New HR Governance:
An Empirical Study on Gender Diversity and Board Recruitment Practices in Switzerland

DISSERTATION
of the University of St. Gallen,
School of Management,
Economics, Law, Social Sciences
and International Affairs

to obtain the title of
Doctor of Philosophy in Management

Submitted by

Michael Hathorn

from

Geneva

Approved on the application of

Prof. Dr. Martin Hilb

and

Prof. Dr. Nils Jent

Dissertation No. 4601

Difo-Druck GmbH, Bamberg 2017
The University of St. Gallen, School of Management, Economics, Law, Social Sciences and International Affairs hereby consents to the printing of the present dissertation, without hereby expressing any opinions on the views herein expressed.

St. Gallen, October 24, 2016

The President:

Prof. Dr. Thomas Bieger

ISBN: 978-2-9700738-5-7
This work is dedicated to Susan and Sarah

Two outstanding women who inspire me daily
Abstract

In recent years, gender diversity in the workplace has become a widely discussed and researched topic, including the representation of women on corporate boards of directors. The strong public interest in gender diversity has been accompanied by mounting pressure from a variety of stakeholders for both public and private corporations to diversify boards through the appointment of female board members.

This dissertation presents an integrated, holistic framework of human resource governance inspired by the thought leadership of Prof. Martin Hilb and his work on new corporate governance. The new HR corporate governance model presented in this paper is well adapted to the challenges of corporate board recruitment, taking into account the situational, strategic, integrated and control dimensions. The approach to achieving gender diversity for boards of directors adopted in this research is based on a careful assessment of leadership talent, specific board needs and the potential contributions of prospective board members. Two empirical studies are used to elaborate the topic.

The first empirical study investigates a global talent pool of senior male and female executives with the requisite experience for board service. The performance of each executive is evaluated on 16 senior leadership competencies by their direct reports, peers and supervisors. The findings support the premise that senior female leaders have at least equivalent leadership capabilities to their male counterparts.

In the second empirical study, an in-depth case on Switzerland is developed to gain a better understanding of the dynamics of gender diversity and board recruitment in the Swiss marketplace. This primary research is exploratory and focuses on a population of senior female executives in Switzerland who either currently serve on boards or aspire to do so. Additional key stakeholders included in this study are corporate secretaries and board recruitment professionals.

This dissertation is designed to contribute to both academic and practitioner perspectives on this important topic. The academic value is derived from the comparative analysis of leadership capabilities of a global talent pool of male and female executives and the application of a new conceptual framework that integrates multiple corporate governance theories. The practitioner contribution is a set of recommendations for professional practice directed to two populations: 1) first, to boards seeking to increase their gender diversity and; 2) second, to female senior executives that are interested in board service. While the main focus of this research is on the Swiss case study, it is anticipated that many of the recommendations will apply to other national and situational contexts.
In den letzten Jahren ist die Geschlechterdiversität am Arbeitsplatz zu einem breit diskutierten und erforschten Thema geworden, einschließlich der Frage der Vertretung von Frauen in Aufsichtsräten. Das starke Interesse der Öffentlichkeit an der Geschlechterdiversität wird begleitet von zunehmendem Druck unterschiedlicher Interessenvertreter sowohl in öffentlichen als auch in privaten Konzernen, die Aufsichtsräte durch die Ernennung von weiblichen Mitgliedern zu diversifizieren.


Die erste empirische Studie untersucht einen globalen Talentpool von männlichen und weiblichen leitenden Führungskräften, die über die für die Arbeit in einem Aufsichtsrat notwendige Erfahrung verfügen. In der zweiten empirischen Studie wird eine tiefergehende Fallstudie für die Schweiz entwickelt, um ein besseres Verständnis für die Dynamik der Geschlechterdiversität und der Rekrutierung von Aufsichtsratsmitgliedern auf dem Schweizer Markt zu gewinnen.

Diese Dissertation ist so konzipiert, dass sie sowohl zu akademischen als auch zu praktischen Perspektiven dieses Themas beiträgt. Der akademische Wert ergibt sich aus der vergleichenden Analyse der Führungsqualitäten eines globalen Talentpools von männlichen und weiblichen Führungskräften und aus der Anwendung eines neuen konzeptionellen Rahmens, der mehrere Corporate-Governance-Theorien integriert. Der Beitrag des Praktikers ist eine Reihe von Empfehlungen für die berufliche Praxis, die an zwei Gruppen gerichtet sind: 1) an die Aufsichtsräte, die ihre Geschlechterdiversität verstärken wollen; 2) an weibliche Führungskräfte, die Interesse an der Tätigkeit in einem Aufsichtsrat haben. Zwar steht im Hauptfokus dieser Forschung die Schweizer Fallstudie, aber man kann davon ausgehen, dass viele der Empfehlungen auch für andere nationale und situative Kontexte gelten.
Acknowledgements

From the moment I entered the doctoral program at the University of St. Gallen I knew I was in the right place. The approach and structure of the program were ideally suited to challenge and support my further development both as a practitioner and as a business researcher, leveraging my work experience in an academic setting.

I am indebted to Professor Hilb and Professor Jent for their assistance and guidance through the development of this work. I find inspiration in their approach to connect my research to the real world of business and to open new horizons for the next step in my personal and professional development. Indeed, the faculty members that I have been fortunate to meet at St. Gallen have been outstanding in helping to shape my work through its various iterations. As well, my classmates were of the highest caliber. The work that we accomplished together pushed me to greater heights.

This dissertation would not have been possible without the support of the Center for Creative Leadership (CCL). In particular, I am very thankful for the patient assistance of John Fleenor at CCL in providing access to the main databases for my first empirical study on leadership competencies. Indeed, the focus on gender and leadership competencies remained one of the main research themes throughout the coursework phase of my doctoral program.

I have also been fortunate to have interviewed 26 executives for the second case study on board recruitment practices in Switzerland. The interviews inevitably ran over the allotted time and I was privileged to receive the benefit of the experience of each person. In addition, over 100 female executives active in Switzerland participated in an online survey for the second case study. The quality and quantity of the data far exceeded my expectations. My profound thanks goes to each and every one of the contributors to this research - I am in your debt.

I am especially grateful for the support I received from my family and friends. They accompanied me on this journey from the beginning with encouragement, challenge, patience and understanding. In particular, I would not have succeeded without the aid of my wife and daughter, and my longtime friend and mentor J.B. Kassarjian. They provided me with perspective and guidance throughout my academic program as I navigated the challenges of balancing my professional work commitments with the preparation of this dissertation.

Geneva, January 2016

Michael Hathorn
# TABLE OF CONTENTS

## 1. Introduction .................................................................................................................. 1
  1.1. Research Problem .................................................................................................. 1
  1.2. Research Objectives .............................................................................................. 4
  1.3. Research Approach ............................................................................................... 5
  1.4. Structure of the Dissertation .................................................................................. 7

## 2. General Theoretical Section ......................................................................................... 9
  2.1. Model of Corporate Governance Research ......................................................... 9
    2.1.1 Review of Select Corporate Governance Theories ........................................ 11
    2.1.2 Limitations of Corporate Governance Theory .............................................. 16
    2.1.3 New Corporate Governance ......................................................................... 19
  2.2. New HR Governance .............................................................................................. 21
    2.2.1 Keep it Situational ......................................................................................... 22
    2.2.2 Keep it Strategic .............................................................................................. 23
    2.2.3 Keep it Integrated ............................................................................................ 26
    2.2.4 Keep it Controlled ............................................................................................ 27
  2.3. Gender Diversity on Corporate Boards ................................................................. 27
    2.3.1 Financial Impact .............................................................................................. 28
    2.3.2 Corporate Reputation Impact .......................................................................... 33
    2.3.3 Board Team Performance Impact .................................................................... 34
    2.3.4 Talent Pool Impact ........................................................................................... 35

## 3. Specific Empirical Section .......................................................................................... 39
  3.1. Study 1: Leadership - Competencies and Effectiveness ......................................... 41
    3.1.1 Objectives of Empirical Study 1 .................................................................. 41
    3.1.2 Participants of Empirical Study 1 .................................................................. 41
    3.1.3 Empirical Research Methodology and Limitations ......................................... 43
    3.1.4 Analysis and Discussion of Findings ............................................................... 48
      3.1.4.1 Scale reliability ....................................................................................... 48
      3.1.4.2 Descriptive statistics for the total dataset .............................................. 49
      3.1.4.3 Leadership competencies and leadership effectiveness ......................... 51
      3.1.4.4 Gender differences on overall leadership effectiveness ......................... 54
      3.1.4.5 Gender differences on leadership competencies .................................. 55
      3.1.4.6 Gender-specific self-rating bias .............................................................. 57
      3.1.4.7 Gender competency profiles ................................................................. 58
      3.1.4.8 Summary of findings ............................................................................. 59
  3.2. Study 2: Gender Diversity and Swiss Board Recruitment Practices ................. 61
    3.2.1 Objective of Empirical Study 2 ..................................................................... 62
    3.2.2 Participants of Empirical Study 2 .................................................................. 63
3.2.3 Empirical Research Methodology and Limitations ...........................................66
3.2.4 Analysis and Discussion of Findings .................................................................68
  3.2.4.1 Demographics .................................................................................................68
  3.2.4.2 Board Service Profiles ..................................................................................71
  3.2.4.3 Board interviews in last two years .................................................................75
  3.2.4.4 Motivation for board service .........................................................................79
  3.2.4.5 Identifying board opportunities in Switzerland .............................................82
  3.2.4.6 Potential barriers to board service for women ..............................................87
  3.2.4.7 Increasing gender diversity on boards ............................................................89
  3.2.4.8 Current board service – single example .......................................................94
  3.2.4.9 Gender diversity progress in the next 5 years ..............................................103
  3.2.4.10 Self-assessment of senior leadership competencies .....................................106
  3.2.4.11 Top three suggestions to achieve board service .........................................108
  3.2.4.12 Summary of findings .................................................................................110
3.3. Specific Empirical Section Conclusion ................................................................112
  3.3.1 Keep it Situational .........................................................................................114
  3.3.2 Keep it Strategic ...............................................................................................116
  3.3.3 Keep it Integrated .............................................................................................118
  3.3.4 Keep it Controlled ............................................................................................122
4. Concluding Section ..................................................................................................124
  4.1. Recommendations for Further Research .............................................................124
  4.2. Recommendations for Practice ..........................................................................126
Bibliography ..............................................................................................................132
Appendices ................................................................................................................142
  Appendix 1: Leadership competencies in CCL study ............................................142
  Appendix 2: Select statistical tables for Study 1 (CCL study) .............................148
  Appendix 3: Interviewees for the Swiss study .......................................................154
  Appendix 4: Interview questions ............................................................................157
  Appendix 5: Online survey invitations ..................................................................160
  Appendix 6: Online survey questionnaire ..............................................................162
  Appendix 7: Select statistical tables for Study 2 – Online survey .........................173
  Appendix 8: Curriculum Vitae ..............................................................................175
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Adapted Finkelstein model</td>
<td>10</td>
</tr>
<tr>
<td>2.2</td>
<td>The new corporate governance framework</td>
<td>19</td>
</tr>
<tr>
<td>2.3</td>
<td>Diversity optima disc</td>
<td>25</td>
</tr>
<tr>
<td>3.1</td>
<td>Leadership competencies and overall leadership effectiveness</td>
<td>46</td>
</tr>
<tr>
<td>3.2</td>
<td>Histogram - Overall Eff.</td>
<td>51</td>
</tr>
<tr>
<td>3.3</td>
<td>Histogram - Total Competency</td>
<td>51</td>
</tr>
<tr>
<td>3.4</td>
<td>Overall leadership effectiveness vs. global competency</td>
<td>52</td>
</tr>
<tr>
<td>3.5</td>
<td>Educational qualifications of survey participants</td>
<td>69</td>
</tr>
<tr>
<td>3.6</td>
<td>Areas of functional expertise for all survey participants</td>
<td>70</td>
</tr>
<tr>
<td>3.7</td>
<td>Board service: Size of company</td>
<td>72</td>
</tr>
<tr>
<td>3.8</td>
<td>Board service: Type of company</td>
<td>72</td>
</tr>
<tr>
<td>3.9</td>
<td>Board service: Comparison of subgroups</td>
<td>73</td>
</tr>
<tr>
<td>3.10</td>
<td>Board service: Total number of boards served on in Switzerland</td>
<td>74</td>
</tr>
<tr>
<td>3.11</td>
<td>Board service: Total length of time for all board appointments</td>
<td>74</td>
</tr>
<tr>
<td>3.12</td>
<td>Number of new board positions accepted in last two years</td>
<td>76</td>
</tr>
<tr>
<td>3.13</td>
<td>Board interview assessment</td>
<td>78</td>
</tr>
<tr>
<td>3.14</td>
<td>Importance of different methods to access board opportunities</td>
<td>82</td>
</tr>
<tr>
<td>3.15</td>
<td>Importance of potential barriers to board service for women</td>
<td>87</td>
</tr>
<tr>
<td>3.16</td>
<td>Subgroup importance scores on board service barriers</td>
<td>88</td>
</tr>
<tr>
<td>3.17</td>
<td>How to increase Swiss board gender diversity (next 5 years)</td>
<td>90</td>
</tr>
<tr>
<td>3.18</td>
<td>Comparison of subgroup total recommendation scores</td>
<td>93</td>
</tr>
<tr>
<td>3.19</td>
<td>Priority of gender diversity to the following individuals-groups</td>
<td>95</td>
</tr>
<tr>
<td>3.20</td>
<td>Evaluation of current board on Human Resource capabilities</td>
<td>97</td>
</tr>
<tr>
<td>3.21</td>
<td>Board capability score subgroup comparison - “excellent” category</td>
<td>98</td>
</tr>
<tr>
<td>3.22</td>
<td>Board capability score subgroup comparison - “poor” category</td>
<td>99</td>
</tr>
<tr>
<td>3.23</td>
<td>Board service: Committee service</td>
<td>100</td>
</tr>
<tr>
<td>3.24</td>
<td>Thematic analysis of own board performance</td>
<td>102</td>
</tr>
<tr>
<td>3.25</td>
<td>Statements on gender diversity progress in next 5 years</td>
<td>104</td>
</tr>
<tr>
<td>3.26</td>
<td>Gender diversity progress in next 5 years by subgroup</td>
<td>105</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

Table 1.1: European gender diversity trends 2004-2014 .................................................. 2  
Table 1.2: Structure of the dissertation ................................................................................. 7  
Table 2.1: Differences between traditional and new corporate governance ....21  
Table 3.1: Breakdown of Participants by Gender for Study 1 ................................. 42  
Table 3.2: 5-Point Likert scale ......................................................................................... 45  
Table 3.3: Hypotheses for Study 1 ...................................................................................... 46  
Table 3.4: Scale reliability for global dataset ................................................................. 49  
Table 3.5: Descriptive statistics – Dependent and independent variables............. 50  
Table 3.6: Total competency and subscale dependent variables ............................. 50  
Table 3.7: Multiple regression models (16 variable & 3 variable subscale) ....... 53  
Table 3.8: Group differences: Overall leadership effectiveness ....................... 55  
Table 3.9: Group differences: Leadership competencies ........................................ 56  
Table 3.10: Participants in the online survey ................................................................. 64  
Table 3.11: Age and experience, all respondents and subgroups ....................... 68  
Table 3.12: Company size categories – European Commission definitions ...... 71  
Table 3.13: Board interviews in last two years ............................................................... 75  
Table 3.14: Summary of interviews and board positions accepted..................... 76  
Table 3.15: Comparison of subgroup importance scores on access methods ..83  
Table 3.16: Competency comparison: Swiss and CCL global group (female) 107  
Table 3.17: CCL Leadership Competencies and subscale relationships ......... 108  
Table 3.18: Top three suggestions grouped by theme and by subgroup ........... 109
1. Introduction

1.1. Research Problem

There is an unprecedented level of focus on corporate governance today in the wake of corporate scandals that reflect an inability of some boards\(^1\) to discharge their core obligations of direction (strategic) and control (monitoring) of the corporations they serve. The scale and impact of corporate failures like Enron and the systemic governance failure in the financial industry in 2007 have created a sense of urgency on the part of public and private stakeholders to better understand what factors lead to good governance, as well as the prevention of future calamities. This has led to a reconsideration of the obligations of companies and of the Anglo-Saxon model of governance, an approach where companies primarily serve their shareholders. In the regulatory arena, a number of governance codes and corresponding legislation have been developed that attempt to address the broader responsibilities that companies have to the global community and the societies in which they operate.

