

Call to Action to shatter glass ceiling
Role of European business schools to reach equality
in Europe's boardrooms
05 December 2011

INTRODUCTION

European Commission Vice-President Viviane Reding furthered her initiative to obtain more gender balance in European boardrooms by joining together with Europe's leading business schools and the female board members within their eco-systems to support their launch of a "Call to Action" to shatter the glass ceilings impeding senior women executives from acceding to corporate boardroom seats throughout Europe.

BUSINESS SCHOOLS HOLD ONE OF THE KEYS

Business schools hold one of the keys to obtaining more women in the corporate boardrooms of Europe over time and this because of three reasons:

- As a question of ethics and performance, business schools should **promote and advocate** the diversity of leadership of which female leadership makes an integral part
- Business schools form **one of the key sources of the development of new future talent**. They develop our future (male and female) leaders
- Business schools have a **unique access to both our female leadership and to the corporate and academic world** and can act as an 'intermediary' and catalyst

Business schools have an important role to actively promote female leadership and to build awareness in the corporate world. They are one of the starting points of female executive talent development.

CALL TO ACTION

The following "Call to Action" identifies specific actions for business schools to take and/or which are already being taken to promote current senior female leadership in Europe in the corporate world and at the same time ensure that the pipeline of female talent is filled. The initiatives below are a synthesis of the actions put forward by concerned, contributing business schools and the female board members in their eco- systems, committed to making this happen. McKinsey & Company has facilitated the synthesis of the actions and provided further fact base and insights from the McKinsey's *Women*

Matter research. The implementation and success of the respective measures will be tracked by the Women on Board Task Force which is currently in place within the Directorate of Justice, Fundamental Rights and Citizenship at the European Commission.

The “Call to Action” for Europe’s business schools to shatter the glass ceiling in Europe’s Board Rooms comprises 4 pillars:

- Pillar 1: Play a prominent role in identifying and promoting qualified senior female leadership from their eco-systems

- Pillar 2: Inspire and enable women participate and gain entrance to professional and informal networks and networking which provide mentoring and promote gender equality

- Pillar 3: Increase the inflow of women in business schools

- Pillar 4: Adapt the curriculum and focus more on capability building

While this “Call to Action” is primarily aimed at implementing measures to reach a better gender balance in European boardrooms, its contributors have stipulated that it is equally important to stimulate a higher representation of women at executive management level.

The majority of the proposed actions are therefore equally relevant to increase gender equality in executive committees.

It is also to be noted that whereas this is a European initiative, it is expected to have global implications and applications.

Pillar 1: Play a prominent role in identifying and promoting qualified senior female leadership from their eco-systems

Business schools have a great **eco-system**, made up of the constituencies of students, alumni, faculty and corporations. Each of these constituencies can play an active role in promoting women leadership. First of all, students attend b-schools to absorb management best practices and learn to be prepared for future top positions. Secondly, alumni are usually committed to contribute to building the all-important b-school network throughout their life-long careers. In addition, senior women faculty who are well respected in their fields can influence decision making in the corporate world. And last but not least, corporations which support the business schools - through donation of chairs, sponsor programs, institutes, etc. - can avail themselves of the Senior Executive Women talent in the eco-system of the school, especially when their Chairs and CEOs are members of b-school boards. In this context, the business school eco- system is well positioned to enhance the support for qualified women leaders to occupy corporate governance positions.

Call to Action – key actions proposed are:

■# 1: Inspire and motivate corporations to extend the invitation to qualified, senior executive women to join their boards and executive committees. The European business schools have spheres of influence to inspire Chairmen of the Boards and CEOs in every corporation throughout Europe - they usually even enjoy a privileged relationship with them. B- schools are thus very well placed to convince top decision makers of the added value of women diversity and to stimulate them to actively seek for qualified senior women executives

■#2: Act as catalyst in bringing female talent to boards and executive committees, and play an active role in identifying senior female talent and proposing them to Corporations. Through their unique eco-system of alumni network and the strong connection to the corporate world (through research, advice, sponsorships and chairs) business schools can play a more active role in proposing female talent for top executive and board positions

■# 3: Provide top executive programs for senior executives to transition to board member positions (e.g., one day Board readiness seminars) and for middle managers to prepare them to take on executive roles

Pillar 2: Inspire and enable women participate and gain entrance to professional and informal networks and networking which provide mentoring and promote gender equality

Women need to help each other in a business context, in the way men do. In this aspect, developing and maintaining a network and having some true mentors is often critical for career advancement and promotions, including board participation.

Research has confirmed that women have more difficulties in building a network – an important aspect of being an effective leader¹. Women also tend to be less aware of the importance of networking and network less with higher placed executives than men². This makes women less visible for career options than their male peers.

Additionally, it reduces the opportunity to come into contact with role models, a key aspect of career development.

McKinsey's *Women Matter* research has shown that some measures are more effective than others in developing gender diversity in C-Level positions, in particular specific programs focusing on training, mentoring and coaching to develop women as leaders.

