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# Women at managerial positions and the competitiveness of companies

## Introduction

The globalisation of economies and the resulting fierce international competition both on the part of manufacturers of goods and services and on the part of human resources induce companies to search for ever new methods of making a mark in the market, either as an employer or as a manufacturer and entrepreneur. For these reasons, a contemporary business makes increasingly extensive use of women's talents because it is women rather than men who are more frequently better educated and endowed with traits and skills that are well aligned with company management in the knowledge-based global economy. The complementarity of traits and skills displayed by men and women as employees or managers is becoming an asset in the face of a turbulent economy characterised by dynamic transformations and frequent crises.

An increasing number of studies whose results have been published in the last decade indicate that employing women at the highest managerial levels (as executives on management boards and supervisory boards) brings a company both, economic and non-economic benefits. Consequently, making efforts to ensure that more women than so far have a decisive influence on company management not only manifests the pursuit of the principle of equal gender treatment but also translates into a company's position in the competitive market.

The goal of the article is to present the latest quantitative data illustrating women's presence at managerial positions in Poland as compared to other European countries and to demonstrate that gender-mixed management boards have an impact on the competitiveness of a company. The analysis uses secondary data, i.e., the published results of previous research into this relatively new problem of benefits related to gender diversity at the highest managerial levels.

## Women at managerial positions

It can be noticed all around the world that the higher the managerial position, the fewer the women. Cyclical studies conducted by the European Commission among the largest public companies understood as companies listed on the stock exchanges of European Union Member States show that the last decade has witnessed an increase in the percentage of women both among all managers and among senior personnel (board members: chairpersons, non-executives, senior managers), as well as on management boards and supervisory boards (executives)[1] – see Table 1. The increase has been possible, *inter alia*, thanks to numerous activities encouraging companies to implement equality and gender diversity policies in the workplace and at managerial positions.

The data contained in Table 1 show that, throughout the last decade, the relatively largest increase (by twofold) has been seen in the representation of women among board members – from 11% to nearly 27%. An appreciable rise in the percentage of women has been observed also among top personnel (management boards and supervisory boards) – from 10% to almost 17%. The relatively least marked transformations have taken

**Table 1.** Women at managerial positions in the largest listed companies in the years 2008-2018 (the European Union average)

| Year | % of women among | | |
|---|---|---|---|
| | all managers | board members | executives |
| 2008 | 34.8 | 10.8 | . |
| 2009 | 35.6 | 11,0 | . |
| 2010 | 36.1 | 11.9 | . |
| 2011 | 36.1 | 13.7 | . |
| 2012 | 35.9 | 15.8 | 10.4 |
| 2013 | 35.0 | 17.8 | 11.8 |
| 2014 | 35.3 | 20.2 | 12.9 |
| 2015 | 35.5 | 22.7 | 14.3 |
| 2016 | 36.0 | 23.9 | 14.9 |
| 2017 | 36.2 | 25.3 | 15.8 |
| 2018 | 36.9 | 26.7 | 16.6 |

Note: no data about the percentage of women among executives in the years 2008-2011.

Source: own elaboration based on Eurostat 2019 data available at https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=sdg_05_60&plugin=1&tableSelection=2 (download: 19.10.2019).

place in the group of all managers – the percentage of women has risen from 35% to 37%. In the case of senior and top personnel, which usually has only a limited number of members, employing one woman results in a considerable increase in the percentage share of women. This is not the case with all managers – a more substantial increase in the number of women is needed to exert a visible impact on the percentage share.