In this context, diversity has emerged as a multi-faceted imperative with ethical, social and business dimensions. The business argument for diversity is based upon the potential benefits that arise from a synergistic combination of differences in expertise, roles, demographic factors, and also less obvious characteristics like differences in leadership, communication and decision making styles. The central premise is that a more diverse board is a more effective board, better able to make decisions and respond appropriately to its full range of obligations and the increasing demands that modern boards face.

In the search for board diversity, gender diversity has emerged as a high priority for a variety of stakeholders, including regulators, who are united in their conviction that greater female representation on corporate boards can improve the functioning of boards. Many stakeholders also agree that it is an ethical and social imperative to increase female participation at the most senior levels of business.

These significant developments have inspired the focus of this research effort on gender diversity and board recruitment practices in Switzerland. While the companies in Switzerland rank relatively high on many corporate governance measures, they are perceived as lagging in gender diversity at the board level and there is significant and

\(^1\) For the purposes of this research, the use of the term « board » refers specifically to the supervisory board of a corporation (versus management or executive boards), unless indicated otherwise.
growing stakeholder pressure from politicians, the media, shareholders and other stakeholders to improve in this area.

Switzerland’s progress on gender diversity is often put in the European context for comparison purposes. The evolution of gender diversity over the 10-year period from 2004 to 2014 illustrates that Switzerland scores in the lower tier for rate of increase in board gender diversity compared to other European countries. In absolute terms, the proportion of female board members at 13.9% in 2014 ranks 13th out of 17 countries and is significantly below the European average. The predictable result is an increase in stakeholder attention and the search for means to accelerate the rate of increase in the number of female board members.

Table 1.1: European gender diversity trends 2004-2014

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AUSTRIA</td>
<td>7.0%</td>
<td>6.8%</td>
<td>9.2%</td>
<td>10.8%</td>
<td>8.0%</td>
<td>10.7%</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>3.0%</td>
<td>4.2%</td>
<td>7.0%</td>
<td>11.6%</td>
<td>13.3%</td>
<td>20.2%</td>
</tr>
<tr>
<td>DENMARK</td>
<td>4.0%</td>
<td>17.9%</td>
<td>18.4%</td>
<td>13.7%</td>
<td>77.0%</td>
<td>20.2%</td>
</tr>
<tr>
<td>FINLAND</td>
<td>14.0%</td>
<td>20.0%</td>
<td>25.7%</td>
<td>28.8%</td>
<td>27.1%</td>
<td>32.1%</td>
</tr>
<tr>
<td>FRANCE</td>
<td>6.0%</td>
<td>7.0%</td>
<td>7.6%</td>
<td>12.4%</td>
<td>20.5%</td>
<td>23.5%</td>
</tr>
<tr>
<td>GERMANY</td>
<td>10.0%</td>
<td>7.2%</td>
<td>7.8%</td>
<td>8.7%</td>
<td>12.3%</td>
<td>16.5%</td>
</tr>
<tr>
<td>GREECE</td>
<td>n/a</td>
<td>4.4%</td>
<td>6.0%</td>
<td>9.5%</td>
<td>10.4%</td>
<td>9.9%</td>
</tr>
<tr>
<td>ITALY</td>
<td>2.0%</td>
<td>1.8%</td>
<td>2.1%</td>
<td>5.0%</td>
<td>8.4%</td>
<td>20.3%</td>
</tr>
<tr>
<td>LUXEMBOURG</td>
<td>n/a</td>
<td>0.0%</td>
<td>7.2%</td>
<td>6.2%</td>
<td>6.1%</td>
<td>3.9%</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>7.0%</td>
<td>6.5%</td>
<td>12.3%</td>
<td>14.6%</td>
<td>12.5%</td>
<td>19.5%</td>
</tr>
<tr>
<td>NORWAY</td>
<td>22.0%</td>
<td>28.8%</td>
<td>44.2%</td>
<td>31.9%</td>
<td>36.4%</td>
<td>38.6%</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>n/a</td>
<td>0.0%</td>
<td>0.8%</td>
<td>3.5%</td>
<td>4.7%</td>
<td>3.4%</td>
</tr>
<tr>
<td>REPUBLIC OF IRELAND</td>
<td>n/a</td>
<td>8.1%</td>
<td>10.1%</td>
<td>10.7%</td>
<td>12.6%</td>
<td>16.3%</td>
</tr>
<tr>
<td>SPAIN</td>
<td>3.0%</td>
<td>4.7%</td>
<td>6.6%</td>
<td>10.3%</td>
<td>11.8%</td>
<td>15.6%</td>
</tr>
<tr>
<td>SWEDEN</td>
<td>20.0%</td>
<td>22.8%</td>
<td>26.9%</td>
<td>28.7%</td>
<td>24.6%</td>
<td>23.6%</td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td>9.0%</td>
<td>5.6%</td>
<td>6.6%</td>
<td>8.3%</td>
<td>11.6%</td>
<td>12.9%</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>10.0%</td>
<td>11.4%</td>
<td>11.5%</td>
<td>13.7%</td>
<td>18.2%</td>
<td>22.6%</td>
</tr>
<tr>
<td><strong>EUROPE OVERALL</strong></td>
<td><strong>8.0%</strong></td>
<td><strong>8.3%</strong></td>
<td><strong>9.7%</strong></td>
<td><strong>12.2%</strong></td>
<td><strong>15.6%</strong></td>
<td><strong>20.3%</strong></td>
</tr>
</tbody>
</table>

One significant challenge frequently mentioned in Switzerland and elsewhere is the perception of a limited supply of qualified senior executive females who have the depth of experience that boards require. While it is accurate that the number of females at senior business levels is significantly lower than the number of males, the experience in other countries suggests that there is a sufficient supply to allow a significant increase in female board members. The limited supply argument has largely been

---

2 Egon Zehnder (2014:14). Note the strong proportional increase over the period in the majority of European countries

3 For example, the most extreme example is Norway which went from 22% to 44% representation very quickly from 2004 to 2008 with the enforcement in 2008 of a quota law mandating 40% female representation on listed company boards
rejected with countries pushing ahead with a variety of incentives to increase the number of women on boards, ranging from governance guidelines and non-enforceable “soft laws” to targets and legal quota requirements. At present, European countries reflect the full range of approaches to achieve gender diversity but there have been recent proposals by European politicians for European-wide quotas and several countries have already taken the initiative to implement quotas. Regarding the question of available female board level talent, Sir Adrian Cadbury observes:

“It is not possible to seriously suggest that there is a shortage of potential outside directors when so few women are board members. The number with main board experience is limited, which is why it is necessary to look wider at the existing board pool. The responsibilities many women carry in voluntary organizations and in public life will have given them a different type of experience from that of the executives; as a result, they can bring a particular kind of added value to a board. Now that boards are having to broaden their agendas and spend more time on the external aspects of their activities, they will gain from having directors with a wider spectrum of viewpoints than in the past, in line with the wider interests which they are being called upon to take into account. This is not diversity for its own sake, but for the contribution which it can make to board effectiveness.”

In the case of gender diversity in business, hiring women merely to achieve compliance does not serve the company well if other talent-based criteria are sacrificed. A central premise of this research is that a company can achieve greater gender diversity at the board level and hire the best talent for the job, e.g., that the talent pool of female executives is rich in the skills and abilities needed to serve the best interests of corporate boards. One challenge is to place gender diversity within the overall diversity context and seek to combine multiple aspects of “difference” that relate to the demands of a particular board post.

This study addresses two interdependent research areas relevant to the current situation in Switzerland. The first is the capability of senior executive women compared to male executives in a global talent pool, and the second is the board recruitment practices and other HR capabilities of Swiss companies at the board level. Swiss boards are the most international in Europe and the largest firms of the SMI and SMIM

---

4 Heidrick and Struggles (2015:28) France, Norway, Spain, Belgium, Netherlands, the United Kingdom all have targets or quotas that range from 20% to 40% for board gender diversity. Germany recently passed a quota law in 2015 for 30% representation
5 Cadbury (2002:60)
draw from a global pool of talent for many of their board positions. The first empirical study is firmly placed to investigate the question of the relative capabilities of males and females in a sample of the global talent pool.

The second empirical study addresses the question of board recruitment practices in Switzerland by placing board recruitment within the context of a fully integrated set of HR processes that extend to integration, evaluation and development of all board members and the overall board. In effect, the board is a senior executive team and there are some important HR processes that support effective team functioning. Further, the core HR processes take place in a particular context for each company and should be adapted accordingly.

This research is timely in that Swiss companies are facing unprecedented levels of pressure to increase gender diversity on their boards. Increasing the numbers of female board members is one challenge, making the best use of the new talent is a separate and equally complex process. To meet both of these challenges, a holistic model called new HR governance is proposed and then empirically tested in the second study. Furthermore, this study aims to make a significant contribution to practice by helping board candidates and board recruiters engage in the recruitment process more effectively and with a greater appreciation of the opportunities that a gender-diverse board can provide.

1.2. **Research Objectives**

“Experience without theory is blind, but theory without experience is mere intellectual play.”

Immanuel Kant

The overall research objective of this study is to answer several fundamental questions regarding gender diversity and board recruitment practices in Switzerland. These questions will be addressed through two empirical studies.

The first question is on gender differences and is the focus of the first empirical study:

---

6 Spencer Stuart (2015) reports 59% international diversity on Swiss SMI boards compared to the next highest, Holland, at 43% for 2014
Are there significant gender differences in perceived performance on a validated set of senior leadership competencies and on leadership effectiveness for a global talent pool of senior executives?

A statistical analysis of gender differences on the rated senior leadership competencies is undertaken to address this question. Members of the talent pool included in this study have the requisite experience to be considered for board service and the results of this study have implications for those recruiting board members, as well as the potential board members themselves. It is anticipated that the findings of this global study apply to similar senior executive populations in Switzerland.

The next critical question is the focus of the second empirical study:

What are the opportunities and possible mechanisms to increase gender diversity on Swiss company boards and achieve the business benefits of diversity?

Here the assumption is that “femaleness” is only one aspect of a broader definition of diversity, and that there are processes and practices that will increase the likelihood that companies gain both financial and non-financial business benefits as they achieve greater gender diversity. An example of a non-financial benefit may include a better functioning board, which one might reasonably anticipate could contribute to bottom line results. The findings will also be useful for female executives who currently serve on boards and for those who aspire to board service.

The concept of “opportunities” in the above question involves the identification of “mindsets,” practices and processes that boards and candidates alike can employ to reap the benefits of diversity. As such, this research has an “exploratory” dimension and is an early elaboration of the Swiss case through the lens of a proposed new HR governance framework that integrates various theoretical perspectives.

1.3. Research Approach

The new HR governance framework proposed in this paper is a framework that incorporates multiple corporate governance theories and is used in the research to evaluate a single country case. The research methods employed in the two empirical studies undertaken in this paper combine quantitative and qualitative research methods to test hypotheses and to further develop the new framework for HR governance. This “mixed methods” research design combines the respective
strengths of deductive (quantitative) and inductive (qualitative) methods and is a form of “grounded theory” research.\(^7\)

In the first empirical study, a statistical analysis of differences in performance of male and female executives on a set of senior leadership competencies was completed in order to test a set of hypotheses. This is primarily deductive and is undertaken to support or refute the premise that male and female senior executives have comparable capabilities in key leadership dimensions. As the subjects of this study are at a level of seniority that makes them logical candidates for board service, the outcomes of this first study have significant implications for theory and practice.

In the second empirical study, a qualitative methodology that includes interviews and a survey is used to explore the phenomena of gender diversity and board recruitment practices in Switzerland. Before the collection of primary data, a review of existing theories of corporate governance was completed to provide an initial basis for the elaboration of an appropriate framework for investigating the topics. As well, the academic and practitioner literature on gender diversity was reviewed to provide a thorough basis for investigating the impact of gender diversity at board level. Then the interview and survey information was analyzed thematically and the results reviewed against a new HR governance framework proposed by the author and derived from Hilb’s new corporate governance framework.\(^8\) In effect, the relationships in the new HR governance framework were both tested and elaborated through this inductive and iterative process. The outcome of this research has implications for practice and also includes a set of more precise questions for investigation in subsequent research efforts.

The application of the new HR governance framework to the single country case of Switzerland can also be deemed “exploratory” in nature insofar as the desired outcome was to gain insights into the Swiss marketplace regarding gender diversity and board recruitment practices. Also, there is an “applied research” emphasis on developing practical applications for the findings.\(^9\)

---

\(^7\) Corbin et. al. (1990), Dubois et. al. (2002)
\(^8\) Hilb (2008)
\(^9\) This research effort does not fit neatly into a particular category of research, but rather borrows from different research approaches suitable for the objectives that are specified.
1.4. Structure of the Dissertation

This research paper is divided into four chapters and an appendix as per the figure below.

<table>
<thead>
<tr>
<th>New HR Governance: An Empirical Study on Gender Diversity and Board Recruitment Practices in Switzerland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Introduction</strong></td>
</tr>
<tr>
<td>Research Problem</td>
</tr>
<tr>
<td>Research Approach</td>
</tr>
<tr>
<td>Structure of the Dissertation</td>
</tr>
</tbody>
</table>

Table 1.2: Structure of the dissertation

The first chapter introduces the problem, objectives and structure of this research effort. As well, the academic and practitioner relevance of the research is presented in chapter 1.

Chapter 2 begins with coverage of a selection of major theoretical perspectives in governance research, followed by an elaboration of specific theoretical frameworks that apply specifically to the research questions posed. This includes a review of the literature relevant to both of the empirical studies presented in this dissertation. In effect, the relevant literature on corporate governance and HR governance is reviewed, as is the literature on leadership competencies and leadership performance for senior executives.

Chapter 3 includes two empirical studies and a discussion of the findings of each study. The design and methodology of both studies are presented, including an explanation of the variables, study participants, data collection methods and analysis process. In the first study, a series of hypotheses are investigated to determine the relative performance of male and female senior executive groups on 16 leadership
competencies and overall leadership effectiveness. Appropriate statistical techniques are employed to determine the differences that may exist in the two populations (male and female) and the significance of any differences. The second study is based upon a qualitative analysis of data collected through interviews conducted with multiple stakeholder groups and the responses of female board members collected through an online survey.

The conclusion presented in Chapter 4 specifies recommendations for further academic and practitioner research. Also, two sets of practitioner recommendations are presented in this chapter: the first regarding recruitment of board members for corporate boards, and the second for female executives who are interested in pursuing board service.

The appendix includes exhibits and documents that are referenced in the previous four chapters. In particular, a specification of the 16 leadership competencies, additional statistical tables and graphs for the two studies, a listing of interview participants and relevant documents for the online survey (invitations, questionnaire, and supplemental analysis).
2. General Theoretical Section

The general theoretical section sets the stage by presenting a comprehensive model of corporate governance research in order to position the gender diversity topic in an overall context. This is followed by a brief review of academic corporate governance theories and an analysis of the limitations of corporate governance theory. To overcome these limitations, a new HR governance framework is proposed that integrates existing theory and has both theoretical and practical relevance. And finally, a review of select literature relevant to gender diversity is presented with an emphasis on the financial, reputational, board team and talent pool impacts of gender diversity.

