

Research Report | XXVI Annual Session

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# G20 – Group of Twenty

## Strengthening the role of women in private sector directorship



**MODEL UNITED NATIONS**  
THE INTERNATIONAL SCHOOL OF THE HAGUE

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<b>Forum</b>	Group of Twenty (G20)
<b>Issue</b>	Question of strengthening the role of women in private sector directorship
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<b>Position</b>	Deputy President

## Introduction

The top 20% financial companies, have 27% women leaders, compared to the bottom 20% only having 19%, according to a study done by the group called the Conference Board. The study was conducted in 2000 organisations in 48 countries, with not only the top leadership roles observed, but also leadership positions throughout companies.

Even in the face of the clear benefits of including women in directorship roles there are many economic benefits, the statistics show that business are not including women in leadership roles. In 2015 only 20% of senior business roles were held by women, in 2016 this figure was up slightly at 22%. However, the same period has also seen an increase in businesses that do not have women in senior roles, up 1% from 32% to 33%.

There are also clear moral arguments to be made when looking at this clear injustice to women. Women should be given the same opportunity to succeed in life, and the statistics show that they do not have those same opportunities. In 2015, all world leaders signed up to the Sustainable Development Goals (SDGs), two of which (5,10) clearly state the intention to reduce gender inequality, which must be shown at this conference.

## Definition of Key Terms

### **Private Sector Directorship**

Consists of two parts, non-executive board and executive director. Executive director is the head of a company who is assisted by the non-executive board, they jointly make decision about the future of the company.

## **Sustainable Development Goals (SDGs)**

At the United Nations Sustainable Development Summit on 25 September 2015, world leaders adopted a set of goals that were designed to fight poverty, inequality and climate change by 2030

### **Talent pool**

Refers to the group of people that have the correct credentials to successfully work in a specific job. In regards to women directorship, it is generally used to say that companies are not looking at the full breadth of the talent pool, because they are excluding 50% of it.

### **Gender gap**

Refers to the difference in quality of work between men and women. Includes things such as, the difference in pay, work conditions and probability to achieve a promotion

## **General overview**

Since 1946 when the United Nations Commission on the status of women was established, there has been a global strive for women to have equal rights to their male counterparts. There has been significant progress in many areas of life, however employment is still a challenging issue. Women still do not get the top level of jobs, due to their gender. SDGs 5 and 10 which came into effect in 2015 show all countries willingness to change the current standing. SDG 5 aims to create gender equality in all areas of life, and SDG 10 aims to reduce inequality in any form in all areas of life. Although countries are clearly willing to enact change, little has been done for women empowerment in employment, this is due to the current mindset of both men and women, which has not been addressed properly by any government so far.