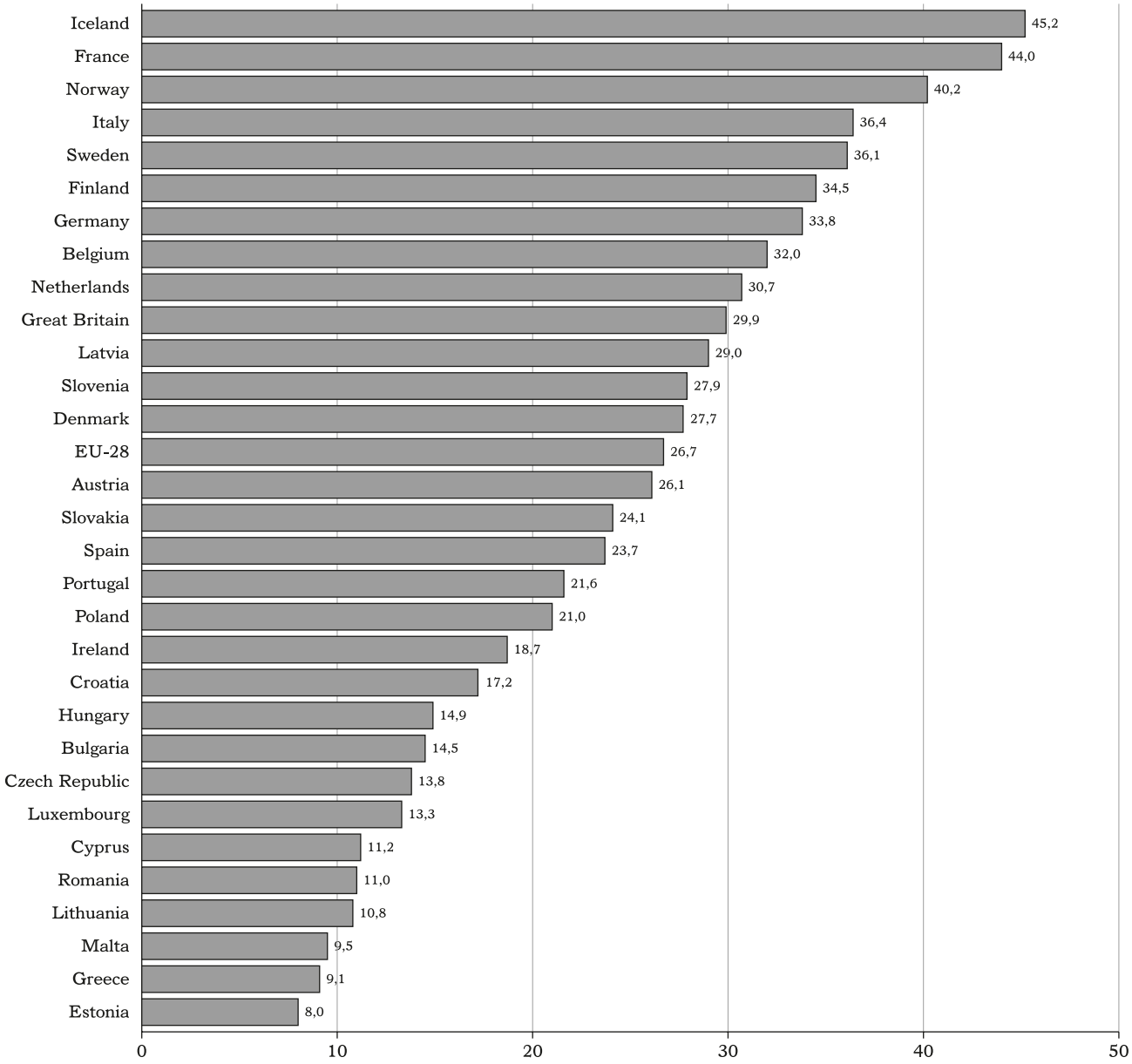
The data presented in Table 1 indicate the unalterably low representation of women at managerial positions in public companies listed on the stock exchanges of the majority of the countries. There are a few countries in which the representation of women is relatively high (Latvia 56% of women among managers, Estonia – 49%, Poland – 47%), but there are also countries in which it is low (Germany – 30%, Cyprus – 23%) [Eurostat, 2019].