2.1. Model of Corporate Governance Research

Finkelstein, Hambrick and Canella present a model of corporate governance that attempts to capture the current status and linkage of various research streams on boards of directors, placing an emphasis on strategic leadership and focusing on the relationships between “structure, composition and the vigilance behavior of boards.”

This model is particularly suited to position the subject of this dissertation in that it places a clear emphasis on board structure and composition as a driver of board vigilance and behavior, as well as firm performance. Also, the situationally-driven aspects of board structure and behavior are made explicit by the direct linkage in the model between the “contextual conditions” and the “boards vigilance and behavior” components.

An adapted version of the model is presented in the figure below, highlighting the elements of board structure and board composition that have an impact on the effectiveness of the individual board members and of the board overall.

---

10 Finkelstein et. al, (2009:228)
11 Finkelstein et. al, (2009:228-229)
This model also places a strong emphasis on “strategy formulation” and “monitoring-control” of organizational outcomes and is hence consistent with Cadbury’s definition of corporate governance as a system “by which companies are directed and controlled.” Finkelstein suggests that the power of this model is the development of a “predictive framework of board phenomena” and that it raises an important set of research questions on strategic leadership at board level, as follows:

1. “What are the determinants of board characteristics (e.g. board structure and composition)?”

2. “What are the determinants of board vigilance and behavior?”


---

12 Main adaptation by the author is to specify the elements of board structure and board composition, and explicitly link them to board and leadership effectiveness.

13 Cadbury (1992:1)

14 Finkelstein et. al. (2009:229).
Regarding the board characteristics element of the model, there is significant research interest in the board composition areas of independent directors, director equity and multiple directorships.\textsuperscript{15} Board diversity is a rapidly rising area of research interest and typically evaluates the relationship of demographic characteristics such as gender, age, experience and race to organizational performance.\textsuperscript{16} Of particular interest to this research is the gender characteristic, yet this should be considered in the context of the other demographic and situational variables and reflect the interdependencies that exist in a particular situation and organization.

\subsection*{2.1.1 Review of Select Corporate Governance Theories}

"The field of corporate governance is at a crossroads. Our knowledge of what we know about the efficacy of corporate governance mechanisms is rivalled by what we do not know"\textsuperscript{17}

A wide variety of corporate governance theory has been developed by scholars in diverse academic disciplines including economics, law, sociology and management among others. A common element of the various streams of research is the attempt to understand the basic purpose and functioning of organizations and their governance.\textsuperscript{18} The challenge is to combine the multiple perspectives in a manner that has both general application across firms and specific application to the individual firm. This section is devoted to a fundamental review of important corporate governance theoretical approaches where the emphasis is on the board of directors.

The first theory covered in this section, agency theory, is the most widely researched and builds upon the work of Berle and Means (1932). They developed the idea that a corporate structure has an inherent problem due to divergent interests between the owners of the assets (shareholders) and those that control of the assets (managers). Managers left unchecked might exercise their power to deploy the assets and information at their disposal to benefit themselves at the expense of the owners. This is the classic agency problem in corporate governance where the role of the board is to monitor and control management, ensuring that the interests of owners remained paramount over those of the managers. Accordingly, the primary purpose of the board is to make profits for shareholders.\textsuperscript{19} The board directors thus have fiduciary duties to

\begin{flushleft}
\begin{itemize}
\item\textsuperscript{15} Zahra et. al. (1989)
\item\textsuperscript{16} Goodstein et. al. (1994)
\item\textsuperscript{17} Daily et. al. (2003:71)
\item\textsuperscript{18} Hambrick et. al., (2008)
\item\textsuperscript{19} Berle et. al. (2002)
\end{itemize}
\end{flushleft}
do what is in the best interest of the company owners and this duty is reflected in most legislative guidelines concerning boards, as well as in the corporate financial theories of profit maximization in the Anglo-Saxon world.\textsuperscript{20}

**Agency theory**

Jensen and Meckling (1976) built upon the earlier work of Berle and Means, adopting the view that the purpose of a board of directors was to manage the “agency problem.” The resulting agency theory is grounded in economics and posits that individuals are rational actors who seek to maximize their individual utility.\textsuperscript{21} This leads to *inevitable conflict* between the interest of the individual director or manager and that of the principals, or shareholders, of the organization. In effect, the separation of ownership (shareholders) and control (management) provides a set of predictable conflicts under certain situations. For instance, Denis identifies three sources of conflict in the agency relationship: the managers’ desire to remain in power, managerial aversion to risk and management preferences for use of free cash flow.\textsuperscript{22} Managers may be more careful in their attempts to maximize shareholder value due to the personal risk they assume if their project investments fail. This may lead to investments in projects that serve the interest of management over the interest of the shareholders and the preference of management to hold on to free cash flow rather than return it to shareholders, thus reducing management risk to the detriment of shareholder returns. The theory proposes that the above conflicts are exacerbated by information asymmetry between managers and owners, where managers have greater access to in-depth and timely information.\textsuperscript{23}

In order to reduce potential agency costs, boards of directors are established primarily as a means of monitoring and control.\textsuperscript{24} The independence of the board from management influence is important to ensure the board operates in the interest of the shareholders. Numerous studies have focused on the need to establish board independence from the CEO and management by the inclusion of a sufficient number of independent directors on the board, including an independent board chair.

\textsuperscript{20} Monks et al. (1995)
\textsuperscript{21} Jensen et. al. (1976), Eisenhardt (1989)
\textsuperscript{22} Denis (2001)
\textsuperscript{23} Jensen et. al. (1976)
\textsuperscript{24} Fama et. al. (1983)
Stewardship theory

Stewardship theory poses a direct challenge to the basic tenets of managerial self-interest and opportunism embedded in agency theory. Managers are thought to be more impacted by intrinsic factors such as achievement, recognition and growth (self-actualization) that provide long-term, sustainable motivation than extrinsic factors such as rules, external monitoring and compensation.\(^{25}\)

Under this approach, managers do not have a conflict of interest with owners. In fact, managers are thought to prefer behaviors which serve the collective needs of the organization over behaviors that are primarily self-serving.\(^{26}\) The implication is that the emphasis should be placed on establishing collaboration, trust and supportive relationships between management and the board, rather than on monitoring efforts. In this context, a strong focus on monitoring and control may be counterproductive and serve to demotivate management.

Resource dependency theory

This theory focuses on the reduction of environmental uncertainty through the establishment of relationships between the firm and key actors in the external environment.\(^{27}\) The board members themselves serve as an important link to critical external resources so a collaborative type relationship of management to board directors is useful to ensure management achieves the full benefit of board members’ ability to link the organization to the external resources that it requires.\(^{28}\) Networks of director interlocks are thought to provide a common and effective means to access external resources and information useful to the organization.\(^{29}\)

Institutional theory

Under institutional theory, corporate governance is viewed through the lens of social and cultural phenomena. As in resource dependency theory, external actors exert a powerful and critical influence on the board and the firm to adopt practices and policies that are consistent with the expectations of external providers.\(^{30}\) The impact of this is

---

\(^{25}\) Herzberg (1983)  
\(^{26}\) Davis et. al. (1997)  
\(^{27}\) Pfeffer et. al. (2003), Burt (1983), Pfeffer (1972)  
\(^{28}\) Burt (1983)  
\(^{29}\) Price (1963), Pfeffer (1972), Pettigrew (1992), McDonald et. al. (2003)  
\(^{30}\) Meyer et. al. (1977), DiMaggio et. al. (1983)
that boards and organizations gain legitimacy to the extent that they comply with normative requirements. This theory supports the prospect of conformity and compliance, rather than innovation and change. In effect, the status quo is supported by powerful social forces. Interestingly, researchers view interlocking directorates as one of the key supporting processes for achieving the social and cultural alignment called for by this theory.\(^{31}\)

**Role theory**

Role theory seeks to explain the role of the board of directors, which turns out to be a more complex undertaking than it appears at first glance. There are normative definitions posed by a plethora of governance codes of various countries and guidelines developed by organizations with an interest in governance.\(^{32}\) While the expected behavior might be defined clearly in specific jurisdictions there is no common agreement on the role of a board so the emphasis naturally turns to what boards do, how they are different and what impact, if any, this has on company performance.\(^{33}\) Adams and colleagues (2008) respond to the central question of the role of a board of directors as follows:

“Possible answers range from boards’ being simply legal necessities … to their playing an active part in the overall management and control of the corporation. No doubt the truth lies somewhere in the between these extremes. Indeed, there are probably multiple truths when this action is asked of different firms, in different countries or in different time periods.”\(^{34}\)

A central concern that they raised was related to the endogenous and interdependent nature of the variables used in governance theory to explain the role of the boards, including their composition and actions.\(^{35}\) This suggests that boards are responding to the external developments and will likely come up with their specific solutions based on how they perceive these developments.\(^{36}\) Role theory as described here makes a clear case for a situational approach to understanding strategic decision-making practices of board teams.

---

\(^{31}\) Galaskiewicz et al. (1989)

\(^{32}\) See OECD (2004), Economiesuisse - Swiss Code of Best Practice for Corporate Governance (2014), The UK Corporate Governance Code (2014), for example

\(^{33}\) Adams et al. (2008)

\(^{34}\) Adams et al. (2008:58-59)

\(^{35}\) Adams et al. (2008)

\(^{36}\) Demsetz et al. (1985), Heramalin et al. (2003)
Upper echelon theory

Hambrick and Mason inspired the development of upper echelon theory where the focus is on the impact of top management teams on organizational outcomes. The influence of top executives is thought to be a function of how much discretion they have and the selective perceptual processes that they bring individually to their analysis of the incomplete information regarding complex problems they are solving.\(^\text{37}\) This theory has been more frequently applied to executive top management teams than boards, with Finkelstein proposing that a particularly important area for research is the “power of individual board members with respect to other boards members ... many of the same phenomena that drive power relations among top managers may also be relevant for board members.”\(^\text{38}\)

Stakeholder theory

This theory holds that the corporation is responsible to a wide variety of stakeholders, including but not limited to the shareholders. The stakeholders for a company can be defined as any person or organization that can affect or be affected by the actions that a business takes. At a minimum, this definition includes employees, customers, suppliers, creditors, the community and can even be extended to groups like competitors or special interest groups. Governing the organization involves a situationally driven, complex process of balancing the expectations and needs of different stakeholders.\(^\text{39}\) Stakeholder theory is often considered an integral part of board level corporate social responsibility efforts. Dyllick and Muff provide a new typology\(^\text{40}\) for understanding an organization’s progress in the stakeholder aspect of implementing sustainability and view many corporate efforts as meeting their definition of sustainability 2.0, as captured by the following explanation from the Network for Business Sustainability:

“Business sustainability is often defined as managing the triple bottom line – a process by which firms manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as people, planet and profits.” \(^\text{41}\)

\(^{37}\) Hambrick et. al. (1984)  
\(^{38}\) Finkelstein et. al. (2009:278-279)  
\(^{39}\) Freeman (1984)  
\(^{40}\) Dyllick et. al. (2015)  
By definition, this approach includes social, environmental and economic actors as the key stakeholders and seeks to integrate the expectations and needs of each in a holistic manner. Compared to institutional theory with an emphasis on the status quo, stakeholder theory embraces change in response to evolving stakeholder engagement.

2.1.2 Limitations of Corporate Governance Theory

As the coverage of select corporate governance theory in the previous section highlights, there are a variety of theoretical perspectives with very different assumptions about corporate governance and the nature of the key actors. For instance, how does one reconcile agency theory with stewardship theory given their significantly different interpretations of the motivations and subsequent behavior of directors?\(^{42}\) Role theory and stakeholder theory have elements in common but may differ in their emphasis on who are the “stakeholders” depending upon the definition of the role of corporate governance and consequently the role of the corporation in society.

A comprehensive review of corporate governance research on boards of directors by Johnson and colleagues led them to conclude that it was difficult to make comparisons between the different studies “given the heterogeneity of typical independent variables (e.g. multiple operationalizations of board composition) and dependent variables (various criteria used to indicate financial performance).”\(^{43}\) These methodological issues create significant barriers to the development of mutual understanding, agreement and convergence both across and within the various research streams. In a 1998 meta-analytic review of 85 studies on board composition and leadership structure Dalton and colleagues were unable to find “relationships at a meaningful level between board composition, leadership structure and financial performance nor for board leadership structure” where “such a finding provides no support for either agency or stewardship theories.”\(^{44}\)

\(^{42}\) Interestingly, Jensen and Meckling published a revised theory in 1994 (REMM) that they explained was better suited to explain human behavior at the individual and organizational level. In effect, they rejected a central notion of agency theory, that people are wealth maximizers, as to simplistic. Hillman and Dalziel (2003) try to account for both agency and resource dependence perspectives in their treatment of board composition and firm performance.

\(^{43}\) Johnson et. al. (1996:433) Interestingly, in this review of the literature on corporate governance there was only one mention of diversity.

\(^{44}\) Dalton et. al. (1998:81)
Daily and colleagues identify three limitations to the advance of corporate governance theory: 1) limited direct access to “process-oriented” primary research data on boards; 2) an overreliance on agency theory as the main theoretical paradigm; and 3) the tendency for researchers to embrace “a research paradigm that fits a rather narrow conceptualization of the entirety of corporate governance to the exclusion of alternative paradigms.”

They suggest that the third point is potentially the greatest barrier to progress in corporate governance research and refer to this orientation as “empirical dogmatism,” but noting that it is largely within the control of researchers. In effect, the commitment to a given theory limits the vision of its adherents and the potential advancement of science through new paradigms that may include the integration of complementary perspectives.

By integrating the various research streams, researchers could potentially create frameworks with greater applicability to the real world of corporate governance practice. Some of the limitations of the research community have been addressed by various organizations. As an example, the OECD includes the following in its definition of corporate governance:

“Corporate governance involves a set of relationships between a company’s management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through with the objectives of the company are set, and the means of attaining those objectives and monitoring performance.”

This definition moves strongly in the direction of understanding processes and relationships among a variety of stakeholders. Accordingly, the OECD goes far beyond agency theory and includes elements of resource, role and stakeholder theories.

To guide regulatory regimes and organizations in the establish of their corporate governance systems the OECD proposed six “non-binding” principles for good corporate governance. To summarize, these principles include:

- Ensure the basis for an effective corporate governance framework though the promotion of transparent, efficient markets that are regulated in a consistent and fair manner.

---

45 Daily et. al. (2003:379) Corporate governance: Decades of dialogue and data
46 Daily et. al. (2003)
47 Kuhn (1970), Greenwald, et. al. (1986)
48 OECD (2004:11)
49 OECD (2004:17-24)
• Establishment and protection of the rights of shareholders

• Equitable treatment of shareholders

• Protection of the rights and interests of stakeholders

• Timely and accurate disclosure of specific and relevant material regarding the company

• Ensure the strategic guidance of the company, effective monitoring of management by the board and the board’s accountability to the company and its shareholders

The King Code of Governance for South Africa (King II and King III) also proposes broad corporate governance guidelines which are presented as complementary to the legally binding obligations of firms and directors. This code encourages companies to operate in a sustainable manner, adopt a long-term business perspective, develop productive relationships with their stakeholders and discharge their ethical, social and legal responsibilities. In effect, this code recognizes that good governance requires going beyond regulatory compliance.\(^{50}\)

In a similar vein, Sir Adrian Cadbury places emphasis on societal stability and the alignment of stakeholder interests with his definition of corporate governance that includes the central idea that “the governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources … the aim is to align as nearly as possible the interests of individuals, corporations and society.”\(^{51}\) Cadbury further stated that the principles of corporate governance are “universal in their application” but that there is no one way to implement them, believing that the best way forward was a strong partnership between the public and private sectors.\(^{52}\)

Hilb agrees that there is no “one size fits all” approach to corporate governance and observes that “in the future it will be increasingly important to approach corporate

\(^{50}\) Institute of Directors Southern Africa - King II (2002) and King III (2009)

\(^{51}\) World Bank-IBRD (2002:vi)

\(^{52}\) World Bank-IBRD (2002:vi)
governance from an integrated and multi-theoretic point of view. This is consistent with other researchers who also advocate for integrated theoretical approaches.

