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## **Where in the World are the Women Executives?**

**by Nancy J. Adler and Dafna Israeli**

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# WHERE IN THE WORLD ARE THE WOMEN EXECUTIVES?

Very few companies have moved women into the executive ranks. They are missing a sure bet

Nancy J. Adler Dafna N. Izraeli

WORLD BUSINESS HAS BECOME INTENSELY COMPETITIVE. TOP QUALITY PEOPLE ENABLE CORPORATIONS TO COMPETE. YET, WHILE OUTSTANDING HUMAN RESOURCE SYSTEMS PROVIDE COMPETITIVE ADVANTAGES, COMPANIES WORLDWIDE TEND TO DRAW FROM A RESTRICTED POOL OF POTENTIAL MANAGERS. ALTHOUGH WOMEN REPRESENT MORE THAN 50% OF THE WORLD POPULATION, IN NO COUNTRY DO WOMEN REPRESENT HALF OR EVEN CLOSE TO HALF OF THE CORPORATE MANAGERS.

What has prevented women's movement into management and, especially, into the executive suite? What have countries, companies, and women themselves done to increase women's representation in management?

Until the late 1970s, women were virtually invisible as managers, and their absence was generally considered a non-issue. Since then, women managers have become increasingly visible in many countries.

From one perspective the picture is positive. In each country, changing societal patterns have resulted in significant increases in the number of women managers. These patterns include favorable economic and demographic conditions, supportive government policies, changing family roles and emerging support systems. In addition,

women show positive responses to their new opportunities.

From another perspective the picture is not so rosy. Each country tells a similar story of a society in which men control the centres of political and economic power, and of a profession controlled primarily by men — a profession in which women remain relative newcomers, especially at the top. In all countries, major barriers still hold back women's progress in management. Beyond the international commonalities underlying women's exclusion from the centres of managerial power and authority lies the uniqueness of local conditions in each country that has produced the variety of women's experiences worldwide.

Systematic investigation of women's progress in management is new. It began in North America,

primarily in the U.S., in the early 1970s, in Western Europe in the early 1980s, in Asia toward the mid-1980s, and in the former Eastern European communist countries and the People's Republic of China only toward the end of the 1980s.

#### MORE WOMEN NOW IN MANAGEMENT POSITIONS

In all countries, broad societal forces during recent decades have led to more women entering lower-level managerial positions. For example, in both the industrialized and industrializing worlds, the expansion of banking and other financial services opened opportunities for women in lower- and middle-level management. In most

ful women's groups used the political process and the courts to help establish regulations that held employers responsible for implementing equal opportunity within their organizations. Such political and legal changes made it in organizations' self-interest to open their doors to women for lower-level managerial positions. Neither the political nor the legal changes were sufficiently powerful, however, to counter resistance to women entering the most senior levels.

In France, legislation passed in the 1980s gave unions responsibility for negotiating equal opportunity on behalf of women. But progress was very limited. The French unions appear to have lacked

prisingly, in these countries gender segregation emerged along sectorial lines, with women managers concentrated in the public sector and men in the private sector.

#### SOME COMMUNIST COUNTRIES PROMOTED WOMEN

Under communist rule, Eastern European countries and the former Soviet Union set quotas for women in local management. Women remained highly underrepresented in more senior and national positions, however. In the former Yugoslavia, for example, opportunities for women managers depended on the political interests of the Communist Party. Women's chances for promotion were best during periods of economic growth and political calm. When political unrest was greatest, the proportion of women promoted into and within management dropped. In Poland, since women rarely filled

managerial positions in state enterprises, few now have enough experience to draw upon for managing in the new market-oriented economy. The large women's organizations in a few former communist countries, such as Poland and Russia, operated essentially as extensions of the Communist Party. As such, they served primarily a social control function for the Party rather than an advocacy role for women.

Countries recently freed from communist rule are experiencing a backlash against many of the policies that were supportive of women's

"In all countries, **MAJOR BARRIERS** still hold back women's progress in management."

countries in the 1970s and 1980s, the growing public sector also absorbed many of the increasingly educated women into lower-level managerial positions. In both the industrialized and industrializing worlds, economic growth and increasing global competition heightened the demand for top quality managers. Economic enterprises began to take advantage of the growing availability of qualified women to fill the new positions.