As regards the proportion of women among board members (see Figure 1), the relatively highest rates are registered in Iceland (45%), France (44%), Norway (40%) and Italy (36%), which are those European countries that have introduced obligatory quotas in business, either subject to sanctions, as is the case with France, Norway, and Italy, or without any sanctions, as is the case with Iceland. In the report of the European Commission of 2019, it is emphasized that the countries that have introduced obligatory quotas in business together with some kind of sanctions (Belgium, France, Germany and Italy) have also seen the largest increase in the representation of women among boards members throughout the decade 2010-2018 [European Commission 2019:28]. Relatively high rates are registered also in Finland (35%) and Sweden (36%), which do not have any quotas in place but have been implementing a progressive and comprehensive policy of gender equality.

Such countries as the Netherlands, Spain, India, Malesia or Israel have also an obligatory quota in business without any established sanctions, while Denmark, Greece, Austria, Poland, Ireland, Slovenia or Kenia have adopted solely so-called soft regulations requiring public companies to apply quotas [Kirsch 2018:347]. In certain countries, companies are required to disclose data about the gender structure at managerial positions and establish their own relevant indicators (e.g., USA). Most of the countries that have undertaken actions aimed at increasing the proportion of women at senior managerial positions apply soft measures, ones that are non-obligatory and not subject to any sanctions [Terjesen, Aguilera and Lorenz 2015].

Poland with 21% of women among board members is below the European Union average of nearly 27%. Nevertheless, it should be underlined that, throughout the last decade, the proportion of women among board members in the largest companies list-

**Figure 1.** Percentage of women among the board members of the largest companies listed on stock exchanges in European countries in 2018