The methodological issue referred to earlier of board structures being endogenous also supports the use of holistic, robust, multi-theoretical frameworks that recognize the interdependence of internal and external factors and are situational in their application. For the purposes of this research on gender diversity and board recruitment practices in Switzerland such a framework is essential to bridge the gap between theory and practical application, capturing the essential elements of a process implementation model grounded in theory.

### 2.1.3 New Corporate Governance

The new corporate governance model proposed by Hilb (2005) offers the advantage of providing a fully integrated corporate governance model that is flexible enough to be applied to specific organizations, taking into account the relevant situational variables. The framework is based on the “reverse KISS” principal as illustrated below and is composed of four dimensions.

![The new corporate governance framework](image)

The four dimensions of the new corporate governance framework proposed by Hilb can be summarized as follows:

---

53 Hilb (2008:6)  
54 Daily et al. (2003)  
55 Nilsen (2015)  
56 Hilb (2008:12)  
57 Hilb (2008)
1. Situational Dimension

This dimension integrates the external and internal perspectives for the individual firm, recognizing that companies have different levels of development, internationalization, complexity and goals. Hence, firms will perceive and respond to the external context relative to their internal profile and realities.

2. Strategic Dimension

The composition of the board team, board structures and processes are considered the three success factors for developing a high performing board culture of trust and constructive criticism. A critical outcome of the strategic dimension is measurement of board success through a set of stakeholder-oriented criteria.

3. Integrated Board Management Dimension

Optimization and alignment of the supervisory and management board recruitment and development cycles are covered, with an emphasis on an integrated approach to targeted recruitment, evaluation, remuneration and development of board members.

4. Controlling Dimension

Internal and external communications, auditing, risk management and feedback functions are captured by the controlling dimension.

Of particular importance are the differences between the traditional corporate governance approach and new corporate governance. The following table (2.1) illustrates these differences and also identifies the “multi-theoretical” approach to new corporate governance, where one or more corporate governance theories are associated with each dimension of the model.
### Dimension

<table>
<thead>
<tr>
<th>Traditional Corporate Governance</th>
<th>New Corporate Governance</th>
<th>Integration of CG Theory in New Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Situational Implementation</strong></td>
<td>No difference between national, industry and corporate culture</td>
<td>Implementation appropriate to the specific context of each firm. (Keep it situational)</td>
</tr>
<tr>
<td><strong>Strategic Direction</strong></td>
<td>Strategic development is not a function of the supervisory board</td>
<td>Strategic development is a central function of the supervisory board (Keep it strategic)</td>
</tr>
<tr>
<td><strong>Integrated Board Management</strong></td>
<td>Only isolated nomination and remuneration committees in publicly listed companies</td>
<td>Integrated and targeted selection, appraisal, compensation and development of the supervisory and managing boards. (Keep it integrated)</td>
</tr>
<tr>
<td><strong>Holistic Monitoring</strong></td>
<td>Controlling the financial dimension only</td>
<td>Holistic monitoring of results from the perspective of shareholders, clients, employees and the public. (Keep it controlled)</td>
</tr>
</tbody>
</table>

Table 2.1: Differences between traditional and new corporate governance

### 2.2. New HR Governance

The hallmark of an excellent model is its explanatory power across a broad range of applications and situations. The new corporate governance framework by Hilb can be readily adapted to HR governance, bringing together the divergent strands of

---

58 Source: Adapted from Hilb (2008:10)
59 Hilb and Oertig wrote a book in the German language on HR governance in 2009 using Hilb’s new corporate governance framework. The book has not been translated into English or French so the author of this work was not able to use it as a reference. Hence the translation of the new corporate governance framework to the new HR governance framework by the author may contain some inconsistencies relative to the 2009 publication by Hilb and Oertig.
existing research and practice into an integrated, holistic framework. In this section, the elements of the new HR governance framework are developed on the topics of HR capabilities relevant to governance. As the focus of this research is on gender diversity and board recruitment the emphasis will be placed on the strategic and integrated dimensions of the model which are specific to these topics. The predictive power of the framework for the individual organization and groups of similar organizations is enhanced greatly by the situational context dimension of the model. An overarching principal for the framework is that of integrity, without which the benefits of the governance activity will be significantly compromised.

A detailed elaboration of the complete new HR governance model and supporting practitioner tools is too extensive to be completed within the scope of this research. Hence, a brief outline of the new HR governance framework is presented and includes the essential HR dimensions to be covered. The focus of this research paper is on gender diversity and board recruitment practices so the review of literature on gender diversity will be developed separately. Little academic literature has been produced on board recruitment practices for female board members and this is an area ripe for academic research.

The key elements of HR governance for each dimension of the “reverse KISS” model are summarized in the following sections.\textsuperscript{60}

2.2.1 Keep it Situational

External

- Assessment of legal, normative and social trends in the HR areas of people strategy, recruitment, compensation, evaluation, development, separation, and similar in the country or jurisdictions of operation

- Identification of current trends in the composition and characteristics of key HR resource pools matching current and future internal needs

Internal

- Compliance (and beyond) with the regulatory and legal requirements

\textsuperscript{60}Hilb (2005). The new HR governance framework proposed here is based on Hilb's new corporate governance framework, adapted to the specificities of HR governance.
• Comprehensive assessment of board requirements that meet current and future skill-resource needs

Study 2 includes an evaluation of the internal practices of companies in how they determine the current and future skills needed on the board and their commitment to assembling diverse board teams. As well, the primary data gathered from secondary sources, board secretaries and board recruiters will be analyzed to identify the main themes that exist in the Swiss marketplace.

The “keep it situational” dimension feeds into the strategy dimension insofar as the boards strategically targets potential new board members and reflects stakeholders in the outcome of their recruitment efforts. The situational dimension of the new HR governance framework helps to shape and calibrate the strategic implementation of diverse boards, a positive board culture, appropriate board structure and measures of success of the boards' functioning in accordance with the realities of the external and internal environments for an individual firm.

Specific companies will focus on external factors that seem most relevant to them vis-à-vis their internal requirements and current situation. In effect, this process reflects a modified SWOT\textsuperscript{61} analysis of the internal strengths and gaps versus the external opportunities and constraints relevant to the individual firm.

2.2.2 Keep it Strategic

• Diverse board teams, strategically targeted to meet firm requirements and reflecting key stakeholder groups where possible

• Development of a positive board culture based on trust

• Efficient structure

• Stakeholder-oriented measures of success in evaluating board functioning on the team, culture and structural dimensions

In the strategic dimension, all of the new corporate governance elements initially proposed by Hilb are retained in the specification of the new HR governance framework insofar as they relate to typical HR subject matter areas: diverse team

\textsuperscript{61} SWOT – Strengths, weaknesses, opportunities and threats analysis
composition; creation of a positive culture; team network structures and process; as well as evaluation of the board performance on human resource criteria using a multi-stakeholder framework. Hilb provides a deep analysis of each of these dimensions in his seminal work on new corporate governance and a set of tools for addressing these areas.\footnote{Hilb (2005:17-71)}

Of particular interest in this research effort is the diversity optima model proposed by Hilb and Jent which suggests an approach for implementing diversity at board level according to three criteria:\footnote{Hilb (2005:78-81) Based upon the work of Prof. Hilb and Prof. Jent}

- **Know-how**
  
  This element refers to the skills and knowledge needed at the board level and should match the areas of expertise held by the top management team. This creates an opportunity for the board member to effectively engage with senior management on the critical knowledge areas of the business and is determined based on the required knowledge and skill profile of each company.

- **Team roles**
  
  Complementary board roles and clarity of these roles need to be established to gain the full impact of the “know-how” that has been assembled.

- **Social data**
  
  Social or demographic data like disability, age, gender, race and nationality can be assessed for each board member and implemented in the board system to gain the explicit and explicit contributions that dominant demographic differences can provide. This approach emphasizes that gender is only one element of diversity captured by a focus on social data.

The tool they propose for combining these three factors is illustrated in the figure that follows.
The chairperson performs the role of “integrating personality” for the board in this scheme. Given the specific knowledge contributions and the variety of roles and social profiles of board members, the chairperson is responsible for orchestrating team performance. The chair has the specific responsibility to develop an open, inclusive culture of trust and positive team dynamics.

While an important research topic of this paper is gender diversity, the objective is to achieve gender diversity at board level in a manner that captures a full range of business benefits. Conceiving diversity as a rich concept of know-how, team roles and social data illustrates the importance of combining multiple criteria in a way that will increase the performance of the board, and ultimately the organization.

In effect, this process of aligning the situational and strategic factors for a specific application is a precondition for establishing an HR approach that is appropriate for a company at specific stages of its development. In the governance arena, this suggests that companies assemble a team of board members that have “successful experience in all strategic markets in which they operate.”\textsuperscript{65} The new HR governance framework proposed here overcomes the risk of adopting a “one size fits all” approach to the challenges of good corporate governance.

\textsuperscript{64} Hilb (2008:12)
\textsuperscript{65} Hilb (2009:5) For global companies this is referred to as glocal HRM by Hilb, and includes a coordinated combination of global and local responsiveness for the strategic markets in which they operate. The author proposes that a modified version of this concept can apply to different stages of a companies’ development in that it captures the core idea of addressing the strategic markets (local, regional and global) for that company with an integrated, flexible and optimized response.
2.2.3 Keep it Integrated

The integrated dimension of the new HR governance framework captures the “lifecycle” of board members and is implemented within the context of the analysis performed in the situational and strategic dimensions. In this conception, there are five distinct areas to consider. Note that development and evaluation processes apply to both the board members individually and the board collectively. This captures the reality that the board is a top management team, and that both individual and team performance is crucial. This also places the spotlight on the chairperson as the board team lead and provides valuable input on the chairperson’s performance, while highlighting opportunities to improve each board member’s contribution and overall team effectiveness.66

- Targeted recruitment and selection of board members
- Compensation of board members67
- Tailored integration of new board members
- Development of the board and individual members
- Evaluation of the board and individual members

The first area of the integrated dimension refers to both the recruitment and the selection of board members. Recruitment is included to highlight the importance of identifying the recruitment pool in a manner that encourages diversity and ensuring that all recruitment criteria are relevant for the specific board post. For example, the inclusion of “previous CEO experience” as one of the criteria for a specific board position will drastically reduce the pool of candidates, especially female candidates, and should only be included if this is a critical area of expertise required for the specific board post.

66 The board review is an opportunity for holding the chairperson accountable and opening the dialogue at the board level regarding ways to improve board performance. This is consistent with creating an open and inclusive board culture characterized by equity and fairness.

67 Board compensation is not explicitly covered in this research and did not emerge as a key variable in the data gathered through the structured interviews. Respondents’ reluctance to speak about compensation was noted by this researcher during questionnaire testing and the compensation question was therefore excluded from the final questionnaire.
2.2.4 Keep it Controlled

The “control" dimension of the new HR governance framework has the following proposed elements:

- Audit and risk function: HR audit of individual capabilities and performance made with respect to internal needs, identifying accomplishments and highlighting areas of need that are either unmet or previously unanticipated.

- Communication function: Frequency and inclusiveness of communication on the main challenges and developments of HR governance, supporting the development of an open and constructive dialogue within the board team and with stakeholders on the board’s ambitions, targets, processes and achievements in HR governance.

- Evaluation oversight: Evaluation of the implementation of HR governance processes, plus the evaluation of board members and the board itself. In effect, to make sure this happens in a credible and effective manner.\(^68\)

- Legal and ethical compliance: Going beyond the legal minimum in HR governance to what is ethical or correct behavior based on a normative or higher social standard.\(^69\)

2.3. Gender Diversity on Corporate Boards

The concept of diversity on corporate boards has received much attention in the academic literature and can be defined as it “relates to board composition and the varied combination of attributes, characteristics and expertise contributed by individual board members.”\(^70\) Demographic variables comprise a set of attributes and characteristics that are directly observable and have been the subject of much empirical research, often focused on the persistent homogeneity of these characteristics in boards.\(^71\) The phrase “pale, male and stale” has become popularized as a way of describing typical boards in the Anglo-Saxon world of 10 to 20 years ago, referring to the similarity of board members around the table.

---

\(^{68}\) An important external communication is the annual report where goals and accomplishments on HR governance can be reported.

\(^{69}\) In the area of gender diversity at board level, this could entail going beyond the regulatory or legal requirement to meet the expectations of stakeholders, including society.

\(^{70}\) Van der Walt et. al. (2003:219)

\(^{71}\) Campbell et. al. (2008)
Less obvious diversity variables like decision making, influence and power exist in the cognitive realm and are more difficult to operationalize. Consequently, they have received less attention.\textsuperscript{72} The challenge here is to gain access to the board process data necessary to assess the impact of female board members on how the board makes decisions, works together and manages the power dynamic. Several researchers have called for more studies of this type.\textsuperscript{73}

In this review of research on gender diversity the emphasis is placed on building the business case for gender diversity. This involves treating board level gender diversity not as an end in itself but as an opportunity to select outstanding talent for board director positions, thereby achieving increased board performance and enhanced business results. A practical challenge for boards is to identify female board candidates from the larger talent pool and then effectively recruit and integrate them into the board.

The impacts of gender diversity at the board level covered in the academic and practitioner literature extend well beyond the focus on financial performance, having implications for enhancing corporate reputation, increasing team performance and accessing a more robust talent pool.

\textbf{2.3.1 Financial Impact}

There are fewer academic studies that address the financial impact of board level gender diversity specifically compared to the number of studies that cover broader measures of diversity. For those studies that do focus on gender diversity, the methodological challenge is to control for the impacts of other types of diversity and isolate the impact of gender. Also, there are a great number of privately sponsored research efforts, including those of governmental, foundations and other non-profit groups with an interest in gender diversity generally, and in the executive ranks particularly.\textsuperscript{74} The business case for increased gender diversity on boards is strong, but not conclusive, as some studies show a positive relationship between gender diversity and board performance while others do not. A recent Credit Suisse Research Institute study (2014) includes a global sample of the top 3000 firms across 40 countries and makes the case for gender diversity on boards. They report research findings that companies with two or more women on the board

\begin{footnotes}
\item[72] For example Catalyst, European Commission, governmental regulatory regimes (Norway, etc.)
\item[73] Forbes et. al. (1999), Cannella et. al (2003), Nielsen et. al. (2010)
\end{footnotes}
generate excess stock market returns of 3.7% per year compounded (since 2005) than those firms with no women on the board. Regarding the widely used risk metric of debt, there was no difference in the debt-to-equity ratio between firms with at least one woman on the board compared to firms without female board members. If we go one step down the hierarchy from the board level, this study shows a strong positive correlation between women in senior management and better performance on key financial criteria like return on equity, price to book valuations and higher dividend payout ratios. All of these financial performance indicators associated with board level gender diversity and senior management gender diversity are consistent with the findings of the previous Credit Suisse study published in 2012. Of course, the authors of the study are quick to point out that these are not causal relationships yet they have enough confidence in the findings to include them in the logic of the investment cases that they create for firms held in their investment portfolios.

McKinsey conducted a study in Europe that focused on companies with the highest levels of gender diversity in senior management and at least two women on the board. They reported that the 89 companies that met their criteria outperformed the Stoxx Europe 600 in an impressive manner, registering 70% greater stock price growth and a 10% higher return on equity.

Several country-specific academic studies reinforce the link between board level gender diversity and financial performance. A study of Spanish companies found that the presence of female board members had a positive effect on firm valuations, both in the short term and over longer periods. They attribute this outcome in part to a positive impact of female board members on the boards monitoring role of the business. Interestingly, the authors point out that “while most studies of board gender are based on data from a few economies, it is widely accepted that idiosyncratic and institutional characteristics suggest that caution is exercised in the generalization of results.”

