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Women as Managers in the World's Top Corporations: Underestimated Potential

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Abstract: Although the concept of gender equality does exist in all developed countries, the number of female managers is still very low. Hitherto, there have been many studies conducted in the field of feminine style of management which perfectly illustrate both their advantages and disadvantages. Nonetheless, having all this knowledge does not improve the situation of women in getting to the management positions. There is still this unwritten rule that women are perfect for administrative jobs and less responsible ones since they are expected to focus more on their families. In that case, the owners of corporations do know that a company can run with an employee being on a maternity leave, however this does not work for managerial positions. The situation when a manager is a man is widely known and has been present since such a position was introduced, so sometimes for particular corporations it is very difficult to 'break the ice' and apply a scenario (which was not present/tested before) when the woman is a manager. Thus, the aim of this paper is to analyse the world's largest corporations in terms of the number of female managers. It is important to realise that women are underestimated for managerial positions so their share in the total number of managers in the World's top corporations is very low.

Keywords: female managers, the World's top corporations, women on boards.

1. Introduction

Women are very often well educated, resistant to frustration and stress. They know perfectly what empathy is. In diligent and thorough work, they are equally creative and less autocratic than men. Their style of management, unlike men, is the essence of a democratic style i.e. it is effective, holistic, communication and partnership based (Eagly and Carli, 2007). Therefore, it is interesting to find out why so few women occupy top management positions.

Women in general are believed to lack some features that in most of the cases men have and which is confidence and belief in their own success. These features are typical of male-dominated organisations, and they emanate from the relatively short experience of women in the public sphere. This particularly applies to managerial positions. But today's business needs more and more values other than those created by the men culture of work. Today's market is based primarily on knowledge and service economies, organisational structures are flattened, and managers recognize the benefits of diversity. The era of management by fear seems to be ended and now it is time for management by partnership (Hamm, 2006). Feminine style of management allows a company to fit better into the needs of modern economy and achieve better financial results. Lisowska (2009) notices that female managers offer: (1) interactive style of leadership, consistent with their life experience; (2) focus on cooperation and communication between people, (3) their contextual way of thinking and perception of the company as a whole, and (4) ways to fight against the glass ceiling.

In developed countries, women account for half of the educated workforce on the labour market, but their representation in the structure of boards or supervisory boards is inadequate to their education and professional experience (Wodzyńska, 2016). Thus, this paper attempts to analyse the world's largest corporations in terms of the number of female managers. The importance of this paper is justified by the synthesis of literature on women and managerial positions as well as empirical (statistical) analysis of nearly one thousand the top corporations across the world.

2. Literature review

The issue of women as managers has been raised numerous times in the literature. It has gained a noticeable attention in management sciences. However, this section contains only a selection of literature which suits its purpose in order to make a clear direction towards empirical analysis.

Stępień (2015) argues that considering the international situation, there is a low participation of women in the supervisory boards and management boards. By comparing it to the participation of women in the population as well as their education and professional qualifications, the participation of women in decision-making bodies can even be considered symbolic. As a result of this situation, discussions on solutions in this area are becoming more and more frequent. Reasons for such situations can be traced to existing stereotypes or fixed prejudices regarding the social roles of women and men. Regardless of the existing economic argumentation about the influence of women on company management, it is important to remember that the emergence of people involved in corporate governance is a social process that should involve the interests of the whole community, not just the part of the community. One of the factors influencing the increase of women's participation in decision-making processes in companies can be, for example, transparent procedures for the selection of company authorities or transparent procedures for promotion to decision-making positions.

Kupczyk (2009) in her research comes to a general conclusion that the potential of women on boards in Poland and in the world, it is still not fully used. She claims that despite some cultural stereotypes, no significant differences were found between women and men what would justify their discrimination in managerial positions.

According to Gromkowska-Melosik (2015), most of the women still accept the traditional version of femininity, related to raising children and devoting themselves for family, consciously (though often regretfully) giving up career. Another place in this vicious circle is the 'lack of access' of women to high (and high-income) positions. Here company owners are reluctant to promote women to management positions, fearing their sudden resignation from further careers or even work – because of the decision to dedicate themselves to the family and children. This concrete phenomenon is called 'double burden' syndrome.