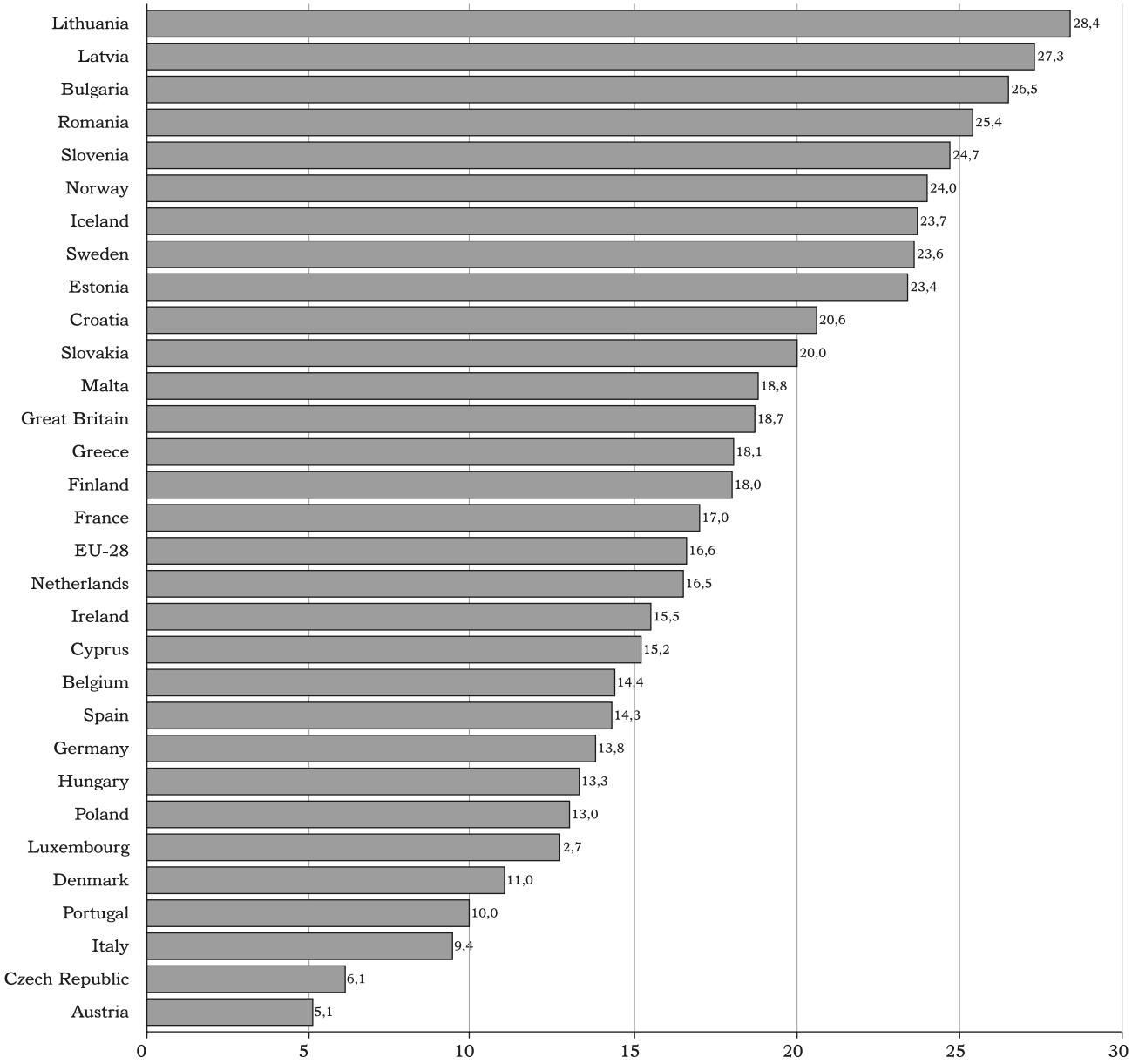

Source: own elaboration based on Eurostat data.

ed on the stock exchange in Warsaw (WIG30) has doubled (from 10.4% in 2008 up to 21.0% in 2018).

At the highest levels of management (on management board and supervisory boards), the proportion of women is low – none of the countries reaches the threshold of 30% (Figure 2).

Despite the recommendations put forward by the European Commission for the Member States since 2010, calling for listed companies to voluntarily participate in the promotion of women on the management boards and supervisory boards, and despite the draft directive proposed in 2012 by the European Parliament regarding quotas on the supervisory boards of large public companies [Directive 2012] as well as the adoption of the non-financial reporting directive in 2014 requiring certain large public interest entities and groups to disclose non-financial and diversity information [Directive 2014], the recommended ratios – 40% by 2018 for public companies and by 2020 for any

**Figure 2.** Percentage of women on the management boards and supervisory boards (*executives*) of the largest companies listed on European stock exchanges in 2018.




Source: own elaboration based on Eurostat data.

other companies – have not been achieved. There has been so far no agreement among the EU Member States regarding the obligatory quota in business, so the directive is not binding and it is up to the goodwill of individual governments to introduce internal regulations aimed at promoting women for the highest managerial positions.

The data presented in Figure 2 imply that Poland, with 13% of women on the management boards and supervisory boards of the largest listed companies, is below the European Union average. The relatively largest number of women in such bodies can be found in Lithuania and Latvia, as well as in Bulgaria, Romania, Slovenia, and Norway.

The low percentage of women at senior and top managerial positions is attributed in source literature to the cultural conditions and the stereotypical perception of roles performed by women and men in society. The research of American scholars suggests that men's skills are overestimated

while women's skills are underestimated, also by women themselves, in the process of recruitment for managerial positions [Wolfers 2006; Reuben et al. 2012]. It is the norm that men lead, work as managers and make business decisions while it is outside the norm for women to assume the highest managerial positions. It is difficult to reach the so-called critical mass at these positions so as to eradicate the perception of women as not really suitable for senior and top managerial positions [Erkut et al. 2008]. The stereotypical approach obfuscates the fact that today women have qualifications necessary to perform managerial functions – they hold a higher education degree more frequently than men (in Poland 44.7% of working women have a higher education degree as compared to 27.1% of working men [GUS 2019]), more often obtain degrees in fields related to management or undertake post-graduate managerial studies as compared to men.