In a study of ninety-nine Dutch companies, the relationship between board gender diversity and returns on equity, sales and invested capital was explored. The

---

75 Credit Suisse Research Institute (2014)
76 Credit Suisse Research Institute (2012)
77 McKinsey (2007)
78 Campbell et. al. (2008)
79 Campbell et. al. (2008:446)
researcher found a significant positive relationship between increased levels of
genders diversity on the board and increases in returns on sales and equity only.\textsuperscript{80}

Catalyst\textsuperscript{81} sponsored a study published in 2007 that focused on the relationship
between the corporate financial performance of the top 500 companies listed on the
U.S. stock market and the representation of female directors on boards over the period
2001 to 2004. A comparison was made between companies classified in the bottom
and top quartiles of female representation on the board on three standard financial
measures: return on equity, return on sales and return on invested capital. The results
showed that for each of the financial indicators there was a significant and positive
difference for the firms in the top quartile of female representation as follows: Return
on equity (ROE) was up from 9.1\% to 13.9\% (a 48\% increase); return on sales (ROS)
registered gains from 9.7\% to 13.7\% (a 42\% increase); and return on invested capital
(ROIC) increased from 4.7\% to 7.7\% (up 66\% overall). Also, the financial performance
of companies with three or more women board directors posted higher results than the
average firm in the sample on the same three financial criteria.\textsuperscript{82} The studies’ authors
do not attribute a causal relationship between gender diversity and financial
performance. Rather they explain that an organization that is “knowledgeable enough
to leverage diversity is likely to be creating effective policies, programs and systems,
as well as a work culture, that maximize a variety of its assets or create new ones.”\textsuperscript{83}

A follow-up study sponsored by Catalyst in 2011 covering the period 2004 to 2008,
reinforced the finding of higher performance of top-quartile companies on return on
sales (ROS) and return on invested capital (ROIC), but failed to show a significant
difference on return on equity (ROE). In this study, firms with three or more women on
the board posted substantially higher results on all three financial criteria compared to
firms with no women on the board.\textsuperscript{84}

Financial performance can also be thought of as avoidance of negative financial
consequences. A UK-based study of the rate of insolvency for 900,000 limited
companies over a two-year period found that those companies with higher levels of
female directors had significantly lower insolvency risk.\textsuperscript{85}

\textsuperscript{80} Luckerath-Rovers (2013)
\textsuperscript{81} Catalyst is a non-profit organization dedicated to workplace diversity. See http://www.catalyst.org/
\textsuperscript{82} Joy et. al. (2007)
\textsuperscript{83} Joy et. al. (2007:12)
\textsuperscript{84} Carter et. al. (2011)
\textsuperscript{85} Wilson et. al. (2009)
But not all studies find positive relationships between board level gender diversity and financial performance. A meta-analysis of 85 studies of board composition and financial performance found little evidence that board gender diversity had an effect on financial performance.\(^8^6\) Another study of a sample of firms and their performance during 1996 to 2003 concluded that there was a negative relationship between gender diversity and two measures of performance, return on assets and Tobin’s Q.\(^8^7\) A recent UK study showed that there was no significant relationship between the proportion of female directors and a set of standard financial outcomes that included return on assets, return on equity and total shareholder return.

In addition, a study of 400 top corporations in the United States over the period 1997 to 2005 found that increases in board gender diversity did not affect profitability but were correlated with small decreases in stock market valuation. The researchers concluded that institutional shareholder bias may have accounted for the drop in share price rather than the any changes in board capability or behavior.\(^8^8\)

Several studies on the Nordic countries fail to show a positive influence of corporate board diversity on financial performance. A study focused on the largest 500 companies in Norway, Sweden and Denmark found no significant impact of gender on share performance or on return on assets (ROA). The authors conclude that the continued political preference for greater board diversity does not destroy share value but does pose a risk if board size increases due to diversity initiatives.\(^8^9\)

In another study in the region, the impact of the Norwegian board quota law on company valuation was assessed. The researchers found that the implementation of the quota led to a large drop in stock price when the new law was announced and a decline in Tobin’s Q in subsequent years. The rationale for these financial impacts were cited as more youthful and less experienced boards, plus an increase in leverage and acquisitions for the firms included in the study.\(^9^0\) An unpublished discussion paper from the Norwegian School of Economics and Administration provided a critique of the methodology of the study just mentioned (Ahern, et. al) and concluded that there was on balance a small positive impact on the valuation of Norwegian companies affected

\(^{86}\) Dalton et. al. (1998)
\(^{87}\) Adams et. al. (2009). In this particular study, an attempt was made in the research design to control for the methodological issue of endogeneity. Note that Tobin’s Q is a measure value specified as the relationship between the market value and replacement value of a physical asset
\(^{88}\) Dobbin et. al. (2010)
\(^{89}\) Randoy et. al. (2006) Note that this study was completed prior to the requirement for companies to be in full compliance with the Norwegian law in 2008.
\(^{90}\) Ahern et. al. (2012)
by the quota law, with the magnitude of impact for individual firms related to the level of information asymmetry between internal and external stakeholders. The author of this research also concluded that part of the valuation impact could be attributed to a secondary effect of the forced gender quota that caused companies to bring in external directors, reasoning that the external director aspect of diversity was potentially more important than the gender impact.91

It is not surprising that the studies above yield mixed results given the differences in countries, regulatory environments, governance structures, characteristics of the dominant shareholders (concentrated institutional investors vs. widely held), time frames, methodologies, board culture and practices, as well as the inherent challenges of interpreting a correlational analysis.92

Regarding the board culture and practices, the question arises as to whether a given board can capitalize on the opportunities to enhance performance that diversity can bring.93 This raises a few questions:

• Is there a board culture that encourages open debate and taps into the full benefit of the different perspectives around the table to drive decision making?

• Is there sufficient engagement in the strategy development process by the board?

• Are effective monitoring systems in place?

On balance, it appears there is a strong case to make for financial benefits being associated with increased board gender diversity but a more integrated research framework is needed, one that accounts for the external situational variables and the internal board variance in board culture and processes for a given firm or type of firm.

91 Nygaard (2011)
92 The lack of an explicit consideration for situational (external and internal) and strategic considerations makes the outcomes less relevant for the individual firm and less generalizable to similar firms. See New Corporate Governance framework in this paper and in Hilb (2008)
93 At Davos in 2009 the now famous question was raised, to paraphrase: « Would the crisis at Lehman have occurred if Lehman Brothers had been Lehman Sisters? » To which the panel and contributors responded with a resounding « no. » Interestingly, Lehman had at least one women on the board from 1996 until the collapse in 2008
2.3.2 Corporate Reputation Impact

Better corporate social performance is thought to positively influence corporate reputation and can be measured against stakeholder expectations for responsible behavior on a number of factors. One team of researchers defined a normative model of multiple measures on the four dimensions of community, customers, environment and supply chain. They were able to determine that companies with gender-diverse boards score higher on the overall corporate social performance (CSP) rating, with scores rising in line with higher proportions of female directors on the board.\textsuperscript{94} Another study used an expanded set of measures on a sample of the top listed companies in the United States to assess corporate social performance and concluded that gender diversity on the board had a significant effect on company social performance scores.\textsuperscript{95} The mere presence of female directors on the board is a very visible indication that a company has taken steps to address gender imbalances at the highest level, which was shown to lead stakeholders to the more general conclusion that the organization is also responsive to broader social issues.\textsuperscript{96} Stakeholder perceptions that a company is behaving responsibly and ethically can positively influence brand value and reduce company risk.\textsuperscript{97}

The internal and external dimensions of corporate reputation are closely linked. The presence of female board members sends a signal to internal staff and to external stakeholders that the company is committed to gender diversity, demonstrating that women can advance to the top levels of the organization. This can make the company more attractive for its existing female staff cohort and a more interesting choice for ambitious, skilled women candidates.\textsuperscript{98} Some studies show that gender diversity on the board is associated with more women in senior management positions, although there is a lagged effect between board gender diversity and improvement in the senior ranks with some organizations showing very slow or no progress in this area despite having female board members.\textsuperscript{99} A recent study on a sample of listed Norwegian companies shows a positive relationship between the level of qualifications of female directors and the number of female board chairs and female CEO’s\textsuperscript{100} while a separate

\textsuperscript{94} Soares et. al. (2015)  
\textsuperscript{95} Hafsi et. al. (2013)  
\textsuperscript{96} Kelan (2008)  
\textsuperscript{97} King et. al. (2012)  
\textsuperscript{98} Rosener (2003), Daily et. al. (1999)  
\textsuperscript{99} Bernardi et. al. (2004)  
\textsuperscript{100} Kelan et. al. (2013) Note that the leadership positions analyzed in this study are board member and CEO roles only.
study by the European Commission showed that little impact has been made to the proportion of women in top management positions.\textsuperscript{101} Positive perceptions of well-served female clientele can boost a company’s reputation among women and in the overall marketplace, resulting in a sense of pride among staff. Female board members impact on the strategic and decision-making agenda can lead to better offerings for existing and potential female clientele.\textsuperscript{102}

### 2.3.3 Board Team Performance Impact

Gender-diverse boards have a richer set of information, ideas, relationships and resources available to the company’s board. This group heterogeneity can result in better decision making due to the likelihood of a more thorough analysis and debate than would occur when the board members are similar.\textsuperscript{103} Potentially, the variance in perspectives and quality of discussions lowers the chance of making unethical decisions and increases the likelihood that management is effectively monitored.\textsuperscript{104} However, it is not enough to appoint female board members and expect positive outcomes, rather “it is necessary to anticipate and manage the resulting changes in board dynamics.”\textsuperscript{105} In effect, a board must develop a capacity for engaging in debate and constructive challenge while respecting others points of view and keeping the focus on the objective and task at hand.\textsuperscript{106}

There is some evidence that female directors are more vigilant in their monitoring role than male directors and that they are more likely to be involved in monitoring activities and committees on the boards they serve. Female directors also have been found to have higher attendance rates at board meetings than their male counterparts. Interestingly, the presence of female directors is associated with higher levels of male director attendance at board meetings.\textsuperscript{107}

The decision making, monitoring and performance measure impact of women on board team can be reduced or even negligible when there is only one female member on the board and board colleagues perceive their female colleague as a “token” representative of the female demographic.\textsuperscript{108} Research suggests that this issue can

\textsuperscript{101} European Commission Discussion Paper – Norway (2012)
\textsuperscript{102} Arfken et. al. (2004),
\textsuperscript{103} Daily et. al. (2003)
\textsuperscript{104} Arfken et. al. (2004), Ramirez (2003), Stedham et. al. (2007)
\textsuperscript{105} Ruigrok et. al. (2007)
\textsuperscript{106} Charan (2005)
\textsuperscript{107} Adams, et. al. (2009)
\textsuperscript{108} Kanter (1993)
be mitigated by having more than one female director, with three female board members a possible threshold for full integration of women directors into the board decision-making processes.\textsuperscript{109} According to another study, boards with three or more female members are associated with higher levels of innovation in internal board idea adoption and behavioral change, perhaps driven by the allocation of strategic board tasks.\textsuperscript{110}

Boards with female directors are associated with a broader set of performance measures that go beyond financial performance and may include measures related to social responsibility, innovation and board development efforts.\textsuperscript{111} Also, boards with high female representation are more likely to engage with a broader range of stakeholders than their male counterparts and are associated with stronger corporate governance.\textsuperscript{112}

Other impacts noted by researchers are related to the new perspectives that women bring that can translate into new or improved products, bringing additional revenues and market success. For instance, female consumers directly control or influence a high proportion of overall consumer spending and have specific preferences that may be overlooked or not understood by an all-male board or executive team. Board members with an understanding of “female” needs and wants can help to make the company and its products more innovative and attractive.\textsuperscript{113}

2.3.4 Talent Pool Impact

There is growing empirical evidence that the breadth and quality of the executive talent pool can be improved by the inclusion of female members. Women professionals are underrepresented at the executive levels due to the commonly cited reasons of non-traditional career development paths, breaks in employment due to family responsibilities, a greater emphasis on staff positions and other differences compared to their male counterparts.\textsuperscript{114} While there may be some impediments for women that hinder their path to the executive suite, the focus of this research paper is on the leadership capability of females who have achieved senior executive levels.

\textsuperscript{109} Bernardi et. al. (2009), Erkut et. al. (2008), Konrad et. al. (2008), Konrad et. al. (2006)  
\textsuperscript{110} Torchia et. al. (2011)  
\textsuperscript{111} Stephenson (2004), Nielsen, et. al. (2010),  
\textsuperscript{113} Arken et. al. (2004), Carter et. al. (2003), Daily et. al. (1999)  
\textsuperscript{114} Bowles et. al. (2005), Eagly et. al. (1995, 2007), International Labour Organization (2015)
The concept of leadership is widely recognized as a critical element of individual and organizational performance and occupies a great deal of academic attention today. Despite this, there is no agreed definition of leadership. One author discovered over 200 definitions of leadership in an analysis of the literature from 1900 to 1990.\textsuperscript{115} The complexity and ambiguity of leadership as an academic construct increases when we consider the many competing leadership theories, including trait, behavioral and situational theories, among others.\textsuperscript{116} The dominant theories have some complementarity but are limited by their lack of integration and eventual explanatory power. Indeed, some researchers have called for a greater emphasis on situational contexts and individual leader behavior while taking into account the interactions between leader and follower.\textsuperscript{117} This approach combines several leadership theories – situational, behavioral, path, transformational, etc. - and perhaps is a better approximation of the rich context in which leadership is exercised.

For practitioner applications in the selection and development of leaders, a common practice is to place significant attention on the concepts of leadership competencies and their relationship to leadership performance or effectiveness in the workplace. This research will use an executive’s performance on leadership competencies as a proxy measure for leadership capability, relying on raters who regularly interact with the executive to provide an assessment on a validated set of leadership competencies. This research follows the advice of Avolio and others by integrating multiple leadership theories – e.g. the situational, leader-follower interaction and leader behavior dimensions of leadership in this instance. In a meta-analysis of studies on gender and leadership effectiveness, Eagly and colleagues found that the level of congruence of a specific leadership role and the perception of the implicit gender of that role had a positive impact on effectiveness, demonstrating a clear relationship between the role, gender and expectations.\textsuperscript{118}

**Leadership capability**

The distinct construct of *leadership effectiveness* can be found in the academic literature and is often distinguished from *leadership performance* or *leadership emergence*. While overlap exists amongst these concepts, a key distinction is that

\textsuperscript{115} Rost (1991)
\textsuperscript{116} Avolio (2003), Northouse (2015)
\textsuperscript{118} Eagly, et. al. (1995)
leadership effectiveness refers to the evaluation of the results of leadership performance, relative to the expected contributions.119

Competencies are commonly defined as skills demonstrated through behaviors and are captured in various taxonomies of leadership behavior. For the purposes of this research paper, leadership effectiveness is defined as “the ability to influence others and achieve collective goals”120, while leadership competencies are “the behaviors that drive leadership effectiveness.”121

Two meta-studies in particular are recognized as important in defining the concepts of leadership effectiveness, leadership competencies and the behaviors underlying competencies. The first was the work of Yukl who developed a taxonomy of 14 categories of leadership behavior that underpin executive success, which he derived from a combination of approaches that included factor analysis, classification, and theoretical deduction.122 This was complemented by Borman and Brush’s seminal study which proposed a taxonomy of leadership effectiveness that established 18 key performance dimensions resulting from a factor analysis of 187 dimensions drawn from a review of the leadership effectiveness literature.123

Yukl’s behavioral competencies have been used in a number of research studies and were found to provide superior prediction results for leadership effectiveness in a variety of situations and industries.124 They have also been used as elements of academic leadership models and in the further development of leadership theories, including a model of servant leadership and as critical leadership behavior components of situational theory.125 As well, the work by Borman and Brush receives similar support by featuring in a number of leadership effectiveness studies conducted by the academic community.126 One study on global leadership competencies showed that female raters scored male and female executives as equivalent, while male raters found male executives to have a greater capability on several competencies with the majority rated as equivalent.127

