if they have been rejected for similar positions earlier in their careers.⁵ Some researchers argue that women have a tendency to underestimate their own competences⁶. However, both our research and our casual observations demonstrate that women are at least as capable as men of running boards of directors. Incidentally, we could not find any large-scale corporate scandal involving female chairs. So there is no reason why they should not come forward and proactively pursue chair positions. For that to happen, however, women need help from the business community at large, educators, regulators and governments at all levels.

First, women need to become aware that they can make very good chairs. They need to understand what the work of a board leader entails and what makes chairs effective. Business schools, directors' associations, regulators, and recruiters have to make this knowledge available to women. Twice a year, for example, we run a 'Leading from the Chair' program at INSEAD with 10–15 women attending. This is a drop in the ocean. Business schools and other institutions need to develop awareness-building programs targeting prospective female board chairs.

⁴ Fernandez-Mateo, I. and Fernandez, R. (2016). Bending the Pipeline? Executive Search and Gender Inequality in Hiring for Top Management Jobs. *Management Science*, 62(12), pp.3636-3655.

⁵ Brands, R. and Fernandez-Mateo, I. (2016). Leaning Out: How Negative Recruitment Experiences Shape Women's Decisions to Compete for Executive Roles. *Administrative Science Quarterly*, 62(3), pp.405-442

⁶ Correll, Shelley J. 2001. Gender and the career choice process: The role of biased self-assessments. *American Journal of Sociology* 106, pp.1691-1730.

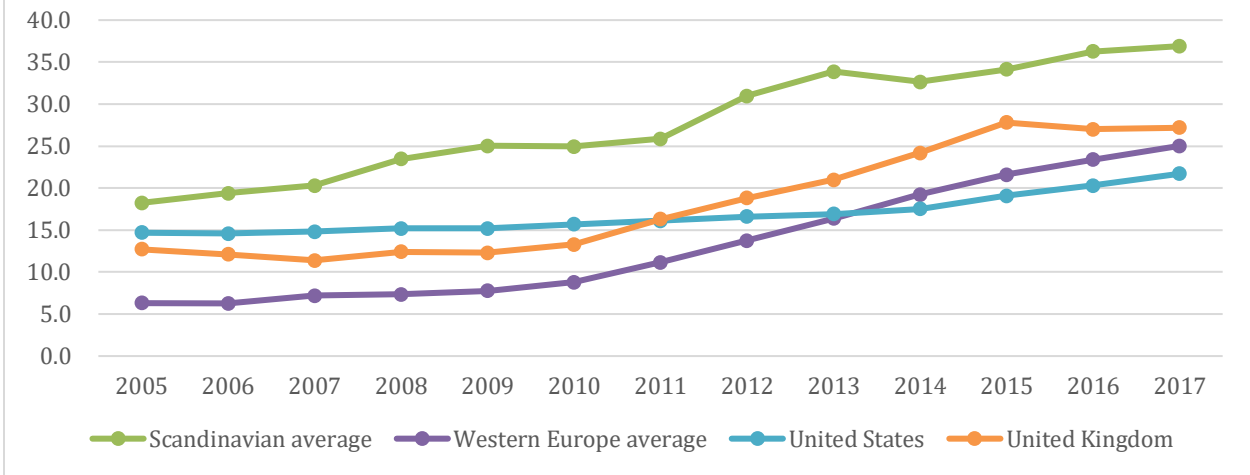
Second, prospective female chairs need to hear about successful female chairs. There is almost nothing better than a relevant example as a motivational tool for leaders. Educational institutions, voluntary associations and the media should develop and communicate stories of such effective board leaders as the late Dame Helen Alexander (UBM plc. and Port of London Authority), Catherine McLeod-Seltzer (Kinross), Maria Patrizia Grieco (Enel, Italian Corporate Governance Committee), Anne-Marie Couderc (Air France-KLM) and others.

Third, future female chairs need mentoring, which could come from experienced board leaders, both men and women. Organizations like Women on Boards or Catalyst show that such relationships not only prepare mentees technically – and most important mentally – for chair positions but also help them to expand their networks and become known to decision-makers.