The history of women in the public sphere is a relatively short one when compared to the history of men. Even less extensive is women's experience in the area of organisation management, so they have not had the time to establish their own networks of contacts or develop forms of mutual support modelled on those present in the men's world. Consequently, they have major difficulties effectively communicating their managerial aspirations and being promoted to the managerial positions to which they aspire. Scholars investigating this phenomenon at the same time indicate, based on analyses and studies conducted in the last decades, that gender diversity on the management boards of companies bring numerous economic and non-economic benefits.

## Gender balance on management boards in the context of company competitiveness

A Gallup survey conducted among more than ten thousand American employees reveals that women leaders are better valued than men. The survey shows that female bosses are more engaged in their work than male bosses and more effective at motivating their subordinates to work, thereby improving employee efficiency. Employees who reported to female managers agreed with the statement '*There is someone at work who encourages my development'* 1.26 times more frequently than employees reporting to male managers. This means that female managers are more likely than men to discern the potential of their employees and support them in the process of development. Employees who reported to women definitely agreed with the statement '*In the last six months, someone at work talked to me about my progress*' 1.29 times more frequently than those who reported to men. Female managers, more frequently than male ones, provide their subordinates with feedback on their achievements, one of the most important expectations of employees towards their bosses. Employees reporting to women definitely agreed with the statement '*In the last seven days, I have received recognition or praise for doing good work*' 1.17 times more frequently than those reporting to men. In general, the survey suggests that female managers, as compared to male managers, display better skills in the scope of motivating employees and meeting their expectations regarding the workplace [Gallup 2012].

Numerous authors argue that the presence of women at managerial positions, including the most senior ones, helps a company to achieve economic and non-economic benefits. There are also authors who claim that one can speak only of non-economic benefits. Economic benefits include better financial results [Lisowska 2010; Credit Suisse 2012; McKinsey 2013; Post and Byron 2014; Conyon and He 2017; Vishwakarma 2017; Dang et al. 2018; Martin-Ugedo et al. 2018], more effective management of a company's profits [Fan et al. 2019] and higher company's value in the market [Wang and Shao 2017; Dzinkowski 2018; Triki-Damak 2018].

Seung-Hwan and Harrison [2017] report that a larger share of women at managerial positions is positively correlated with a company's financial results over a long-term period but negatively over a short-term period. These correlations are often explained by aversion to risk displayed by women [Adhikari 2018]. Other authors [Adams and Funk 2012; Sila et al. 2016], by contrast, conclude that there is no evidence that the gender-mixed composition of management boards has any influence on a lower aversion to the risk generated by a company. It is indicated that women at managerial positions differ from average women and are more eager to take risk than women as such are stereotypically believed to be. Research has shown that in countries with higher gender equality rates the impact of gender-mixed management boards on a company's financial results is more visible, just as in those

countries which enforce more stringent regulations regarding the protection of shareholders [Kirsch 2018:353; Martinez and Rambaud 2019:9].

Other research shows that a larger number of women among managers of a company results in attention to ethical behaviours, so, in consequence, reduction of corruption [Breen et al. 2017], and lower tendency to dismiss employees following a crisis [Deller et al. 2017].

The most frequently discussed non-financial benefits include those in the scope of business social responsibility and company reputation [Williams 2003; Adams et al. 2015; Byron and Post 2016; Zou et al. 2018]. Studies and meta-analyses undertaken so far by numerous authors confirm the overall positive influence exerted by the presence of women at managerial positions on the actual implementation of social business responsibility solutions by companies [Boulouta 2013; Glass et al. 2016; Hafsi and Turgut 2013; Harjoto et al. 2015; Mallin and Michelon 2011; Post et al. 2015].