Call to Action – Proposed actions are:

■#1: Foster the **creation of a “pipeline” of female “boardable”** top executives, by identifying and training them, and working jointly with head hunters. In addition, female board members should try to be members of the remuneration and nomination committees to ensure board positions are equally open for men and women

■#2: **Reinforce visibility around women at the top** through publicity of exceptional role models in school publications, conferences, etc.

■# 3: B-schools should make **efforts to integrate women better in the existing alumni network** to enhance connectivity between men and women on the one hand, and within the female population on the other hand. The network – which should be lead by both men and women – could also initiate a visibility program for corporate governance gender diversity within the school alumni. The network could also be extended through partnerships with other professional organisations and hence be used as a platform to promote women on executive committees and boards e.g., at a regional level

■# 4: As B-school environments are still very masculine, female students would benefit from additional **mentoring**. It is crucial to help women master the company codes (coaching, network building, mentoring programs). Matching senior alumni with current students would allow the students to capture real world tips while having a clear example of a successful path for a female executive

Pillar 3: Increase the inflow of women in business schools

Women have outpaced men as they currently make up ~50 - 60% of university graduates in Europe (Belgium: 60%, Spain: 58%, France: 55%, Italy: 58%, Netherlands: 56%, UK: 57%)³. On average, female students also perform better than male – they are more likely to pass their first year at university, and they have higher grades when graduating (e.g., in Belgium, 54% of female students pass their first year at university compared to 44% of the boys⁴; more than half of the top Harvard graduates were female).

Given their overrepresentation at university, one would expect a high share of women in b-schools as well. However, this is not the case: the average women share at European business schools amounts to 28%⁵. This is most likely closely related to the clear gender distinction in academic choice: women tend to favor social and medical professions, while men are still overrepresented in engineering and economics⁶ – the latter being degrees for which a complementing b-

school education is a more logical step.

In terms of admission rate, there is no gender difference in performance.

Call to Action - key actions proposed are:

■# 1: B-schools could increase their efforts to **attract more students from different educational backgrounds** such as those with social, technical, scientific and medical degrees

■# 2: Launch **Programs** specifically designed to prepare women for non- executive leadership roles. Often times women often do not have the same access to developmental opportunities compared to their male peers (e.g. in Germany almost all “Vorstand Assistants” are male), b-schools could also partner up with corporations and organisations to provide talent management support with a specific focus on women’s career development **increase the number of women** enrolling for MBA’s and other executive development programs e.g., introducing scholarships for women

■# 3: The **average age** of a European MBA student is between 30 and 35 years old (which is slightly older compared to the US) – traditionally the age at which women have young children at home. There are three potential workarounds or solutions from the business school perspective:

–It would be worth considering to introduce advanced master classes in business for which people can enroll right after university, allowing people to learn the basics of business administration at an earlier point in their career

–It is also possible to change the format of education to make it more flexible through remote learning (webinars etc.) with concentrated periods of physical presence, etc.

–B-schools could increase their efforts to attract experienced women at a slightly higher age than their male colleagues as they are less likely to face the same constraints as young mothers

In addition, it is up to each parent – both fathers and mothers – to organise the necessary support allowing them to combine their family obligations with the demands of their professional career. B-schools and corporations need to be encouraged to take into consideration providing crèches, compensation and the like for both fathers and mothers going forward.

Pillar 4: Adapt the curriculum and focus more on capability building

Curricula of business schools focus mainly on the transfer of

knowledge on the various functional aspects of managing an organisation (e.g. financial management, operational excellence, strategic management).

However, business schools have not devoted the same level of attention to developing students' awareness of and commitment to the transformative power of diversity in leadership, even though this is a key element in further developing leadership capabilities.

Capabilities such as effective leadership, problem solving, coaching and networking are just as important as functional knowledge in order to become a successful professional. In McKinsey's *Women Matter* research⁷, 2 out of 3 managers confirm that leadership training has contributed to their personal evolution, and 3 out of 4 confirm it has had a positive impact on their effectiveness as a leader.

Unfortunately, capability building is not yet sufficiently embedded into the various management programs e.g., resolving case studies in a team context provides a good opportunity to focus on team dynamics and communication skills, while in reality the emphasis is put on converting theoretical functional knowledge into practice.