Increasing female representation at the level of board leaders is a worthy and challenging task which will be accomplished only when all stakeholders unite their efforts to bring about positive change. Initiatives such as that pioneered in the UK by Helen Pitcher, Chairman of Advanced Boardroom Excellence Limited, demonstrate that such efforts are already taking place.

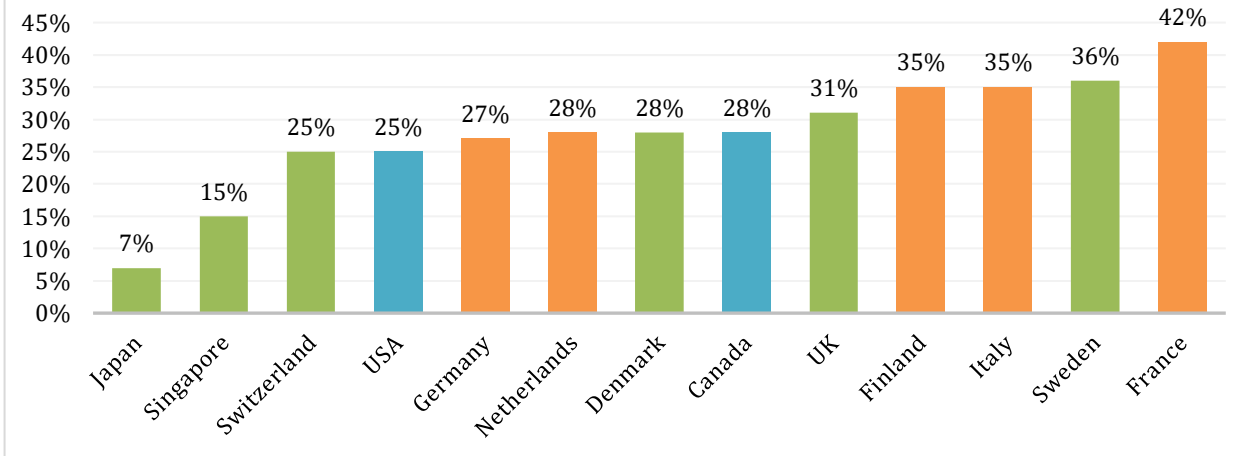
'There are 900 women and 2,000 men on boards in the FTSE, yet only 6 female Chairs and a similar number of female CEOs. It is self evident that there is a pool of women who are capable of being very effective Chairmen, indeed many of them chair significant subcommittees of the board. It is therefore nonsensical to claim that such a pool does not exist. Our initiative in conjunction with Cranfield, INSEAD, The Pipeline, Hampton Alexander and many prominent men and women is designed to create a template for shifting the dial and obtain pledges from existing Chairmen to support the acceleration of capable women into the role.' Helen Pitcher, head of Advancing Women to Chairs initiative.

Fig. 1. Percentage of female directors as



Source: OECD Statistics, 2018.

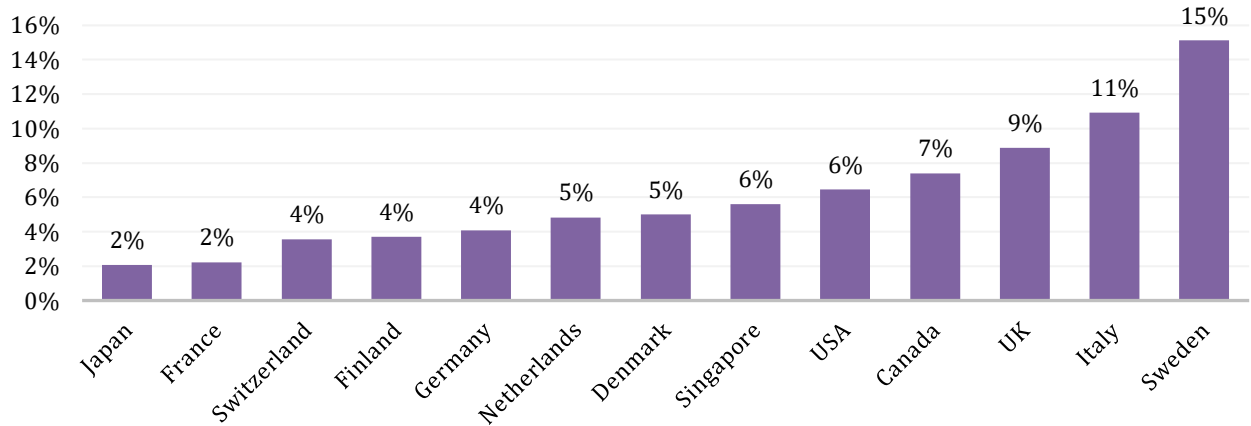
Fig. 2. Percentage of female directors in selected developed economies in 2018