Rosener (1990) clearly indicates that women tend to act the same in their jobs as they do at home. They rather go for staff positions than in the management line as they do have supportive style in a role-play (the same as at home). She also notices that women very often miss a sense of formal authority above others. Instead, they act naturally and in a socially acceptable way what gives them a comparative advantage in some managerial situations. There is also a term called 'feminisation of management' that manifests that women are equally talented of providing an added-value for the company and contribute to its development (Omar and Davidson, 2001).

Bohdanowicz (2011) argues that one of the most often proposed, also in the supervision and management of companies, is the introduction of parities. However, it must be remembered that this solution does not have to bring the expected results, and the reasons for this are at least two. First of all, not all women will benefit from the introduction of parities. The experiences of the countries that have already introduced them show that there is a group of women who are better at dealing with the new situation and that they sit in several or even a dozen councils simultaneously. Secondly, the introduction of parity makes sex to become the first criterion of appointing to the board. And yet women who sit on boards of companies or boards want to be seen first as their competent members rather than as sex workers. Their appointment should be based on knowledge, experience and skills, not feminism.

The results of the survey of Polish managers in 2000 by Lisowska, Bliss, Polutnik and Lavelle (2000) denied that women were less capable to be managers than men. They also clearly showed that the majority of women showed a tendency for democratic, and thus participative, partner management. Such management shapes employees in an attitude of active co-operation and responsibility for business development, identification with the company and motivation of subordinates to work. As Nickels (1999) points out, the higher the level of management, the more important is the ability to interact with people and conceptual skills, and the smaller the technical ability. Partnership and teamwork are more effective than authoritarianism and individualism. Women have talents to cooperate, integrate people and build good relationships between them, to be flexible and to overcome failures. More female than male managers have a high sense of internal control in the work environment so they perceive themselves as the cause of

change, believing that they can shape reality. Women tend to motivate employees more effectively. Harriet Rubin claims that women use 'management-by-love' while men apply 'management-by-fear'. The latter results in a lack of motivation to work with subordinates and has a negative impact on the company atmosphere, which is why companies are leaving from such management and appreciate the soft methods that are embraced by women.

According to Aluchna and Krejner-Nowecka (2016) there are many theories and approaches that are in favour for women on boards including: non-discrimination approach, social/gender/feminist theory, the resource dependency theory, the diversity management perspective and stakeholder theory. There is also a topical study on the effects of women as managers on firm value by Isidro and Sobral (2015). Women tend to comply with ethical principles. Therefore, this study claims that women on boards indeed have a positive impact on firm value and can increase its value. This is called 'indirect effect' that is not covered in the financial matters of the firm.

Grosvold and Brammer (2011) present instructional and cultural dimensions in the aspect of women on boards. It is interesting that legal institutions do play a significant role in terms of gender diversity in management boards. Some countries with a lower share of women on boards introduced welfare provisions for women in order to encourage them to balance work and care duties. That study also considers national cultural dimension as a determinant for women on boards. According to that study the largest share of women on managerial position was noted in Scandinavian and East European countries.

As mentioned before, there are not so many women in key managerial and supervisory positions in the world's top corporations. This situation occurs not only in Poland but also in Western European countries or in the United States. This is true even though the activity of women in the labour market is increasing and they increasingly choose to pursue a professional career at the 'expense' of family life. Bohdanowicz (2011) implies that there are slightly more women graduating from universities in the European Union than men. In Poland, this gap is even slightly wider. Based on this, it is expected that the demographic structure of the labour markets (especially in Europe) will change. Women's role in society is more likely to be changed and they will increasingly take the highest positions in companies. At the same time, they will become an example for the fact that women are

able to overcome barriers that have not yet been barred. Today, changes are noticeable also in this area. Initially, when women began to occupy positions previously inaccessible to them. For some time, they were expected to show full commitment to their work and achieve outstanding results. That is why, according to Marshall (1984), if women are to succeed, they must be fully dedicated to their professional lives and fully available. In some cases, it may even mean that they need to be able to move around (sometimes even literally all over the world). Otherwise their achievements are not seen as exceptional. The described processes have led to a growing discussion in Europe about the role of women in business and their presence in the management boards of corporations. This discussion has a rich scientific foundation, and dozens of studies have been conducted on this topic and many opinions have been made. A similar discussion is needed all over the world.

3. Data and empirical analysis

The data come from secondary sources such as corporate websites, search engines, articles, websites of universities, which publish data on their graduates. The initial database was developed on the basis of the list of two thousand world's largest corporations. Due to the lack of data on some corporations or some difficulties in finding correct ones, the sample of 981 records was used in this research. In the empirical part of the paper, whenever the word 'manager' is used it means a person in the position of the CEO.