In each country, the specific processes used to bring about change differed. In the U.S., power-

enough motivation to affect the previously legislated societal changes. In Hong Kong, where government intervention in commerce has been minimal and sex discrimination in employment continues to be legal, the proportion of women among corporate managers remains negligible. In the social welfare states of Western Europe and Israel, social democratic parties created large public service bureaucracies that became the main employers of women, thereby providing major channels for women moving into management. Not sur-

employment, professional advancement and general freedoms. For example, high unemployment has increased competition, including for managerial positions, most often to women's detriment.

In addition, due to a lack of funds, most former communist countries have chosen to reduce severely the extensive network of child-care services. Moreover, the belief that a woman's place is in the home is replacing the quota system that had guaranteed women's representation in lower and middle management in most former communist countries. For example, under pressure from the Roman Catholic Church, in 1993 the Polish parliament debated one of the most limiting anti-abortion laws in the world. In Russia, Poland, Eastern Germany and parts of former Yugoslavia, women face a difficult struggle ahead to maintain or regain their previous representation in the economy. Only now are women in these transitional economies beginning to organize to advance their professional and political status and interests.

Other countries, such as Singapore, Malaysia, Indonesia and Zimbabwe, have only recently emerged from extended periods of colonial rule. Colonialism's impact on women differed in important ways from its impact on men. For example, in colonial Indonesia, the Dutch recruited upper-class men for roles in the civil service, and reinforced women's exclusion from pub-

lic life. In Zimbabwe, where white men control the private business sector and black men control family life, black women continue to face a double challenge both as women

tional power seems even less likely today than it did 20 years ago, when Rosalind Loring and Theodora Wells noted in their groundbreaking book, *Breakthrough: Women into*

**"Under COMMUNIST rule, Eastern European countries and the former Soviet Union set quotas for women in local management."**

and as blacks, a challenge also faced by women in South Africa.

In most post-colonial countries, women participated in the struggle for liberation. Some later became members of their country's new government, thus providing role models for other women. Because they were brought into government positions by these unusual circumstances, however, the token women leaders did not necessarily become harbingers for succeeding women's continued involvement in the centres of economic or political power. More commonly, these women emerged as exceptions to a pattern that continues to exclude women from power.

#### **WOMEN NOW SEEM LESS LIKELY TO BE SENIOR EXECUTIVES THAN 20 YEARS AGO**

In recent years, the proportion of women managers has increased significantly in all countries for which data are available, although at a faster rate in some countries than in others. Yet, the anticipated breakthrough into the centres of organiza-

*Management*, "It's when and how, not if women move up. The groundwork has been laid."

This optimism was reflected in many countries, where people believed that the developments that had led to women's entry into the labor force and later their entry into management had unleashed a dynamic that would lead to more nearly equal distribution of women throughout the profession.

Whereas the optimism about women's movement into management appears to have been well-grounded, the optimism about women moving up into the executive suite now appears to have been premature. Conditions that we, like other observers, expected would remove the barriers to women's progress in management left most women well below the glass ceiling, where they could glimpse the executive suite but not quite enter it. Women's increased investment in higher education and greater commitment to management as a career, as well as new equal opportunity legislation and the shortage —

or expected shortage — of high quality managers, did not result in a significant breakthrough into the executive suite. Regardless of the proportion of women managers at lower levels, in every country women remain only a tiny fraction of people in senior positions.

Although there is no systematic research on the few executive women of most nationalities who have succeeded in assuming very senior positions, female executives appear to come from the same societal groups as do male executives. For example, in cultures in which executives are drawn primarily from the upper classes, such as from the Javanese *Priyayi* in Indonesia, the few women executives, like their male counterparts, are most likely to come from elite families in which family connections smooth the way for business success. Similarly, in cultures such as Hong Kong, in which the dominant enterprise structure is the family business, senior women, like their male counterparts, are most likely to run their families' businesses. In such cultures, executives view themselves as working in the service of their family. For a woman, however, being an executive in a family business is not necessarily recognized as qualifying her to assume an executive position in a non-family enterprise. For example, in the Malaysian province of Kelantan, where women have traditionally dominated both business activity and family finances, the proportion of women who are promoted into upper-level managerial positions in non-family enterprises and government organizations remains negligible.