Source: BoardEx

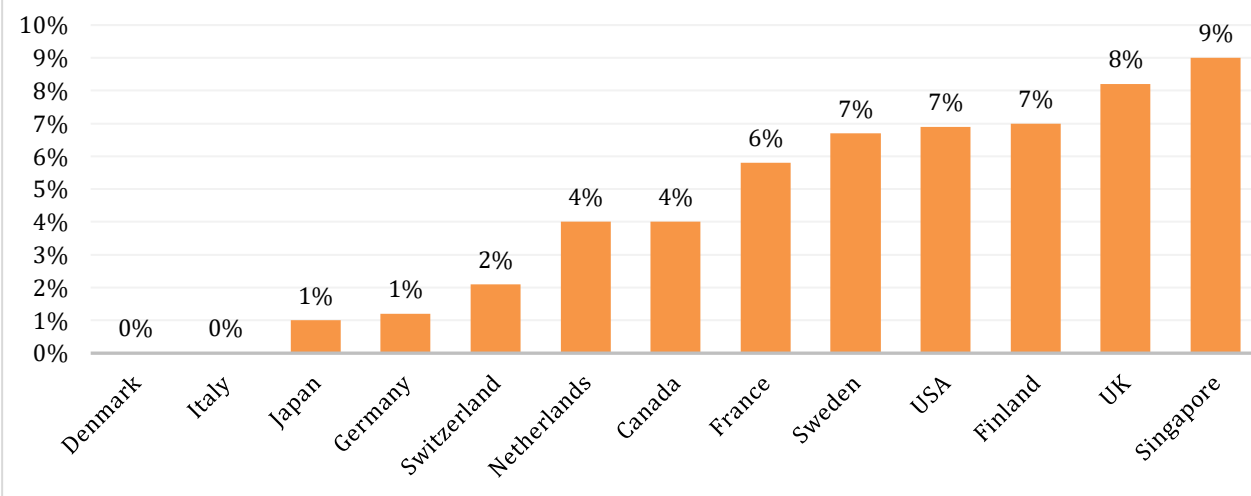
Orange highlighted are countries with mandatory gender quotas on boards, Canada and USA have quotas only in one province each (Quebec and California)

Fig. 3. Female chairs in selected developed economies in 2018 (%)



Source: BoardEx

Fig. 5. Female CEOs (% of total in 2018)