The difference in the share of women and men in the total number of managers is very significant. Women account for only 3.67% of all managers in the companies surveyed. The managers in most of the cases are men, more precisely in our dataset in 96 out of 100 corporations. Referring to the contribution of individual gender groups in the total number of corporate managers (i.e. men – 96.33%, women – 3.67%), the hypothesis was verified to have a higher than 90 percent male involvement in management positions in global corporations. For this purpose, the hypothesis test of a proportion index test was used. In the test, the null hypothesis indicates that the probability of man running a corporation is 0.9 (assumed fractional limit). The alternative hypothesis was formulated unilaterally, namely that the

probability of leading a corporation by men is greater than 0.9. The test statistic was calculated on the basis of the following expression (Aczel, 2000):

$$z = \frac{\hat{p} - p_0}{\sqrt{\frac{p_0 q_0}{n}}}$$

where:

$$q_0 = 1 - p_0,$$

$$\hat{p} = \frac{m}{n},$$

m – the number of test elements that meet the condition (number of male managers in corporations),

n – sample size,

p_0 – assumed probability threshold.

Test statistic has a standardized normal distribution. The test data required for the test are as follows: $m=945$, $n=981$, $p_0=0.9$. The critical value on the basis of the above formula is: $z=6,6090$, which critical value is 1.96, gives the basis for rejecting the null hypothesis. Thus, it can be concluded that there are more than 90% of men managers in the overall number of managers in the world's largest corporations.

The gender distribution of corporate managers in world's top corporations may be determined by the geographical location i.e. the continent where a company is located. Figure 1 shows the percentage of companies from each continent in the sample.

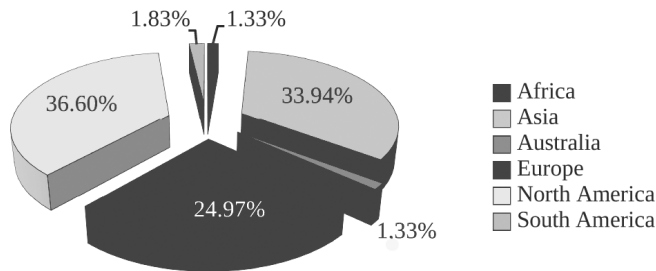


Figure 1. Share of corporations from different continents in the research sample

Source: Own elaboration calculated in MS Excel based on own dataset.

The majority of all corporations surveyed are those based in North America (they account for 36.60% of the total sample). Not much less (almost 34% of all corporations) are corporations located in Asia. Less than 25% of the sample is made up by European corporations. Companies from the other three continents (South America, Africa and Australia) have small shares in the sample (1.83%, 1.33% and 1.33% respectively). So, in North America, Asia and Europe, it is possible to observe the best conditions for business development. The number of managers (by their gender) on each continent is shown in Table 1.

Table 1. Number of corporations divided by sex of the manager on each continent

	Africa	Asia	Australia	Europe	North America	South America	Total
Women	0	17	0	4	15	0	36
Men	13	316	13	241	344	18	945
Total	13	333	13	245	359	18	981

Source: Own elaboration calculated in MS Excel based on own dataset.

In the world's largest corporations located in three continents (i.e. South America, Africa and Australia) there are no female managers. A small percentage of corporations on remaining continents are corporations in which women are managers. The distribution of corporations on each continent, by gender, is shown in Figure 2.

The largest percentage of corporations led by female managers is noticed among Asian corporations (5.11%). The number of such companies in Asia (17) is the largest in the sample compared to the rest of the continents. Although there are more North American companies in the sample than Asian companies, they have less female managers on average (only 15 women). This translates into their slightly smaller percentage than in Asia which is 4.18%. The smallest percentage of companies with women managers has been reported in Europe – there are only 4 out of 245 companies, with a share of 1.63%. At this point, the hypothesis says that on every continent the probability of leading a corporation by man is 0.9. Verification of this hypothesis will be supported by the aforementioned hypothesis test of a proportion index. Test results are shown in Table 2.

