

# WOMAN CAPITAL

## Why we need women bosses



About 90% of top UK companies have no women execs

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**As part of a weekly series on women in business, two academics explain why women are failing to lead the UK's top companies.**

Despite 30 years of equal opportunities legislation, many well-qualified, capable, experienced and ambitious women still find a career barrier at the top management level in the UK's biggest companies.

This is in spite of expectations from childhood that they will spend most, if not all of their adult life in paid employment.

The number of companies with women directors has fallen for the last three years.

The 2001 Cranfield Female FTSE Index, which tracks directorships at these leading companies, showed that there were still 43 FTSE 100 companies without any women directors.

Only 6.5% of all FTSE 100 directorships were held by women, while a staggering 92% of the companies had no women executive directors.

### Too many barriers

There are a number of explanations for the barriers to women aspiring to directorships of FTSE 100 companies.

**FTSE 100 record for  
most female  
directors**

**Marks & Spencer  
Legal & General  
AstraZeneca**

**Source: Cranfield 2001**

# WOMAN CAPITAL

Often, these take the form of comments about the lack of suitable women in the talent pool.

The women haven't been dedicated enough to their careers, they lack confidence and commitment, they don't promote themselves, they haven't got the right profile and experiences - explanations often given by senior males.

Little is said about whose responsibility it might be to manage succession planning and talent spotting to develop this resource pool of women.



Dr Singh: Not enough women are succeeding

Comments are also made about the inhospitable corporate cultures and discourses within these top companies - an explanation frequently preferred by academics.

### 'Think director, think male'

Explanations are important, as they form the basis on which diagnostics are made and interventions designed to redress the situation.

They also help clarify why addressing the so-called deficiencies in the profiles of women and in the culture of organisations does not bring about speedy change.

Agency theory, borrowed from economics, can provide a powerful explanation.

Under this theory, principal and agent parties will always work to minimise risk in an undertaking.

If we see an organisation's chairman as its principal and the board appointing committee as agents, we can expect that they will minimise risk.

They will appoint people with whom they are comfortable, those similar to themselves, hence the persistence of the "think director, think male" phenomenon.

Only when there is a need to fill a strategic gap is the brief wider, allowing for diversity to be welcomed.

### No women please, we're British

Secondly, when head hunters are involved in director selection, they act as agents.

Because they want repeat business, they minimise risk by short-listing those whom they expect best to fit the existing director mould - again, "think director, think male".

Head hunters Russell Reynolds Associates (RRA) recently reported that there was little demand for females to be included on UK

**Best FTSE 100 record for female directors**

**Marks & Spencer  
Logica  
AstraZeneca  
Legal & General**

**Source: Cranfield 2001**

**Worst FTSE 100 record for female directors**

**BHP Billiton  
Standard Chartered**

**Source: Cranfield 2001**

# WOMAN CAPITAL

company director short lists.

This is in contrast to the company's experience in the US where headhunting females was a flourishing separate division of their business.

## **Only baronesses are welcome**

The exception to this theory seems to be women with titles.

The use of titles - particularly the "baroness" as a personal merit title - but also academic titles and social titles implying powerful social connections, visibly reduces the risk incurred in employing these women to FTSE 100 directorships.

It also explains why more women directors have titles than their male counterparts and why titled women are more likely to have multiple top directorships.

However, the future does not look very promising.

The RRA survey of FTSE 100 chairmen reported that chairmen thought good women directors were hard to find, "gender and ethnicity do not matter a damn", and "it is important in the perception of the public only".



Baronesses go down well in business

## **Diversity**

Yet women directors could bring new perspectives to the boardroom, from their diverse experiences, for example, as consumers, decision-makers and users.

Whilst male managers tend to be similar thinking, decision-making types, women managers bring greater variety of thinking and personality types.

They also offer different ethical, communicative and environmental values and a preference for a more androgynous leadership style.

The valuing of this different voice which women directors could bring still seems a long way off in almost half of the top 100 companies.

"Think director, think male" is likely to persist for some years yet.

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*The 2002 Cranfield Female FTSE Index will be launched by Harriet Harman, MP, at the Institute of Directors' Women's Leadership Summit on 13 November 2002.*