Source: "Route to the Top 2018" by Heidrick & Struggles

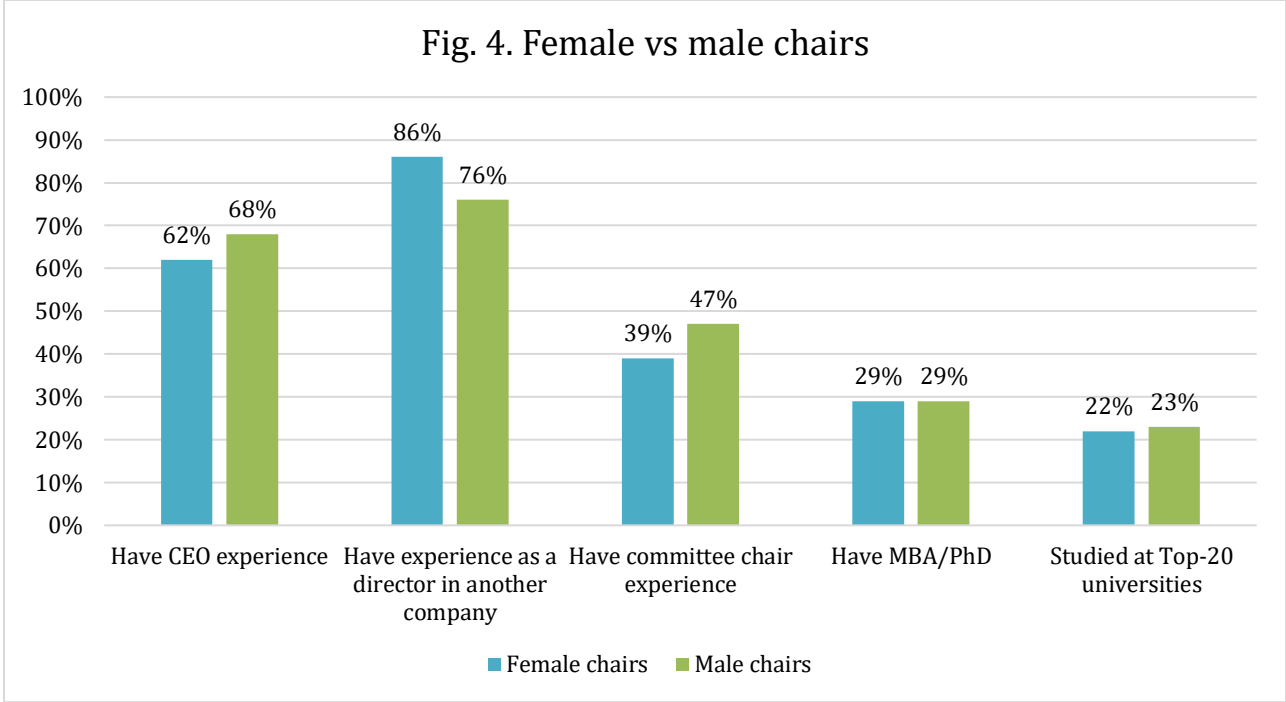
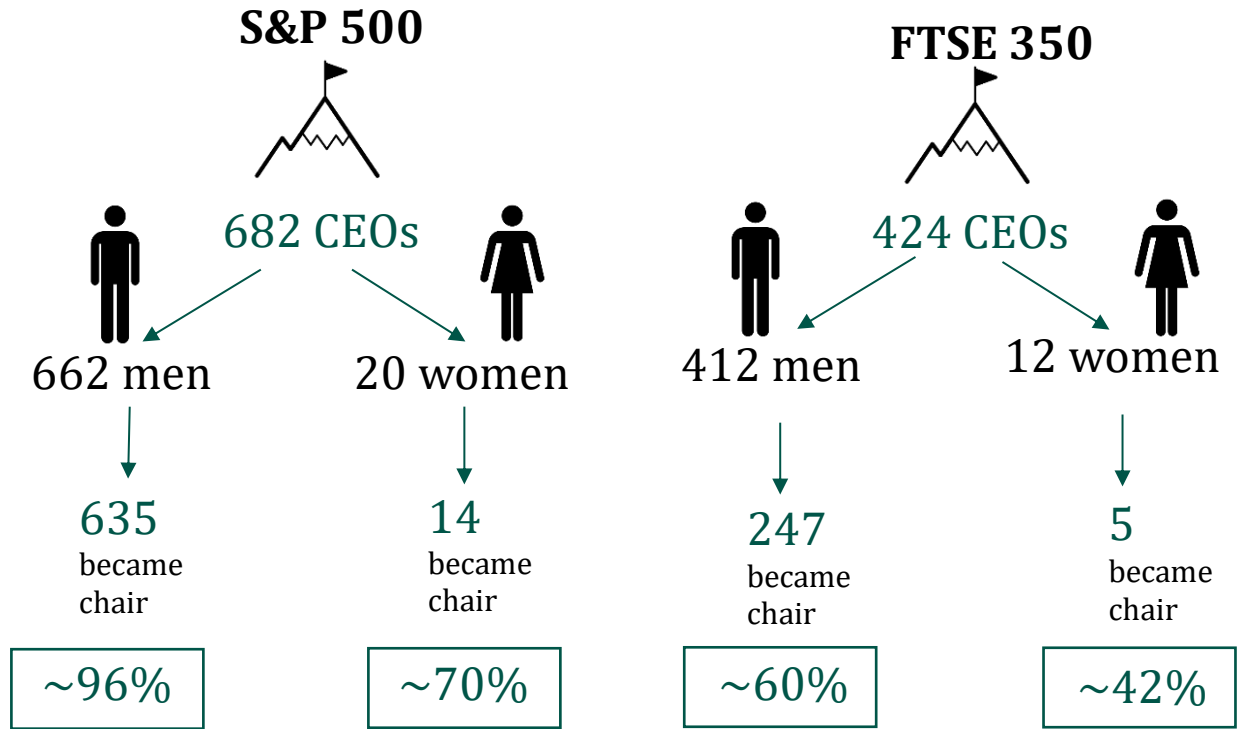
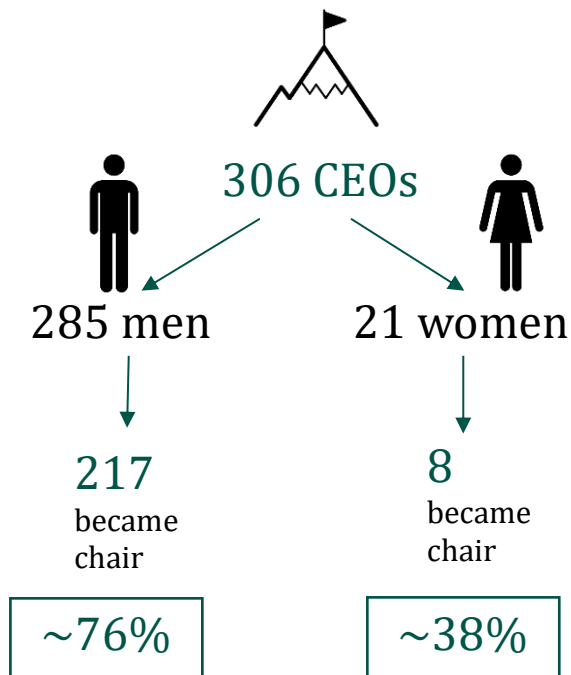


