

6 September 2002

**RESPONSE OF PROFESSOR SUSAN VINNICOMBE AND DR VAL SINGH
TO HIGGS REVIEW CONSULTATION PAPER ON THE ROLE AND
EFFECTIVENESS OF NON-EXECUTIVE DIRECTORS**

We wish to make the following points to the Higgs Review, from the Centre for Developing Women Business Leaders at Cranfield School of Management.

- **Women and Ethnic Minority Directors have different ‘voice’:** Because of their different experiences to the typical white middle-class middle-aged male director, women and ethnic minority directors can contribute to discussion and decision-making based on their often very different roles, values and experiences as employees, as well as their different family roles and community memberships. This would improve the quality of decision-making by boards – but only if they can get through the present barriers to recruitment as directors.
- **Women have diversity of working styles:** Whilst most male managers tend towards a predominant preferred working style, our research shows that women managers have a broader range of preferred working styles. Hence the “groupthink” phenomenon is less likely. Women managers tend to be much more reflective in their learning, allowing them to see implications and consequences of decisions in greater depth. Women’s sense of morality also develops in a different way to men, and hence they may have different views, which are only heard if they are given “voice” to express them. **Simply by recruiting more women directors, a board could widen its capacity for thinking through issues.**
- **Successful women take their jobs seriously:** Research shows that women managers tend to take their jobs very seriously indeed. They want more information, they seek answers and explanations, they are not afraid to ask questions, even if their male colleagues are scathing of their ignorance. Because they are not part of the cloned culture, by their gender, they can operate in a more independent way.
- **Women are powerful consumers:** Companies should address their demands by ensuring representation on boards. Women as consumers are also very often concerned with the environmental aspects of their purchases, yet their views are not heard in the boardroom when profit rather than good corporate governance is the key goal.
- **Diversity, role models and corporate reputation:** There is such a lack of role models for women and minority members at corporate board level, that this has an impact on those seeking advancement in their careers. Women directors act as role models for other women, as well as make the

company more attractive to a wider range of stakeholders by enhancing corporate reputation as a good and balanced employer for all employees. Women who work in companies with women directors are more optimistic of promotion than women working in companies with no women directors.

- **Training for directorships:** There is training at lower levels, but how many companies consider the importance of preparation for directorships? This should not just be for those newly appointed, but also for those in the running for such positions. Training and awareness of their responsibilities would be a better starting point than a round of cocktail parties with other directors.
- **Monitor what is happening in Norway.** The recent threat of legislation for private sector companies if they do not achieve 40% female director representation within three years is starting to achieve results. Whilst such a draconian measure would be difficult to take in Britain, there may be a lot to learn from the Norwegian experience of finding, attracting and developing a new generation of women directors in such a short time.

We would suggest the following actions:

- Government support for diversity on boards
- Board appointing committees should be open, and visibly accountable for lack of diversity.
- Diversity management and talent management should be reported in Annual Reports.
- Chairmen and CEOs' commitment should be sought for mentoring of the next tier of directors, which will widen role modelling for the next generation.
- Headhunters should be given briefs which actively encourage diversity of appointments.

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