119 Campbell, et. al. (1993)
120 Judge, et. al. (2002)
121 Borman et. al. (1993)
122 Yukl (1989, 1998)
123 Borman, et. al. (1993)
124 Pitner et. al. (1987), Apostolou et. al 1993,
125 Russell et. al (2002), Strang (2005)
127 Connerly et. al. (2008)
In the first empirical study presented in this paper, the evaluations of a large group of male and female senior executives are analyzed to determine if there are any significant differences in performance on the behavioral indicators for each competency. The leadership competencies are a proxy measure of leadership capabilities and are hypothesized to drive leadership effectiveness. As the evaluation is performed in the context of each leader’s job the situational element is de facto part of the design. A review of multiple leadership effectiveness studies by Eagly and colleagues in 1995 suggests that overall there are no differences in leadership effectiveness between males and females.\textsuperscript{128} However, there are some significant differences reported in leadership styles between the sexes, where women are found to have greater capability in transformation and collaborative styles.\textsuperscript{129} But this may not translate into tangible leadership outcomes. While female executives may be quite active in presenting new ideas and stimulating broader discussion this does not necessarily lead to more productive outcomes if their contributions are not respected and considered by their colleagues.\textsuperscript{130}

In summary, the academic research presents a strong case on the positive impact of female board directors on the firms they serve if the right conditions exist on the board to incorporate a rich diversity of ideas, style and values. The focus on diversity as simply achieving a specific ratio of female members on the board team is simplistic and ineffective without a corresponding board culture that can integrate diversity, be it gender or the many other demographic and cognitive differences that can have a positive impact on team performance. Fitzsimmons points out that “a complex relationship exists between board gender diversity and good governance whereby such diversity can have a negative, positive or neutral impact on organizational performance” and goes on to assert that boards hiring females to improve their corporate governance are more likely to develop ways to benefit from diversity.\textsuperscript{131}

\textsuperscript{128} Eagly et. al. (1995), Connerly et. al. (2008)
\textsuperscript{129} Burke et. al. (2001), Antonakis et. al. (2003)
\textsuperscript{130} Westphal et. al. (2000)
\textsuperscript{131} Fitzsimmons (2012:557), Ely et. al. (2001)
3. Specific Empirical Section

Section 1 provided the rationale for why the empirical studies proposed in this dissertation are timely, relevant and appropriate. The subsequent review of corporate governance theory led to the conclusion that a fully integrated and holistic approach to corporate governance in general, and HR governance in particular, is needed to address current and emerging challenges. It was further established that a potential opportunity exists to achieve a variety of financial and non-financial business benefits by increasing gender diversity on company boards, where this opportunity is closely linked to the external context within which the board operates as well as the board’s internal culture, processes and behavior.

This section includes two separate empirical studies. In the first empirical study, the focus is on a sample of the senior executive global talent pool from which boards recruit their new members while the second empirical study investigates board recruitment practices and gender diversity of Swiss companies. The exploratory approach of the second study leads to a better understanding of the practices, issues and challenges for Swiss boards that underpin their efforts to achieve gender diversity.

The first empirical study is an analysis of the gender patterns and differences that exist in the sample of executives across 17 variables: 16 senior leadership competencies and a measure of leadership effectiveness. In this study, a comprehensive model is proposed and statistical tests are performed on several hypotheses related to expected performance across the two gender groups on the specified leadership competencies and leadership effectiveness variables. This study addresses the question of the relative capability of male and female senior executive populations that are part of the global talent pool for board level recruitment.

The second empirical study is focused on board recruitment practices in Switzerland. It investigates current practices as reported by several key stakeholder groups:

- Female executives who currently serve on corporate boards or aspire to board service in Switzerland
- Board secretaries of Swiss companies

\[132\] The board secretaries included in this study are from a sample of the 20 largest listed Swiss companies that make up the SMI, representing the banking, pharmaceutical and construction sectors. It was anticipated that their reported gender diversity and board recruitment company practices would set a benchmark of current “best practice” in the Swiss market due to their prominence in the Swiss and international markets.
• Board recruiters with a focus on the Swiss market

Although this study is an exploration of the Swiss market practices it became clear during the interviews that participants had similar experiences in other countries. Hence this research may have some applicability to other countries and their talent markets, including both local talent and global talent pools.

There are four main elements covered for each of the two empirical studies included in this chapter as follows:

• The empirical objective is specified
• Participants of the empirical study are identified
• The methodology for the study is presented, including limitations
• An analysis of the data is presented and the findings are discussed

The general limitations of both of these studies relate to the ability to generalize the findings to larger or similar populations, which is dependent upon the representativeness of the sample, the validity of the model or construct and the reliability of the instrument used to gather the data. For each study, the major limitations and risks are enumerated in light of the efforts to mitigate the risks through proper research design, data gathering and data analysis. Whereas the first study relies more on statistical analysis techniques applied to a large globally dispersed population, the second study employs a qualitative approach to discover key themes and dimensions that elaborate the current situation in Switzerland with the goal to identify opportunities and practices for achieving business benefits through greater gender diversity at the board level.

In summary, the potential limitations of these two empirical studies include a broad range of constraints that can be associated with most social science research, where a large number of interdependent variables exist in a dynamic system and the goal is to understand correlation and relationship rather than establish causality. The new HR Governance framework is especially well-suited to explore the relationships among multiple dimensions investigated in the second empirical study as it explicitly recognizes the need to optimize key variables in a specific and dynamic environment through the lens of four dimensions – situational, strategic, integrated and controlled.
3.1. **Study 1: Leadership - Competencies and Effectiveness**

3.1.1 **Objectives of Empirical Study 1**

The objectives of empirical study 1 are threefold:

- First, to establish the relationship between 16 senior leadership competencies and overall leadership effectiveness
- Second, to identify any gender differences in performance across the key variables in the study
- And finally, to determine the statistical significance of any differences that are found

In effect, this study is an in-depth investigation of the following question:

> “Are there significant gender differences in perceived performance on a validated set of senior leadership competencies and on leadership effectiveness for a global talent pool of senior executives?”

The answer to this question can provide insight into the practical considerations that a board might want to consider when recruiting senior executives for board service. From an academic perspective, this study continues a research tradition of attempting to understand gender differences and their implications.

3.1.2 **Participants of Empirical Study 1**

The dataset for this study was released to the author by the Center for Creative Leadership (CCL), a highly regarded research and leadership development foundation based in the United States, with offices in Europe and Asia.\textsuperscript{133} It contains data on 241 variables collected from over 100,000 respondents over a period of 13 years (January 2000 to December 2012, inclusive).\textsuperscript{134} Of the total number of respondents, 8,552 of them had taken part in a CCL leadership development program for senior executives and completed the Executive Dimensions questionnaire before

\textsuperscript{133} See www.ccl.org
\textsuperscript{134} CCL provided the dataset for this study to the author in two installments, which were subsequently merged to create a single dataset for this research. Please note that the CCL competency variables, descriptions, behavioral criteria and the main competency frameworks are used by permission for this research and remain the property of CCL.
the program to self-assess their performance on key leadership variables as part of a 360 evaluation process. The remaining respondents, or raters, completed the same questionnaire at the request of a senior executive attending the leadership development program and can be classified as bosses (supervisors), peers, direct reports or observers. There were at least 11 raters per senior executive participant, providing an extensive range of evaluations on the perceived performance of each executive on the 16 leadership competencies and overall leadership effectiveness.

For this study, only participants ranked as “top management” or “executive management” have been included. The “top management” group is comprised of Chief Executives, Operating Officers, Presidents and Managing Directors. By comparison, “executive management” is defined to include Vice-Presidents, Directors and Executive Board level professionals.

The senior executives captured in this sample have the requisite level and experience to be considered for corporate board service. Accordingly, the total number of senior executive participants included in this empirical study is 5,740, with the following gender breakdown identified in the table below.

<table>
<thead>
<tr>
<th>Gender</th>
<th>No. of Cases</th>
<th>Percentage</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>4,519</td>
<td>78.7</td>
<td>78.7</td>
</tr>
<tr>
<td>Female</td>
<td>1,221</td>
<td>21.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>5,740</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.1: Breakdown of Participants by Gender for Study 1

It should be noted that the majority of the participants in the study are from the United States but sufficient numbers of participants are based in other countries to allow statistical analysis across regions.

---

135 The 360 evaluation was a central element of a CCL Executive Dimensions leadership development program that the executives were scheduled to attend. It is designed to collect evaluations of performance on key behavioral criteria for each executive from their direct reports, peers, bosses and others who have worked closely with the executive. A main purpose is to identify perceived performance levels and opportunities for development.

136 Of the 8,552 executives in the dataset, only 5,740 were classified as “top” or “executive” management and therefore at a senior enough level to be considered part of an executive board pool.
3.1.3 Empirical Research Methodology and Limitations

The conceptual model for the 16 competencies proposed by CCL will be used for the purpose of this research, as well as the data that was collected by CCL. As a consequence, before conducting the analysis it is important to validate the model that CCL proposes and the reliability of the instrument used to capture the data, as well as the quality of the dataset.

Development of the framework and competencies by CCL

The development of the framework and competencies measured by the Executive Dimensions questionnaire began with a review of the academic literature on leadership. Specifically, CCL chose two taxonomies of leadership behavior referenced in the theoretical chapter upon which to build their model. The Borman and Brush (1993) taxonomy of leadership effectiveness was complemented by Yukl’s (1989) taxonomy of 14 categories of leadership behavior. The two separately derived taxonomies were compared and merged to create a set of 15 leadership competencies and a corresponding set of behavioral indicators.137

The prototype of the 15 research-based competencies was further refined through interviews with senior executives asked to relate critical incidents and to describe specific leadership behaviors, both positive and negative, that they observed at the highest levels of their organization. The data gathered during the executive interviews resulted in further development and validation of the competency model, including the addition of the leadership competency “credibility” to the previously identified competencies. Next, the CCL research team used the data gathered from the executives to prepare refined behavioral description indicators for each competency. A final step was to test the new behavioral descriptors regarding relevance and importance with an internal group of subject matter experts. The resulting set of 92 behavioral descriptors was used in the Executive Dimensions questionnaire.139

The approach to developing the conceptual framework and the Executive Developments questionnaire was based upon two widely recognized taxonomies of leadership behavior derived from both practitioner studies and empirical research,

---

137 Leslie et. al. (2013)
138 Leslie et. al. (2013) The « credibility » competency was identified through an analysis of the interviews held with senior management
139 See Appendix 1 for a listing of the 16 competencies, complete with definitions and associated behavioral descriptors
complemented by senior executive input and expert involvement in defining the behavioral criteria for each competency. This robust development process provides a measure of confidence that the competency concepts are valid and that the resulting questionnaire or instrument measures what it sets out to measure. As reliability is a necessary precondition of validity, an assessment of the scale’s reliability is completed as a first step in the analysis section to ensure that the instrument produces “consistent results under the same conditions.”

Data collection and survey instrument

The data used in this research was collected by CCL through the on-line Executive Dimensions survey instrument and through hard copy versions of the questionnaire distributed prior to each executive attending a CCL leadership development program. Participants in the leadership program understood that this data would be used to produce a personalized report on their leadership competencies and facilitate a 360-degree review process on key leadership competencies covered during the program.

The performance data from the raters was gathered under conditions of strict confidentiality, a necessary condition to ensure that raters could provide their candid opinion on the questions without fear of being identified. Coding practices and data management protocols were strictly implemented and correspond to “best practice” in the industry thereby increasing confidence in the quality of the data gathered.

The survey instrument contains 16 leadership competencies that are measured using a total of 92 behavioral criteria distributed across the set of competencies. The 16 competencies are then grouped into three subscales: Leading the Business, Leading Others and Leading by Personal Example. These subscales were not defined in the original dataset but are included in the reports issued by CCL to program participants. For this research, the subscales are included in the overall model and tested as independent variables.

---

140 Field (2009:12) This resource and Hair et. al. (2006), Hair et. al. (2007) are used to guide the author in the statistical protocols needed for the first study
141 Leslie et. al. (2013)
Variables and measures

The main variables considered for this research are the 16 leadership competencies (independent variables) and the measure of overall leadership effectiveness (dependent variable). The variables are measured on a 5-point Likert scale defined as follows:

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficient</td>
<td>Marginally Effective</td>
<td>Effective</td>
<td>Highly Effective</td>
<td>Exceptional</td>
</tr>
</tbody>
</table>

Table 3.2: 5-Point Likert scale

Also, for this research a subscale variable was created for each the three subscales identified in the competency model - “Leading the business”, “Leading others”, and “Leading by personal example.” The subscale variables were calculated by adding up the scores achieved on the competencies associated with each subscale, and then dividing the total by the number of competencies for that subscale.

Conceptual framework and hypotheses for Study 1

The model proposed for the first study is illustrated below and captures the logic of the 16 leadership competencies as the independent variables, with overall leadership effectiveness as the outcome, or dependent, variable. Also, the proposed model identifies the individual competencies that are included in each subscale element. The subscale elements represent clusters of competencies and are also used in this analysis as variables for some statistical tests.
The competency model in the figure above is operationalized by the Executive Dimensions (ED) questionnaire which includes the 16 competencies in the form of 92 underlying behavioral descriptors or criteria. The overall rating for each competency is derived from the behavioral criteria associated with a specific competency.

Based on a review of the literature, three hypotheses are formulated for this study and are listed in the table below:

| Hypothesis 1 | There is a positive linear relationship between the leadership competencies and overall leadership effectiveness |
| Hypothesis 2 | There are no significant differences in overall performance scores on overall leadership effectiveness for males and females |
| Hypothesis 3 | There are no significant differences in overall performance scores on individual leadership competencies for males and females |

Table 3.3: Hypotheses for Study 1

---

142 This model was specified by the Center for Creative Leadership (CCL) based upon factor loadings of the individual competency criterial into 3 dimensions. These three dimensions of “Leading the Business”, “Leading Others” and “Leading by Personal Example (e.g. Leading Self)” are similar to the leadership dimensions indicated by Ram Charan in his work on the leadership pipeline. See Charan et. al. (2011)

143 The competencies and underlying items are referenced in Appendix 1
Limitations of the study

It can be challenging to define a clear construct and operationalize reliable measures in social science research. It was noted earlier in the theory section that there is no generally agreed definition of leadership as a basic construct and that the literature on leadership effectiveness and competencies contain a multitude of theories and approaches. When combined with the influence of the situation and the difficulty in controlling for context, it is very difficult indeed to arrive at clear conclusions.

Another limitation is the type of data that was collected for this survey. In the social sciences generally, and in this survey particularly, the data collected is ordinal but is assumed to be interval. The scales are often constructed across a wide range of possible outcomes (e.g. from “deficient” to “exceptional”, in this case) and the subjects being evaluated are likely to have average scores slightly toward the higher choices of the range. The predictable result is a skewed data distribution. For instance, in the CCL dataset, the average score for overall leadership effectiveness for our senior executive group is 3.78 on a scale of 5. This could also be explained by the tendency for companies to invest in the executives they deem to have the most leadership potential. Hence we would expect the executives evaluated to score in the higher range of the scale.

Closely related to the above point is that respondents are asked to rate an executive on what amounts to their perception of performance on specific behavioral criteria, rather than on an objective measure of performance outcomes. As well, the independent variables in the conceptual framework have some level of correlation and this will need to be assessed and controlled for to ensure it is within the acceptable range for the statistical tests used. Accordingly, appropriate statistical tests were conducted to ensure that the data is suitable for further analysis.

Regarding the pool of raters, just over 70% are male and there is the potential for rating bias to skew the ratings of female executives which is very difficult to control for. For instance, a type of “gender bias” might appear if there is a strong divergence of styles between a male rater and a female executive which could result in lower ratings on the specific behaviors underlying the competencies. The behaviors can be expressed in different ways by the executives and the perceptual filter of the rater is a prime influence on the ratings awarded.