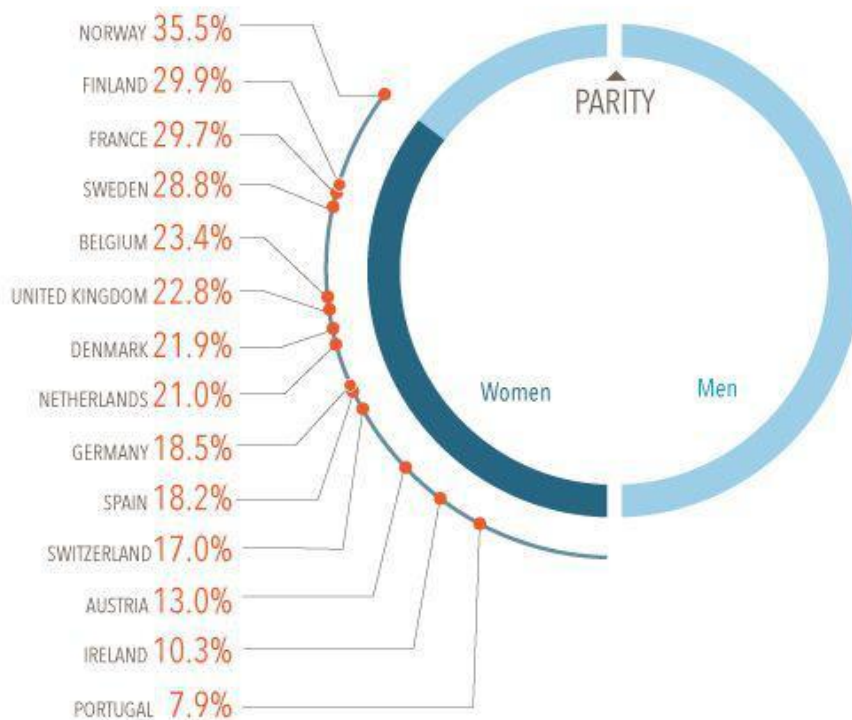
### **Current Injustice**

The statistics show that this is a global issue, present in all countries around the world. They also show that More Economically Developed Countries, do not produce better statistics when it comes to women in leadership roles. This can be seen in Japan and Germany, where 7% and 15% respectively of the leadership roles are held by women. It is important to note, that this is not due to lack of government support for women in employment, there is widespread public commitment to gender equality. However measures

introduced to tackle the issue have proved insufficient. The Philippines is the country with the highest percentage of women in leadership roles, with 39% of directorship roles being held by women and only 9% of business not including women on their board. This is in line with ASEAN countries and East European countries having a higher percentage of women on boards, which can be explained by social norms of women not participating at directorship level not being fully established.

Below is a graph showing the percentage of women in directorship roles, in countries in Europe.

WOMEN'S SHARE OF BOARD SEATS AT EUROPEAN STOCK INDEX COMPANIES



Data from October 2014. Europe is represented by the following indices, providing the percentage of board seats held by women across a specific number of companies: Austria—ATX index (20 companies), Belgium—BEL-20 Institutional index (20), Denmark—OMX Copenhagen 20 index (19), Finland—OMX Helsinki 25 index (22), France—CAC 40 index (40), Germany—DAX index (30), Ireland—ISEQ Overall index (48), Netherlands—AEX index (27), Norway—OBX index (24), Portugal—PSI-20 index (19), Spain—IBEX 35 index (35), Sweden—OMX Stockholm 30 index (29), Switzerland—SMI index (20), and United Kingdom—FTSE 100 index (101). Data are provided by and published under license from Data Morphosis. Countries in the data set without stock market indices are not included.



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[catalyst.org](http://catalyst.org)

## Economic Case

The above mentioned figures are even more remarkable because it has been proven that companies that have a higher level of diversity at directorship level perform better

financially. This can be seen in a study by MSCI, showing that companies with strong female leadership deliver 10.1% return on equity, compared to 7.4% in companies without female leadership. It is important to note that the study also found that a company having a single female executive did not have any impact on profits, at least three or more women were needed for their views to be heard. There are a multitude of reasons why having some in leadership boost profits, firstly women diversify the range of thought on a company's board. A diverse executive board will consider all different perspectives and come up with many different ideas, to address a problem. This in turn will create more innovative solutions to any problems. Furthermore, companies need to understand their customer base and when 50% of their customer base is not represented on their executive board, it is difficult to make educated decisions. Lastly companies are not exploiting the available talent pool, when they do not consider women on boards. Women are currently performing better in higher level education, having a higher completion rate and higher qualifications on average, however this is not represented at executive level. A final note on the economic benefits of including women in directorship roles, is that Goldman Sachs predicted that if women representation on boards were to be improved significantly, New Zealand's GDP would grow by 10 percent.

### **Causes of Gender gap in business**

Whilst there is a clear case for companies to improve their promotion and recruiting of female workers into directorship positions, there is also a clear case showing that many females choose other activities over furthering their career. In many countries females choose family over their career, they either quit their job to care for their family thus ending their working career, or they work part-time, not allowing them reach the highest positions in a company. Furthermore, most countries have poor maternity cover laws, allowing companies to effectively fire women who go on maternity leave. This either discourages women to go on maternity leave, or from returning to work. All these factors also leads to women not having confidence, that they have the capabilities of working in the top positions.