#### ALL EXECUTIVES NEED PROPER CREDENTIALS

Given these patterns, women's promotion into senior positions is related to their access to the channels from which firms recruit executives — channels that tend to be different from those from which firms recruit entry-level managers. Becoming a manager requires the proper credentials, while becoming an executive requires, among other things, belonging to the appropriate networks. For example, in Israel, women's near total exclusion from the senior ranks of the military has deprived them of experiences that firms in the civilian economy consider crucial for managing complex organizations. Because of such exclusion, Israeli women remain unlikely to obtain significantly more powerful positions in the near future. Such definitions of appropriate experience eliminate women from consideration for senior corporate positions in other ways. For example, the requirement of many British firms that candidates for board member positions must have had prior board experience in a public company — which few women have had — eliminates most British women from consideration, and explains, in part, the paucity of women board members in the U.K.

#### WOMEN EXECUTIVES PROVIDE COMPETITIVE ADVANTAGE

Until recently, a single theme dominated questions about women managers worldwide: the concern for understanding women's underrepresentation, under-utilization and skewed distribution among the levels of management. Only in the

1990s, has the question of global competitiveness and transnational efficacy begun to transform and complement these equity-based concerns. To appreciate the organizational reality faced by today's women managers worldwide, our understanding of the issues must expand to include the business dynamics of the 1990s and the 21st century.

The intensification of global competition has become a major influence compelling firms to view women managers as a competitive advantage rather than as a legislated necessity. Global competition challenges corporations to maximize the effectiveness of their human resources. The opportunity cost of prejudice of rejecting women and limiting selection to men is much higher than in previous economic environments. As A. Fisher wrote in *Fortune* in 1992, "The best reason for believing that more women will be in charge before long is that in a ferociously competitive global economy, no company can afford to waste valuable brainpower simply because it's wearing a skirt."

The successful performance of growing numbers of women managers offers firms an opportunity to out-perform their more prejudiced competitors by better using women's capabilities. For example, leading management scholars, such as Chris Bartlett, Sumantra Ghoshal and Michael Porter, have identified innovation as a key factor in global competitiveness. An inherent source of innovation is well-managed diversity, including gender diversity. Women bring diversity to transnational corporations whose management has heretofore been primarily male.

In addition, today's transnational firms have greater flexibility in hiring women than most of their predecessors have had. For example, whereas domestic and multidomestic companies hire primarily local nationals, and therefore must closely follow local norms on hiring or not hiring women managers, transnational corporations are not similarly limited.

Because the corporate culture of transnational firms is not coincident with the local culture of any particular country, transnationals have greater flexibility in defining selection and promotion criteria that best fit the firm's needs rather than those that most closely mimic the historic patterns of a particular country. Said simply, transnationals can and do hire local women managers even in countries in which the local companies rarely do so. In Japan, for instance, North American firms have led the way in hiring excellent Japanese women, while Japanese firms remain extremely reluctant to hire them.

Similarly, North American transnationals have begun to send women abroad as international managers, thereby benefitting from the greater flexibility that many cultures afford foreign women. Since most countries do not hold foreign women to the same professionally limiting roles that restrict local women, most women expatriate managers have been outstandingly successful in all geographies — Africa, the Americas, Asia, Europe and the Middle East.

Additional advantages come from the fit between many women's approaches to management and the

ments will be treated the same way that local women are treated. They do not use the presence or absence of

"In every country **WOMEN REMAIN** only a tiny fraction of people in senior positions."

structural changes in today's corporations. Whereas firms previously have been characterized by steep hierarchies, today's emerging transnationals are increasingly characterized by flattened networks of equals. Recent research suggests that women work particularly well in such networks. Transnational firms thus see women managers as bringing needed collaborative and participative skills to the workplace.