In summary, many of the limitations of this study are shared by social science studies generally. The consequence is that each of the above limitations should be controlled for or considered when making inferences to other populations or attempting to generalize the results. The results of this analysis are not interpreted as causal in nature, but rather as correlational relationships among the variables and constructs.
3.1.4 Analysis and Discussion of Findings

3.1.4.1 Scale reliability

An important consideration for this research effort is the Executive Dimension scale’s reliability or internal consistency. Scale reliability is the extent to which the items on the scale are measuring the same underlying construct and would yield the same results if the instrument were re-administered to a specific population. CCL reported a “test-retest” reliability index on data collected between May 2000 and August 2008 for the Executive Dimensions competency scales.\(^{144}\) The average alpha score on the 16 competency variables was .89 for “observers” and .75 for “self”, where alpha values above .7 are considered acceptable (.6 for exploratory research) and above .8 provide indications of strong reliability.\(^{145}\)

To supplement the earlier CCL research on the internal consistency or reliability of the instrument, Cronbach’s alpha was calculated for the same two subgroup populations, “observers” and “self” using the combined dataset. The resulting alpha score was .92 for the “observers” and .78 for “self”, confirming high reliability for the scale and consistency with the previously cited CCL test of reliability. The inter-item correlation matrix had no values below .3 and the item-total statistics showed no scores significantly above the overall alpha score for the deletion of an item providing further confidence in the reliability assessment.

Furthermore, the three subscales were constructed from their relevant individual competencies and a Cronbach’s alpha statistic was calculated for each subscale. The alpha scores ranged from .92 on “leading by personal example” to .94 on “leading others”, with no scores on the item-total statistics significantly above the overall alpha score for item deletion. The results of this scale reliability analysis are reported in the following table.

\(^{144}\) Leslie et. al. (2013:11-12)  
\(^{145}\) Hair (2003:172) and Hair (2006:137)
### Competency Scale Items

<table>
<thead>
<tr>
<th>Competency Scale Items</th>
<th>Cronbach’s Alpha</th>
<th>No. of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Competency items (Rater subgroup)</td>
<td>.92</td>
<td>16</td>
</tr>
<tr>
<td>All Competency items (Self subgroup)</td>
<td>.78</td>
<td>16</td>
</tr>
<tr>
<td>Competency subscale: Leading the Business (All)</td>
<td>.93</td>
<td>6</td>
</tr>
<tr>
<td>Competency subscale: Leading Others (All)</td>
<td>.94</td>
<td>6</td>
</tr>
<tr>
<td>Competency subscale: Leading by Personal Ex. (All)</td>
<td>.92</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 3.4: Scale reliability for global dataset

### 3.1.4.2 Descriptive statistics for the total dataset

To determine the distribution characteristics of the variables, a set of descriptive statistics was calculated for each of the independent variables (competencies) and the dependent variable (overall leadership effectiveness) for the *total dataset*, as per the table below. The average score for the set of 16 competencies varies from a high of 4.04 (Credibility) to a low of 3.44 (Global Awareness) with a minimum and maximum score reflected by the two extremes of the scale, 1 and 5. All “skewness” scores are negative, indicating a clustering of scores at the high end or right-hand side of the graph. The measures of “kurtosis” provide information about the ‘peakedness’ of the distribution with positive values indicating clustering in the center. The risk of “skewness” and “kurtosis” making a substantial difference in the analysis is reduced with large samples so not viewed as significant in this application.\(^{146}\)

\(^{146}\) Field (2009:139)
Table 3.5: Descriptive statistics – Dependent and independent variables

Next the descriptive statistics were calculated for the Total Competency Score independent variable and the three subscale variables. A visual inspection of the histogram for each variable suggests a relatively normal distribution, skewed to the right and moderately peaked.

Table 3.6: Total competency and subscale dependent variables
Histograms were specified for Overall leadership effectiveness (OvrAllEf) and the combined 16 competencies, e.g. Total competency score variable (TotComp)\textsuperscript{147}, with both showing a right skewed seemingly normal distribution.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{histogram.png}
\caption{Histograms for Overall Leadership Effectiveness and Total Competency}
\end{figure}

Q-Q distributions were run for all variables discussed previously and the normalized view achieved a straight line while the de-trended normal view did not reveal clusters of data. This further reinforces the assumption of normal distribution of the data for each variable.

The correlation matrix of the independent variables in the combined dataset shows a moderate level of correlation among most variables (range of .41 to .70) with a higher level of correlation for the remainder (range of .71 to .90).\textsuperscript{148} This is consistent with what was reported in by CCL for an analysis they performed with a sample of 35,310 participants.\textsuperscript{149} These correlation levels are acceptable for the types of statistical tests used in this research.

\subsection{Leadership competencies and leadership effectiveness}

Hypothesis 1 states that “there is a positive linear correlation between the leadership competencies and overall leadership effectiveness.”

As a first step, a scatter plot was run for overall leadership effectiveness (dependent variable) versus total competency score (independent variable) showing a relationship where the dependent variable increases for higher levels of the independent variable.

\textsuperscript{147} A variable combining all competency scores – “TotComp” – as a further check of variable distribution and the histogram is displayed in Figure 3.6

\textsuperscript{148} A “rule of thumb” approach is used to interpret correlation relationships with .91 to 1.0 considered “Very High”, .71 to .90 as “High” and .41 to .70 as moderate. The correlation table can be found in Appendix 2

\textsuperscript{149} Field (2013:18-19)
This demonstrates a positive linear correlation between leadership competencies and overall leadership effectiveness.

![Figure 3.4: Overall leadership effectiveness vs. global competency](image)

To further investigate the relationship of the leadership competencies to overall leadership effectiveness several regression models are specified. This will allow a determination of the amount of variation in overall leadership effectiveness that is accounted for by the variation in leadership competencies.

The reason that the overall group of respondents is also broken into regional subgroups for the regression analysis is to determine the extent to which the statistical relationships found are common across multiple geographies and their corresponding sample populations. Accordingly, there are three regional subgroups specified for the regression analysis.

**Multiple regression analysis**

**Model 1 - 16 competencies as independent variables**

As a first step, a multiple regression analysis was used to assess the ability of the 16 independent variables to account for variation in the dependent variable, *overall leadership effectiveness*. A preliminary analysis was previously conducted to ensure that there were no significant violations of the assumptions of normality and linearity.
A regression model was specified for the total population and then separate models were developed for the North America, Europe and Asia regions. The four models yielded an adjusted R-square value in a very tight range between .63 and .69, demonstrating that a significant portion of the value of the dependent variable, overall leadership effectiveness, is accounted for by the independent variables.

Model 2 - Three subscale variables as independent variables

A multiple regression model was then developed to account for the ability of the three subscale variables to explain the variance in the dependent variable, overall leadership effectiveness:

- Leading the business (TotalBusCompScaled)
- Leading others (TotalOtherCompScaled)
- Leading by personal example (TotalPersCompScaled)

The model was run for All Regions (full dataset), North America, Europe and Asia, with the adjusted R-square ranging from a low of .52 to a high of .66 for the subscales. The results for both the 16 variable regression model and the three subscale variable regression model are summarized in the following table:

<table>
<thead>
<tr>
<th>Region</th>
<th>Regression</th>
<th>R</th>
<th>R-Square</th>
<th>Adj. R-Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Regions</td>
<td>16 variables</td>
<td>0.80</td>
<td>0.64</td>
<td>0.64</td>
</tr>
<tr>
<td></td>
<td>Subscales (3)</td>
<td>0.76</td>
<td>0.58</td>
<td>0.58</td>
</tr>
<tr>
<td>North America</td>
<td>16 variables</td>
<td>0.79</td>
<td>0.63</td>
<td>0.63</td>
</tr>
<tr>
<td></td>
<td>Subscales (3)</td>
<td>0.76</td>
<td>0.58</td>
<td>0.58</td>
</tr>
<tr>
<td>Europe</td>
<td>16 variables</td>
<td>0.82</td>
<td>0.66</td>
<td>0.65</td>
</tr>
<tr>
<td></td>
<td>Subscales (3)</td>
<td>0.72</td>
<td>0.52</td>
<td>0.52</td>
</tr>
<tr>
<td>Asia</td>
<td>16 variables</td>
<td>0.84</td>
<td>0.71</td>
<td>0.69</td>
</tr>
<tr>
<td></td>
<td>Subscales (3)</td>
<td>0.81</td>
<td>0.66</td>
<td>0.66</td>
</tr>
</tbody>
</table>

Table 3.7: Multiple regression models (16 variable & 3 variable subscale)
Across the full dataset and the three regions of North America, Europe and Asia the 16 leadership competencies explain between 63-69% of the variation in the dependent variable, overall leadership effectiveness. This becomes slightly diluted when we look at the results for the three subscale variables (comprised of the leadership competencies) and the R-square ranges from 52-66%.

In conclusion, the regression models above show that higher levels of competency scores are associated with higher levels of leadership effectiveness, and therefore there is support for the first hypothesis.

3.1.4.4 Gender differences on overall leadership effectiveness

Overall leadership effectiveness is the outcome variable of our regression models and is expressed as a global rating for each leader in our study on the perceived “effectiveness of the leader” by the raters. As such, the judgment of an executive’s performance on leadership effectiveness is embedded in an assessment of how well a specific executive addresses the opportunities and challenges that they are facing in their current leadership role.

The second hypothesis states that “there are no significant differences in overall performance scores on overall leadership effectiveness for males and females.” To test this hypothesis, an independent samples t-test was run for the overall dataset and for six regions where there were sufficient numbers of executives in the sample to meet the test requirements. These six regions include North America, South America, Europe, Africa, Asia and Australia. The outcome of the t-test determines if there are statistically significant differences between the average scores of male and female executives on overall leadership effectiveness. Results of this analysis are reported in the table below.
### Table 3.8: Group differences: Overall leadership effectiveness

![Table](image)

It is interesting to note that women had a *higher average score* than men on *overall leadership effectiveness* in four of the five regions tested and in the overall dataset.

The Sig. value for Levene’s test is greater than .05 for each of the groups tested so equal variances are assumed. In five of the six regions the relevant Sig. (2-tailed) value is greater than the threshold value of .05 so the results demonstrate that there is *no statistically significant difference in the mean scores between the groups*. However, in the overall dataset and in North America the results of the t-test show that the *higher average score of female executives over male executives is statistically significant*.

Therefore, hypothesis 2 is rejected for the overall dataset and for North America due to the finding of statistically significant differences. For the remaining 5 regions (South America, Europe, Africa, Asia and Australia) the hypothesis is accepted as there is no statistically significant difference in the male and female executives scores on *overall leadership effectiveness*.

#### 3.1.4.5 Gender differences on leadership competencies

The 16 leadership variables are specified as independent variables in our regression model and have been shown to account for a meaningful proportion of the variation in our dependent variable, *overall leadership effectiveness*. 

![Table](image)
To explore the possible gender differences on the 16 leadership competencies, a t-test is performed to compare the male and female mean scores on each competency across the overall dataset and the six regions used previously.\(^{150}\) For the overall dataset, female executives have a higher mean score on 12 of the 16 competencies with statistical significance indicated for 9 of the 16, but with a low practical significance for all according to the Cohen’s D statistic.\(^{151}\) The North America and Europe groups also show some significant differences that are assessed as of low practical significance in North America and of moderate practical significance in Europe. The results of the t-test show no significant gender differences on any of the 16 leadership competencies in South America, Africa, Asia and Australia.

For the overall dataset, North America and Europe there is the following pattern of significant differences for the 16 leadership competencies as illustrated in the following table. For each competency with a significant difference there is an indication of whether the male or female subgroup (M or F) has the higher average score and whether that score has high, moderate or low practical significance as indicated by the calculation of Cohen’s D.

<table>
<thead>
<tr>
<th>Leadership Competencies</th>
<th>Significant Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall</td>
</tr>
<tr>
<td><strong>LEADING THE BUSINESS</strong></td>
<td></td>
</tr>
<tr>
<td>Sound Judgment</td>
<td>F-Lo</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td></td>
</tr>
<tr>
<td>Leading Change</td>
<td>M-Lo</td>
</tr>
<tr>
<td>Results Orientation</td>
<td></td>
</tr>
<tr>
<td>Global Awareness</td>
<td></td>
</tr>
<tr>
<td>Business Perspectives</td>
<td></td>
</tr>
<tr>
<td><strong>LEADING OTHERS</strong></td>
<td></td>
</tr>
<tr>
<td>Inspiring Commitment</td>
<td>F-Lo</td>
</tr>
<tr>
<td>Forging Synergy</td>
<td>F-Lo</td>
</tr>
<tr>
<td>Developing-Empowering</td>
<td>F-Lo</td>
</tr>
<tr>
<td>Communicating Effectively</td>
<td>F-Lo</td>
</tr>
<tr>
<td>Interpersonal Savvy</td>
<td></td>
</tr>
<tr>
<td><strong>LEADING SELF</strong></td>
<td></td>
</tr>
<tr>
<td>Courage</td>
<td>F-Lo</td>
</tr>
<tr>
<td>Executive Image</td>
<td></td>
</tr>
<tr>
<td>Learning from Experience</td>
<td>F-Lo</td>
</tr>
<tr>
<td>Credibility</td>
<td>F-Lo</td>
</tr>
</tbody>
</table>

Table 3.9: Group differences: Leadership competencies

\(^{150}\) T-test results for the 16 competencies (overall dataset) can be found in Appendix 2

\(^{151}\) Thalheimer (2002:2-3). Cohen’s D is a measure of the practical significance of statistical differences that are meaningful, adjusting for sample size and variances
While the gender groups in Europe show statistically significant differences on 6 of the 16 competencies, with females rating higher on each of them, this should be put in the context that there were no differences of significance found in overall leadership effectiveness for the gender groups in the European sample.

The pattern of the three regions in the above table demonstrates that female executives are marginally “stronger” in the subscale areas of leading others and leading self for multiple competencies although there is low practical significance for this finding with the exception of the European subgroup.

The outcomes of this analysis does not support hypothesis 3 that there are no significant differences in overall performance scores on individual leadership competencies for males and females across the total sample and the subgroups of North America and Europe. Therefore, hypothesis 3 is rejected for these groups. However, it must be considered that the majority of significant differences found had low practical impact and thus may not be useful in distinguishing performance in the workplace.

3.1.4.6 Gender-specific self-rating bias

The leaders in our sample rated themselves on the underlying behaviors that made up the leadership competencies and this provides an opportunity to assess the self-rating bias of each gender group. This could provide insight into how the different gender groups perceive themselves versus how others see them, and possibly be significant in the board recruitment process.

To assess the possible gender-specific self-rating bias, a series of paired sample t-tests were performed to determine whether there are significant differences between the average scores given by the raters and the average self-rating for the 16 leadership competencies.152

The results show a strong consistency for males and females across the 16 leadership competencies. On the two leadership competencies of global awareness and executive image, both genders rated themselves lower than their raters did to the extent that it could be judged to have moderate practical impact according to Cohen’s D calculations.

152 See Appendix 2 for statistical output table for the t-test
For the remaining 14 competencies, the males had statistically significant lower ratings than their raters on 10 of them, although the practical impact was low for these discrepancies. Similarly, the females had statistically significant lower ratings than their raters on 11 of the remaining 14 competencies, only rating themselves slightly higher than their raters did on the variable credibility. The remaining competencies for both groups was either not statistically significant or with low practical impact.

In summary, both genders perceived their performance lower on the majority of the leadership competencies than how their raters perceived their performance. Where a discrepancy in ratings was detected it was either of low-to-moderate practical significance or not significant statistically, suggesting that self-rating bias was not a significant issue for this population.

### 3.1.4.7 Gender competency profiles

Given that there are some differences in the patterns of leadership competency scores for the male and female executives, the question arises as to whether there are leadership competencies that discriminate between male and female executives.