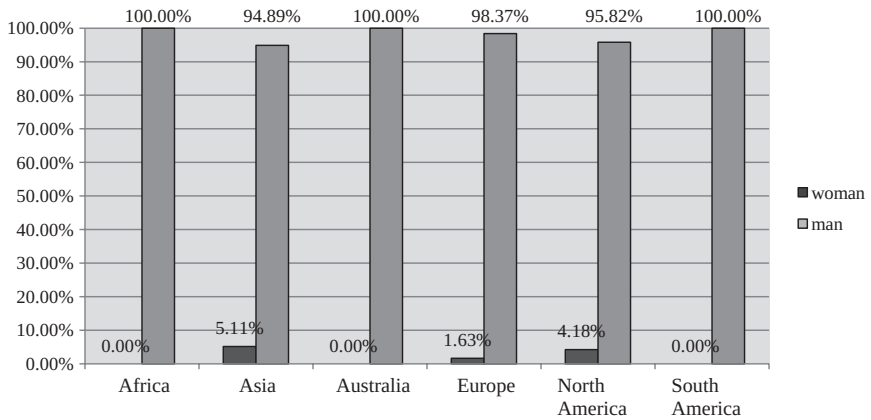


Figure 2. Share of corporations by the gender of their managers on different continents

Source: Own elaboration calculated in MS Excel based on own dataset.

Table 2. Test results of hypothesis test of a proportion divided into continents

	Africa	Asia	Australia	Europe	North America	South America
Women	0.00%	5.11%	0.00%	1.63%	4.18%	0.00%
Men	100.00%	94.89%	100.00%	98.37%	95.82%	100.00%
U	1.20	2.98	1.20	4.37	3.68	1.41
uα	1.96	1.96	1.96	1.96	1.96	1.96

Source: Own elaboration calculated in MS Excel based on own dataset.

Based on the results presented in Table 2, it was concluded that managers in more than 90 percent of the largest Asian, European and North American corporations were male (the null hypothesis was rejected that 9 out of 10 corporations were led by male managers). For other continents, the test result cannot be decisive because of the small sample size (South America – 18 observations, Africa and Australia – only 13 observations). In order to take into consideration the results of this test as reliable, the test should count more than 100 observations.

It is also interesting to try to answer the question of whether the number of corporations divided by the manager’s gender depends on the continent in which the companies are based. For this purpose,

the V-Cramer coefficient was calculated from the data in Table 1. The relationship between the two non-measurable characteristics was calculated. The coefficient is given by the formula (Rószkiewicz, 2002):

$$V = \sqrt{\frac{\chi^2}{n(g-1)}}$$

where:

n – sample size,

g – the smaller dimension of the examined features (in this case the dimension is equal to 2 – which is gender division),

χ^2 – statistics, a measure of divergence of characteristics; and the basis of the test of independence.

The calculated value of the V-Cramer coefficient in this study was $V=0.083$, which means that there is no correlation between the tested characteristics (the coefficient values are between 0 and 1, the closer the value is to 1, the stronger is the relation between the tested features). The statistical significance of this indicator was verified on the basis of the independence test, in which the null hypothesis refers to the independence of the examined features, while the alternative hypothesis states that the characteristics are not mutually independent.

The value of χ^2 is 6.76 and p-value was 0.24 which is greater than the assumed significance level $\alpha = 0.05$. That means that there is no reason for rejecting the null hypothesis. Thus, the test confirmed the independence of dividing companies due to the gender of their managers from the continent in which these companies are located.

4. Conclusion

Taking into consideration the number of women in the world's top corporations, there is still a room for improvement. This number from the empirical analysis seems to be extremely low, despite the fact that there are many social and economic arguments for its increase. There is no doubt that anti-discrimination, including access to key positions in companies, is morally right and all measures that will support it should be implemented. Women as managers are perceived to act as

leaders, meaning that their way of communication with employees is direct and focused on building relationship and partnership among all team members. It is, therefore, desirable that the world needs more women to be in charge of corporations since they bring a new perspective that can be a motor towards its further development. Moreover, combining different features of female and male managers can create a synergy effect. Therefore, it is important to bring together these 'two worlds' i.e.: female and male managerial styles in order to learn from each other so the good practices can be extracted and those negative ones can be avoided. The discussion on this topic will need further valuable insights from the world's top corporations where women are managers in order to show good practises and to encourage: (1) more and more women to apply for such positions and (2) owners of the companies not to hesitate to choose a woman for the management board. However, the selection of a female manager needs to be done on a basis 'the best from all candidates' assessing the skills of all applicants equally.

The further research on this topic might include a larger sample of corporations in order to check the accuracy and magnitude of described phenomenon. In addition, one can attempt to analyse only a group of countries in one continent in order to find some details on the country-specific characteristics.

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