### **Timeline of Events**

<b>Date</b>	<b>Description of Event</b>
1946	United Nations Commission on the status of women is established



18 December 1979	Convention on the Elimination of All Forms of Discrimination against Women adopted by U.N. general assembly
1989	Convention on the Elimination of All Forms of Discrimination against Women ratified by 100th country
July 2010	UN Women is established
25 September 2015	SDGs adopted

## Major Parties Involved and Their Views

### **Saudi Arabia**

Saudi Arabia allow women to work and allow them to be promoted to directorship roles. This does not mean that it is possible for a Saudi women to achieve a directorship role. The culture present in Saudi Arabia means that women are only given less skilled jobs, with no opportunity for promotions. However the Saudi government is currently undergoing major changes, one of which is fighting for equal rights between genders. Whilst efforts to improve women's rights, especially regarding employment is welcomed, there are still deep lying biased that need to be tackled.

### **Canada**

Currently has 50% of women leaders in business, it is important to note however that women leaders is defined as at any position in the company that has a leadership aspect to it. In the upper leadership levels, that figure for women leaders drops significantly. However Canada is still attempting to improve the amount of women leaders in the upper levels of management.

### **United Nations (UN) Women**

Is the UN committee that focuses on everything to do with gender equality. In July 2010, the General Assembly merged four different committees to streamline the fight for women's rights. Their aim is as stated by them "elimination of discrimination against women and girls; empowerment of women; and achievement of equality between women and men

as partners and beneficiaries of development, human rights, humanitarian action and peace and security.”

### UN Involvement, Relevant Resolution Treaties and Events

- Sustainable Development Goals aim to fight poverty, climate change and injustice. Goals 5 and 10 apply to gender equality
- Convention on the Elimination of All Forms of Discrimination against Women, aims to tackle all forms of discrimination against women
- U.N. Commission on the Status of Women was established to monitor the situation of women's rights around the world and to promote gender equality, above mentioned document was created by this commission
- United Nations Human Rights aims to promote human rights for all everyone, including reducing gender inequality

### Previous attempts to resolve the situation

#### **Convention on the Elimination of All Forms of Discrimination against Women (CEDAW)**

This bill was adopted in 1979, and was ratified in 1989 by a hundred countries. It is a mandatory legislation that all countries have to adopt. It introduced a concept of equality for women, at a time when there was nothing quite like it. One of the strengths of this bill is that it is specifically aimed at eliminating discrimination against women, as opposed to gender neutrality. Furthermore, the bill discusses all areas of discrimination against women, including women employment. The critiques of this bill have stated that whilst there are many good ideas and the attempt at defining women's rights is admirable, there is little in the way of concrete actions that should be taken. Another critique is that this bill makes out that males are the dominant group in society and that women need to rise up to them, as opposed to gender neutrality being an important social issue.



## Possible solutions

Quotas on percentage of women required to be represented in private sector directorship per company. The advantages of this is that there will be a certainty that women are represented. There are many drawbacks to this solution, firstly there would be strong resistance from companies to implement any such quotas, as they believe that directors would be chosen not on merit but due to their gender. This would be a view not only shared by companies but also women who are appointed to executive roles, they will believe they were chosen simply to fill a quota, which would lead to reduced commitment from these women. It also does not inspire confidence in women that they have the right skills to become women, which is essential for inspiring the next generation of women to have the belief and confidence to work in directorship positions of companies. Furthermore this can lead to a toxic atmosphere in the boardroom, with established board members believing that women appointed to directorship roles did not deserve it, that they are only there to fill a quota. It is much more effective for a new regulation to come in when people believe in that regulation, then when it is being enforced on them. Furthermore the costs of regulating such a quote, would likely be substantial, and therefore opposed by many LEDCs.

Alternatively Annemarie Durbin argues that a more holistic approach to increasing women participation is needed. This would include tackling the issue from the roots, at education level, inspiring confidence in girls that they are just as capable of fulfilling leadership roles as their male counterparts, perhaps by showing that they are currently achieving on average higher grades than their male counterparts. Additionally, developing women leadership and talent in middle and senior management would encourage women they have the ability to take on more challenging jobs. It has been proven that men have more confidence than their female counterparts, which is essential to working up a company ladder. The culture of companies also needs to be changed, especially when it comes to promoting employees. Currently there is an unconscious bias towards promoting men, which can be because they are louder. Furthermore, some skills that females have are being overlooked, for example, it has been proven that men regard communication as being the ability to broadcast a message, whereas females believe that it is more about listening and understanding. These different skills need to be taken into account when promoting women.

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