The source literature indicates also that a greater number of women at the highest managerial positions increases the competitiveness of companies because a company is viewed as a non-discriminatory employer and, as a result, attracts talents [Peters 2005], that gender-mixed teams are more efficient and innovative [Diaz-Garcia et al. 2013; Wooley et al. 2010] and that, thanks to the presence of women at the highest decision-making positions, a company's range of products is wider and better adjusted to different groups of consumers, for instance to women as those who make most purchasing decisions [Silverstein and Sayre 2009].

While summarising the findings from a review of the source literature regarding gender diversity in the composition of management boards and the benefits of this diversity for a company, it is worth mentioning that authors reference the following three theories: agency theory [Jensen and Meckling 1976; Hatch 2002], resource dependence theory [Pfeffer and Salancik 1978; Stańczyk-Hugiet 2017] and signalling theory [Spence 1973; Duliniec 2001]. The agency theory has been applied to explain that women at managerial positions contribute to the better (more honest) monitoring of activities and effects of decisions made by a company's managers. The authors who use this theory believe that women are more independent than male directors because they are not a part of the old boys' networks, as a result of which they display greater flexibility in improving the system of monitoring a company's internal processes. The resource dependence theory, in turn, has been exploited to argue that women directors provide resources other than men. Consequently, thanks to the presence of women among directors, a company has a broader range of talents at its disposal. Both better monitoring and better resources improve the effectiveness of a management board and a company's results. As much as it is necessary to mention that the gender diversity of management boards may be viewed negatively because it gives rise to certain difficulties with adaptation, mixed teams make better decisions because they take into account many various perspectives, thereby generating more ideas, are more creative and innovative, and better adjust their decisions to the possibilities of implementing them in a given place and at a given time [Kirsch 2018:352]. The signalling theory, which is less frequently applied in analyses concerning the benefits of women's participation in management, emphasizes that employing women on management boards is a signal sent to investors, consumers, shareholders or prospective employees that a company legitimizes compliance with law and social values in its activities. Thereby, shareholders receive indirect information that a company is implementing a policy of equalising opportunities in employment, takes the needs of women and minorities into consideration while developing products or services or that a company is socially responsible [Kirsch 2018:352]. All these factors contribute to the positioning of a company as more competitive in the market.

## Conclusion

Research into women in management has intensified in the last decade. A review of literature shows that a larger proportion of women on the management boards and supervisory boards of companies contributes in general to compliance with the principle of gender equality in employment and the economic sphere. Moreover, it often brings a company benefits in the competitive market. It should be emphasized that a larger share of women at senior managerial positions is an important hint for shareholders, who pay ever more attention to the gender composition of management boards. In the countries in which shareholders receive greater legal protection and in which gender equality rates are higher, such economic benefits as better financial results,

more effective management of profits and higher market value of a company manifest themselves more prominently. Companies that have a significant share of women on their management boards send a signal that they are a friendly and non-discriminatory workplace, so they attract talents – creative and innovative people – and their offer may be better adjusted to various social groups.

[1] The definitions of terms related to Eurostat data and European Commission are as follows: "**Managerial positions** are defined according to the International Standard Classification of Occupations (ISCO-08), which is managed by the International Labour Organisation. Managers plan, direct, coordinate and evaluate the overall activities of enterprises, governments and other organizations, or of organizational units within them, and formulate and review their policies, laws, rules and regulations. The source of data is Labour Force Survey. **Board members** cover all members of the highest decision-making body (i.e., chairperson, non-executive directors, senior executives and employee representatives, where present). The highest decision-making body is usually termed the supervisory board (in case of a two-tier governance system) or the board of directors (in a unitary system). **Executives** refer to senior executives in the two highest decision-making bodies of the largest nationally registered companies listed on the national stock exchange. The two highest decision-making bodies are usually referred to as the supervisory board and the management board (in case of a two-tier governance system) and the board of directors and executive/management committee (in a unitary system). The source of data on female executives is the European Institute for Gender Equality" [Eurostat 2019a:4].

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