#### **ACTIONS TAKEN BY TRANSNATIONAL FIRMS**

It is in executives' and their companies' best interest to welcome more women into the executive suite. Some leading transnational firms have already accepted this reality and begun to benefit from acting accordingly. They follow a few consistent approaches. For example, in considering North American women managers for international assignments, such companies approach the decision to send women managers abroad in several new ways:

1. The companies do not assume that it will not work. They do not assume that North American women managers on international assign-

local women managers to predict the potential success of foreign women managers. Outside North America, North American women managers are treated as foreigners who happen to be women, not as women who happen to be foreigners, and are therefore accorded the respect necessary for success.

2. They do not assume that a woman will not want to go abroad. They ask her. Both single and married women need to balance their private and professional lives, and many are very interested in taking international assignments. Moreover, the proportion of North American women interested in working abroad is identical to that of men, and can be predicted to increase over the coming decade.

3. They offer women every opportunity to succeed. They accord a woman full status at the outset, not that of a temporary or experimental expatriate, with the appropriate title to communicate the home office's commitment to her. They are not surprised if local colleagues and clients initially direct their comments to male managers rather than to the new woman inter-

national manager during their first meeting with her, and do not accept such behavior. They redirect discussion, where appropriate, to the woman. Such behavior from foreign colleagues should not be interpreted as prejudice, but rather as a reaction to a new, ambiguous and unexpected situation.

4. Companies offer flexible benefits packages. Since most benefits packages for international managers have been designed to meet the needs of traditional families (employed husband, non-employed wife and children), transnationals modify benefits packages to meet the needs of international managers who are single — female or male — or in dual-career relationships. Such modifications might include increased lead time in announcing assignments, executive search services for the partner in dual-career couples and payment for “staying connected” — including telephone and airfare expenses — for couples who choose some form of commuting rather than both simultaneously relocating abroad.

#### GUIDELINES IN HIRING LOCAL WOMEN MANAGERS

In considering hiring local women managers, leading North American companies also follow a few consistent guidelines to increase their chances of success:

1. Companies use the flexibility afforded foreign firms, which need not limit their hiring and promotion practices to those of the local culture. Foreign firms have considerably more flexibility to tailor human resource decisions to those that best fit the firm's needs, including hiring both women and men for manageri-

al and executive positions, even in countries whose local companies hire primarily men.

2. Companies take advantage of the low demand for women managers. They do not limit their selection pool to those people targeted by most other local and foreign firms — that is, they do not limit their recruitment to men; they draw from the best people available, including both women and men. Because of the lower demand, it is often easier to attract a top quality woman manager than a top quality man.

3. They do not confuse women managers and executives with women workers. The family and educational background of most potential managerial and executive candidates is completely different from that of most women in a country. They do not use general population characteristics, such as literacy rates, to predict the potential availability of women managers and executives.

4. They offer a working environment that is attractive to women managers and executives. Professional women working outside North America often find different organizational and career characteristics attractive from those valued by North American women. For example, in many parts of the world, highly educated women — those targeted for potential managerial and executive positions — come from upper class families in which they have relatively easy access to household help. Therefore, work-family dilemmas are neither the same as they are for most North American women nor the same as they are for less advantaged local women workers. Offering day-care centres in such environments, for

example, might not be as highly valued as it would be in similar North American settings.

#### COMPANIES NEED TO ACT

Until recently, a single theme dominated questions about women managers worldwide: the concern for understanding women's underrepresentation, under-utilization and skewed distribution among the levels of management. Now the question of global competitiveness and transnational efficacy has begun to transform and complement these equity-based concerns. To understand the organizational reality faced by today's women managers, our appreciation of the issues must expand to include the business dynamics of the 1990s and the 21st century.

The intensification of global competition has become a major influence compelling firms to view women managers as a competitive advantage rather than as a legislated necessity. Global competition challenges corporations to maximize the effectiveness of their human resources. The successful performance of growing numbers of women managers offers firms an opportunity to outperform their more prejudiced competitors by better using women's capabilities. It is in executives' and their companies' own best interest to welcome more women into the executive suite. BQ  
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