GENDER DIVERSITY IN THE BOARDROOM

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Gender diversity in boardrooms is a hot global topic in corporate governance. One reason for is that some research indicated that boards with women perform better than male-only boards. Another important reason is that the current pace of growth in the number of women on boards is not encouraging. During Hawkamah's "Women on Boards" study tour in New York October 2015, a professor at Columbia Law School indicated that with the current growth rate of women on boards in the US, only 20% of US directors will be women in 2045. In the report "Every Other One: More Women on Corporate Boards", released by the Committee for Economic Development, November 2014,it documents very slow change taking place and estimates that with the current growth rates, and according to the "CATALYST" commenting on the report findings, it will take these companies more than one hundred years to have 50% of boards to be women. The question then becomes; if gender diversity is good for boards and companies, then why isn't it happening? How can we speed up the change?

Reasons why not too many women sit on corporate boards are many. Some reasons are easier to address than others, but most, if not all, of the hurdles relate to culture. Throughout the meetings during the NYC study tour, it was clear that the statement that "the boardroom is male dominated and that is what creates the problem", was oversimplifying the situation and that the challenges are far more complex.

"Women must do their homework in terms of preparing themselves for the board room. Women also must possess technical skill and knowledge that makes them valuable for the board and the organization". This argument sounds more logical and matches with what most female and male experts' viewpoints. In my point of view, this is the key challenge. Only it does not apply only to women. Men too need to prepare themselves well before they get into the board room. They too must have some technical knowledge and skills that will help them add value to the organization when they serve on its board. Here lies the heart of the problem.

How do you prepare yourself to become a productive board member? Of course taking the proper governance and leadership courses is important. But where do board members come from ultimately? They are usually taken from top management. So being a senior executive, or a member of the C-suite, is one key entry points for being a board members, this message came out during many of the meetings, if you want more women on boards, get more women on senior management level. McKinsey & Company conducted a relevant study "Women in the Workplace 2015" on Fortune 500. The study found out that in 2012, the pipeline for the C-suite jobs in the Fortune 500 companies had only 16% women. In 2015 the percentage went up to 17%, almost statistically insignificant change. The study also found out that women face more obstacles than men in reaching for senior leadership roles. Another study, "Cracking the Code", by KPMG, YSC, and the 30% club on S&P 500, released in 2014, found out that only 18% of Executive Committee (ExCo) members are women, a man is 4.5 times more likely to get to the ExCo than a woman.

So it does look like addressing the lack of women on boards starts from addressing the lack of women on top management, even in the Fortune 500 and S&P 500 companies. The 30% club study responded to 10 of the top myths used to explain why women do not get the chance to climb the corporate ladder as much as men do. It went further by proving through research that they are not real reasons, but rather myths. The first myth is that women do not aspire to senior leadership roles. Research has proven that this is not true. Women have different way to define success that may be misled into that myth. One of the other myths is that childrearing stops women from getting to the top. Research shows while childrearing may slow down the woman's career progression, but it does not stop her from getting to the top. And the "Cracking the Code" study went on responding to each of the top ten myths through research results. This includes also the notion of lack of confidence, poor leadership qualities, poor networks, etc.

The important conclusion from these studies that was also echoed during our meetings during the study tour, is that there has to be serious efforts in changing the organizational and work culture in general. In a survey of close to 30,000 employees from 34 companies, McKinsey & Company found compelling evidence that women are disadvantaged by company practices and culture, and even some men are disadvantaged too. The changes we need to see in companies aim at enabling women to advance in their careers and to reach for the C-suite and top management positions so that they can join the pipeline for board seats. Why this is difficult? Well, the McKinsey study found out that only one in 9 men actually believes that women have fewer opportunities than men.

How can we bring about change? First, organizations need to see the true picture. Creating reports on gender equality in the workplace, along with the right statistics on an annual basis and tracking changes is a good start. Percentages of women in all management levels will for sure help the organization in getting the picture right. Second, organizational policies must take into account that people are different, the more rigid policies of work hours and leaves, the tougher it gets on women and even some men to be able to advance in their careers. With policies such as hot-desking, flexible working hours, management by objectives, organizations can get the best out of their employees while they can also take care of their personal lives. Companies need also to make conscious decisions of empowering women at the C-suite and top management positions. A self-set quota is not a bad idea, a quota that can be increased every few years until we really break the glass ceiling. A third policy the experts we met during our tour found very useful was "sponsors". A sponsor is a top executive who perceives a female manager or employee to be a good candidate for higher positions. So he coaches her and supports her appointment to higher posts once he feels that she is ready. A sponsor is different than a mentor who coaches the mentee but he takes on the responsibility of nominating the sponsored to a higher post. Finally, organizations should review their HR policies, item by item, to see if they are gender-biased or not. This is not about maternity leave for example, but about how such leave will affect the employee's career. For example, the McKinsey survey found out that more than 90% of both women and men believe that a leave of absence to take care of a family matter will hurt their career. Such high percentage cannot be totally irrational or unjustified.

While company policies will create the qualified pipeline of female candidates to be nominated and elected for boards, other efforts from boards and owners are needed as well. Company owners, boards and the government must have gender diversity as one of their priorities. It is not only good for the company performance and profitability, but it is also the right thing to do. Board chairmen must make conscious decisions to have at least one female director. The GCC countries do not lack qualified women. The program that Hawkamah launched this year helped in creating a qualified pool of women who can serve on boards of the government, listed companies, and family businesses.

Finally, it is important to understand that the problem of gender inequality is not just a problem in the Arab world. It is a global one. The fact that countries such as Denmark, France, and Canada established a quota system for boards says a lot. Governments have an important role to play in breaking the "glass ceiling", even in the most developed countries in the world. The cabinet decree of 2012 at the UAE to mandate at least one women director on each government board was a great one to push change in the government. The change on listing rules by HE Minister of Economy in May 2015 mandating listing companies to have at least one female candidate for the board membership, was a much needed change to force listed companies to think about the issue of gender equality. And the fact that the rule is "comply or explain" based, will make companies to think many times before simply ignoring it, for they have to give a good reason why no woman was nominated for board membership. It remains important though that women do not create their own "glass ceiling", thinking that they cannot devote enough time to being successful C—suite or board members. Many of the successful women directors we met are mothers, grandmothers, and CEOs and board members in many organizations. In brief, women can be effective board members and continue to be good mothers at the same time. With family and company support, the whole society will benefit a lot from one of its major assets that is still underutilized.