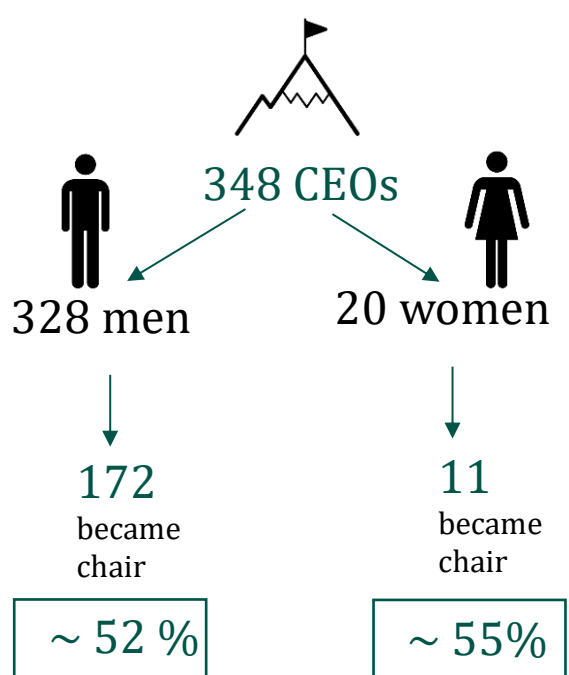
Fig. 6. Female and male CEOs' career paths



CAC-All Tradable (France)



Sweden Top-Cap



Source: BoardEx, CEOs are chosen from those who started role in 1994-2018.