Call to Action – key actions proposed are:

■# 1: Increasingly **embed** into management courses the **value of diverse teams** and how to communicate this within an organisation. Explain the different leadership styles and the required mix to become a performing company through, for example, leveraging real case studies to highlight the value of diversity

■# 2: **Increase the awareness of male students.** One of the blocking factors in women's career advancement is middle management – McKinsey's *Women Matter* study shows that 50% of male middle managers do not believe in the added value of diverse leadership styles or gender diversity⁸. This situation can be countered by, for example, classroom experiments about the impact it can have through case simulations, comparing groups in which either men or women are underrepresented. In addition, it is recommendable to revise the teaching material for gender balance and present case studies including women leaders

■# 3: **Capability building** of specific leadership skills, organised exclusively for women, or at least organised by gender. Women would benefit from learning how to improve their self-promotion, and thus should be trained on aspects such as assertiveness, communication, gravitas, art of challenging, and self-esteem. Also, raising women's awareness of self-imposed limitations and work-life

balancing options could help them better manage their future careers in a male-centric environment. Inviting female alumni to discuss the matter of women executive education and to use them as important contributors to support the executive development of managerial women is key

■# 4: **Create continuing learning opportunities for female alumni**, in order to help them grow specific skills at different moments of their career, such as preparing them to become board members. More programs for Non-Executive Director Certificates should be offered to prepare and certify top executives for board positions. Behavioral skill development prevails over mere knowledge transfer

■# 5: Lastly, a **diverse faculty** is also key, given the importance of the role model in changing people's mindset. While female role models are dominant in primary and secondary schools, they are much less present in university and b-school environments, especially at the most senior levels e.g., out of the 750 business schools in the European Foundation for Management Development (EFMD) network, only 11% of them are led by female deans

CONCLUSION

Gender diversity is increasingly at the top of all corporate agendas – and rightfully so. “Gender diversity means business”, as companies financially and organisationally benefit from more diverse leadership styles.

Business schools hold the key to bringing about this diversity and several great initiatives have already been launched across Europe. We believe that with this concerted “Call to Action”, business schools throughout not only Europe but the world can and will bring about the change towards obtaining the very best leaders for the challenges facing our world today.

Let's make it happen!

1 Margeret Linehan and Hugh Scullion, “The development of Female Global Managers: The Role of Mentoring and networking”, Journal of Business Ethics, Volume 83, Number 1, p. 29-40

2 Based on research of Prof. De Stobbeleir of the Vlerick Leuven Gent Management School, <http://www.vlerick.com/digizine11/magazine.html#/zoompage/11/>

3 Eurostat, 2009, <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

4 Patrick Martens, “Struikelen over de eerste horde”, Knack, March 2, 2011

5 Based on the average of the women representation at the top 25 European business schools, sources: Financial Times European Business school rankings 2010 and Financial Times Executive MBA (EMBA) Ranking

6 Eurostat, 2009, <http://epp.eurostat.ec.europa.eu/portal/page/portal/education/data/database>

7 McKinsey & Company, Women Matter 2008, p. 18

8 McKinsey & Company, Women Matter 2010, p. 8

CO-AUTHORS

EUROPEAN BUSINESS SCHOOLS AND BUSINESS SCHOOL ASSOCIATIONS:

Boston University Institute of Leadership Brussels (B)
<http://www.bu.edu/brussels/about/>

Judge Business School Cambridge University (UK)
<http://www.jbs.cam.ac.uk/>

EDHEC Business School (F)
<http://www.edhec.edu/>

EFMD – European Foundation for Management Development
<http://www.efmd.org/>

Erasmus University: Rotterdam School of Management (NL)
<http://www.rsm.nl/home>

ESMT (D)
<http://www.esmt.org/en/home>

IMD BUSINESS SCHOOL (CH)
<http://www.imd.org/>

INSEAD (F)
<http://www.insead.edu/home/>

University of St. Gallen: Institute for Leadership and Human Resource Management – Female Board Pool (CH)
<http://www.ifpm.unisg.ch/>

WOMEN CORPORATE DIRECTORS:

Brigitte Boone - Fortis Private Equity Group

Bridget Cosgrave - SES (L) , Steria (F)

Hélène Deslauriers - Fluxys (B)

Lady Barbara Judge -Statoil ASA (Norway), NV Bekaert SA (Belgium) and

Magna International Inc (Canada)

Lori Gonnu - Truffle Capital Investee Companies (F)

Candace Johnson - Succes Europe (F), Inovent (TR) and long-time SES (L)

Lesley Stephenson - Financial Times Non-Executive Directors Club

(The above Women Corporate Directors are also Alumnae and/or Board Members of Harvard Business School, London Business School, EDHEC, Wharton, INSEAD, and SOAS)

PROFESSIONAL ORGANIZATIONS REPRESENTED:

European Professional Women's Network

<http://www.europeanpwn.net/>

Financial Times Non-Executive Director's Club

<http://www.non-execs.com/>

GTWN – Global Telecom Women's Network

<http://gtwn.org>

GUBERNA - Belgian Governance and Board Members Association

http://www.guberna.be/index.php?option=com_eventlisting&task=view&Itemid=131

Institut des Administrateurs (F)

<http://www.ifa-asso.com/association/englishversion.php>

WiTT: Women in Telecoms and Technology (UK)

<http://www.wittgroup.org/>

WOB - Women on Board (B)

<http://www.womenonboard.be/>

TIAW - The International Alliance for Women

<http://www.tiaw.org/>