To test this notion, a canonical discriminant function was created and a structure matrix to identify the variables with the highest discriminating power. The resulting classification matrix was able to classify 65.3% of the males and 64.2% of the females correctly. Given the male-to-female ratio in our sample, the chance accuracy indicator equals 66.5%.\(^{153}\)

This result suggests that the discriminant model is not able to classify respondents correctly better than chance, falling well below the 83% of correctly classified cases that is the threshold for this type of model. In short, the differences on the leadership competencies across the two groups do not provide a good basis for distinguishing one gender group from another. This finding fits with the high similarity in scoring patterns across the leadership competencies. In summary, where there are differences in scoring patterns they are either not statistically significant or have minimal practical significance.

\(^{153}\) Statistical tables and calculations for the development of the discriminant model can be found in Appendix 2
3.1.4.8  Summary of findings

There is strong evidence to support the validity of the competency model used in this study as well as the reliability of the questionnaire used to collect the data. Face validity was established through a careful grounding in existing competency constructs from academia and further refinement through testing with practitioners and experts. The data for the variables collected was normally distributed and suitable for use in the various regression models, t-tests (comparative means testing) and discriminant analysis presented in this paper.

The findings and implications are presented for each hypothesis, as follows:

<table>
<thead>
<tr>
<th>Hypothesis 1</th>
<th>There is a positive linear relationship between the leadership competencies and overall leadership effectiveness</th>
</tr>
</thead>
</table>

The first hypothesis of a positive linear relationship between the leadership competencies and leadership effectiveness was confirmed through an analysis of scatterplots and regression analysis, demonstrating that the leadership competencies accounted for a substantial proportion of the variance in leadership effectiveness. This supports the primary conceptual relationship captured in the competency model and the use of the model as a means to evaluate and compare leadership capabilities in the global talent pool of senior executives.

<table>
<thead>
<tr>
<th>Hypothesis 2</th>
<th>There are no significant differences in overall performance scores on the overall leadership effectiveness for males and females</th>
</tr>
</thead>
</table>

A test of significant differences for perceived performance on the variable leadership effectiveness produced mixed results, with female executives registering statistically significant higher scores than their male counterparts in the full group and the North America region subgroup.

For the remaining five regional subgroups (Europe, South America, Africa, Asia and Australia), there were no statistically significant differences in scores although women scored higher than men on the overall leadership effectiveness variable in all regions except South America. Hence there is some support for the second hypothesis in 4 of the 5 regions, yet the hypothesis is rejected for the overall group and North America where female executives score higher at a level that is statistically significant but of low practical significance according to Cohen’s D.
The conclusion is therefore that female executives rate significantly higher than male executives in our overall sample on leadership effectiveness and are at least equivalent to their male counterparts in the subgroup breakouts. The practical implication for boards seeking female board candidates is that they can expect female executives in this global talent pool to match or exceed their male counterparts in perceived leadership effectiveness.

| Hypothesis 3 | There are no significant differences in overall performance scores on individual leadership competencies for males and females |

For the third hypotheses, female executives register scores at statistically significant higher levels on 9 of the 16 competencies and demonstrate statistically equivalent scores on the remaining 7 competencies for the total dataset. The results of the North America and Europe regions attribute statistically significant higher scores for the female executives on between 6 and 8 competencies. Again, the majority of these higher scores are rated of low practical significance. The remaining 5 regions show no differences in competency scores.

The mixed results show lack of support for this hypothesis in the overall group, and in the regions of North America and Europe where women score higher. The remaining 5 regions support this hypothesis and show equivalent capability on all 16 competencies. The practical implication for boards seeking female board candidates is that they can expect female executives in this global talent pool to match or exceed their male counterparts on each of the 16 leadership competencies.

In addition to the three hypotheses above, an investigation was made into gender rating bias and whether gender could be predicted based on the pattern of scores on the competency variables. For gender rating bias, the analysis showed that both male and females in this group tended to score themselves lower on the competencies than their raters did. Male executives had statistically significantly lower ratings on 12 of the 16 competencies compared to female executives registering lower ratings than their raters on 13 of 16 competencies.

For the remaining competencies of either group, there was no meaningful difference in the ratings. The practical implication for boards seeking female board candidates is that they can expect both male and female executives to have a self-awareness of
their capabilities that is slightly lower overall to how others perceive them, with a low-to-moderate practical impact for any statistically significant discrepancies in ratings. A further investigation of differences was undertaken through discriminant analysis to determine if competency profiles could be used to differentiate between male and female executives. The classification or predictive power of the discriminant model was not sufficiently different than chance so the conclusion is that the competency scores do not provide a basis to differentiate between male and female senior executives. This supports the previous findings that the male and female executives are very close in perceived performance across the full range of competency variables in this study and that boards seeking female board members have a very capable pool of female senior executive candidates from which to choose.

3.2. **Study 2: Gender Diversity and Swiss Board Recruitment Practices**

The second empirical study is focused on an exploration of gender diversity and board recruitment practices in Switzerland. As this topic is currently a subject of intense stakeholder scrutiny and lively debate, the study is designed to identify the current situation and explore opportunities to increase gender diversity at the board level. The overarching goal is to identify practical means to support the achievement of tangible business benefits from increased gender diversity on Swiss boards.

The new HR Governance framework is especially well-suited to explore the relationships among the multiple dimensions investigated in the second empirical study as it explicitly recognizes the need to optimize key variables in a specific and dynamic environment through the lens of four dimensions – situational, strategic, integrated and controlled. Specifically, the four dimensions are used to formulate elements of the online survey and are included in the structured interviews, with an emphasis on the situational and integrated dimensions.

Study 2 begins with a presentation and analysis of the online survey data collected from 113 female executives in Switzerland, combined with thematic data extracted from interviews conducted with 15 female executives, 6 board secretaries and 5 board recruiters. The results are then reviewed within the context of the new HR governance framework proposed in this research.
3.2.1 **Objective of Empirical Study 2**

The objectives of empirical study 2 are as follows:

- Incorporate the findings of study 1 into establishing the underlying business logic for greater gender diversity at board level in Switzerland
- Create a better understanding of gender diversity and current board recruitment practices in Switzerland
- Identify opportunities and approaches for realizing the benefits of gender diversity on boards in Switzerland
- Generate input for a set of recommendations for women aspiring to board service and for companies seeking to increase gender diversity

This study employs the New HR Governance framework proposed in the theoretical section previously and places emphasis firmly on the board member recruitment and selection process, extending further to integration of new board members and evaluation of board member performance. In effect, the “integrated” element of the New HR Governance model will be a major focus of this investigation, applied within the context of current Swiss practices.

*The following question frames the exploration in Study 2:*

“What are the opportunities and possible mechanisms to increase gender diversity on Swiss company boards and achieve the business benefits of diversity?”

The answer to the question posed above results in practical considerations to ground gender diversity in board performance. From an academic perspective, this study provides a single country case application of the New HR Governance model and some insight into the relationships of important variables and attitudes in the Swiss market on achieving gender diversity and positive business impact. The practitioner contribution is a set of recommendations that can be used by female board aspirants and those responsible for board recruitment to achieve performance-based gender diversity.
3.2.2 Participants of Empirical Study 2

Interviews were held with 26 professionals drawn from the following populations.\textsuperscript{154}

- Female executives (15 total) who were included in a list of 400 senior executive women professionals compiled by the Union Patronale Suisse in 2015.\textsuperscript{155} These executives were further divided into two groups.
  - The first list of 200 executives included women currently serving on Swiss listed companies or other large companies in Switzerland.
  - To simplify the naming convention this list or subgroup will be referred to as the “listed company” subgroup throughout the analysis.
  - The second group of 200 were female executives considered “board ready” for service in large companies by an expert panel, many of whom were already in some form of board service in Switzerland.
  - According to the data collected from this group, this list or subgroup will be referred to as the “board ready” subgroup throughout the analysis.

- Board secretaries (6 total) who are involved in their board’s recruitment processes and practices determination.\textsuperscript{156}

- Board recruitment professionals (5 total) who support boards in their recruitment efforts.\textsuperscript{157}

The interviews were conducted from August to early November 2015 and served two purposes: first, to gain further insight into questionnaire development for the corporate governance online survey of senior executive women in Switzerland; and second, to complement the information gathered from respondents to the corporate governance online survey.

Given the sensitive nature of this research, all data gathered from the three different populations – female executives, board secretaries and board recruiters – is treated as confidential. Accordingly, each participant was informed at the beginning of the interview that the information they provided would remain confidential and be

\textsuperscript{154} A partial list of interviewees is identified in Appendix 3, representing 23 of the 26 contributors. Two female executive chose not to be identified in the report, as did one board recruitment professional

\textsuperscript{155} The list of 400 women included 200 who currently serve on Swiss listed company boards or large companies, and 200 who were deemed well qualified candidates for corporate board service

\textsuperscript{156} This group is comprised of board secretaries from global listed Swiss companies that are part of the SMI. Five of the six board secretaries interviewed are male

\textsuperscript{157} This group is comprised of search consultants with board recruitment experience for listed and unlisted firms in Switzerland. Two of the five board recruiters interviewed are male
aggregated at a thematic level. Further, it was agreed that any quotes used in the research would be unattributed to the source.

**Online survey participants**

The online survey participants were recruited from the list of 400 female executives prepared by the Union Patronale Suisse mentioned previously. Desk research was conducted to find the email addresses of the 400 female executives on the Union Patronale Suisse list, resulting in 305 valid email addresses. The online survey was made available during the first two weeks in November (2015) to the 305 female executives for whom contact information was available.\(^{158}\)

A total of 113 survey responses were collected, yielding a response rate of just over 37% from the pool of invited participants and 28% of the larger pool of 400. The following table illustrates the breakdown of the participants by subgroup from the total pool of 400 possible participants.

<table>
<thead>
<tr>
<th>Union Patronale Suisse List (400 Female Executives)</th>
<th>Invited (valid email address)</th>
<th>Number of Responses</th>
<th>% Response</th>
<th>Confidence Interval</th>
<th>Margin of Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Respondents</td>
<td>305</td>
<td>113</td>
<td>37%</td>
<td>90%+</td>
<td>Less than 10%</td>
</tr>
<tr>
<td>SG 1 – “Listed Company”</td>
<td>127</td>
<td>33</td>
<td>26%</td>
<td>90%+</td>
<td>Less than 15%</td>
</tr>
<tr>
<td>SG 2 – “Board Ready”</td>
<td>178</td>
<td>80</td>
<td>45%</td>
<td>95%+</td>
<td>Less than 10%</td>
</tr>
</tbody>
</table>

*Table 3.10: Participants in the online survey*\(^{159}\)

Of the possible 200 participants in the subgroup serving on large company or listed Swiss company boards, 127 were invited to participate in the survey and 33 responded, yielding a 26% response rate relative to the invited sample.

---

\(^{158}\) The survey was entitled « New HR Governance: Gender Diversity and Board Recruitment Practices in Switzerland » and can be found in Appendix 6

\(^{159}\) In general, analysis of the survey questions will begin with the full set of survey respondents, followed by an investigation of differences between the two subgroups: SG 1 – “listed company” and SG 2 – “board ready”
A confidence interval and margin of error threshold was calculated to determine the level of confidence in how representative the sample was of the total population of 200 listed board members. There is a source of potential error in this calculation as it is not possible to determine if the 127 invited participants are a random sample of the larger 200-member population of listed board members. If they are a random sample, then it is reasonable to say that we have over a 90% confidence interval in the data derived from this group reflecting the target population and that the margin of error is less than 15%.

Regarding the “board ready” group, 178 of the 200 members of this group were invited to participate in the online survey. A response rate of 45% of the 178 potential participants resulted in a confidence interval threshold of over 95% and a margin of error less than 10%. There are two sources of potential error in this calculation. The first source of potential error is whether the 178 invited participants are representative of the larger population of 200, although achieving 89% of the total population reduces the likelihood of strong differences. The second source of potential error relates to the exhaustiveness of the 200-member list of “board ready” female executives in the Swiss market compared to the actual list of female executives who fit the criteria. In other words, does the original list miss a significant portion of female executives who fulfill the criteria yet have significantly different perspectives and experiences. Combining the interviewees and online survey participants, there were at least 123 individual participants in the study. The 15 female executives who took part in the interviews were also invited to complete the online survey so they are potentially already included in the online survey total.

For the purposes of this exploratory study, the risks of potential error in the sample of respondents are acceptable. The qualitative analysis and thematic development are likely to uncover areas of divergence that may require further investigation and provide additional insight into the quality of the sample. As previously mentioned, the two groups of female executives - “listed company” and “board ready” - will be combined for the majority of the analysis unless there are significant differences in the two groups that need to be highlighted.

---

160 Sample size confidence intervals and margin of error thresholds were calculated using an industry standard methodology and calculation tool accessed on December 1, 2015 on the following site: fluidsurveys.com/survey-sample-size-calculator/

161 Survey respondents remain anonymous so it is not possible to determine if all interviewees also completed the online survey. The 123 individual participants is calculated as the sum of the 113 survey respondents, the 5 board secretaries and 5 board recruitment professionals
3.2.3 Empirical Research Methodology and Limitations

**Approach to the second empirical study**

The approach for this study comprised three main elements, as follows:

1. Identification and validation of gender diversity and board recruitment themes to investigate relevant to the Swiss market
   - A review of articles and published reports related to gender diversity on boards of directors, including specific publications that focus on the Swiss market
   - Discussions with corporate governance experts, female board members and attendance at various conferences with an emphasis on gathering information on the four dimensions of the New HR Governance framework

2. Development and implementation of a *structured interview process* for three key stakeholder populations mentioned below and an *online survey* for female board members and aspirants in the Swiss market
   - *Structured interviews* with: 1) female executives; 2) board secretaries; and 3) board recruiters based in Switzerland
   - Development of an *online survey* targeting a population of over 300 female senior executives in the Swiss market\(^{162}\)

3. Analysis of the structured interview data across the 5 main topics of the interview and an analysis of the online survey comments collected. This was followed by integration of the analysis outcomes from the structured interviews and the online survey
   - Thematic analysis and synthesis of 25 interview transcripts, totaling over 125 pages, or approximately 40,000 words
   - Analysis of the survey results for 113 respondents, including comments made on the open questions
   - Comparing and integrating the perspectives of female executives, board secretaries and board recruiters

\(^{162}\) Survey development involved input from the early interviews and a subsequent pre-testing of the questionnaire with focus groups
In summary, for this empirical study on board recruitment practices in Switzerland primary data was gathered through *structured personal interviews* of representatives from three key stakeholder groups in the board recruitment process and through an *online survey of senior female executives* active in Switzerland.

This mixed-method approach to data gathering was designed to establish key themes and developments in the Swiss environment for gender diversity and board recruitment practices. The early structured interviews provided clarification of themes taken from the literature and were invaluable in the refinement of the questionnaire design for the online survey. Also, the interviews provided an additional set of qualitative data to complement the online data gathered.
3.2.4 Analysis and Discussion of Findings

3.2.4.1 Demographics

Age, senior leadership and board experience

In this section, a demographic analysis is made of the online survey group, including the two subgroups where applicable. According to the information provided the following breakdown of age, senior leadership and board experience applies:

<table>
<thead>
<tr>
<th></th>
<th>Average Age</th>
<th>Senior Leadership Experience (VP+)</th>
<th>Average No. of Swiss Board Appointments</th>
<th>Average length of time in board service (All, Swiss +)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Respondents</td>
<td>50 years</td>
<td>10.5 years</td>
<td>3.2</td>
<td>6.5 years</td>
</tr>
<tr>
<td>“Listed Company” Subgroup</td>
<td>51 years</td>
<td>11.6 years</td>
<td>3.5</td>
<td>7.5 years</td>
</tr>
<tr>
<td>“Board Ready” Subgroup</td>
<td>48 years</td>
<td>9.9 years</td>
<td>2.9</td>
<td>5.9 years</td>
</tr>
</tbody>
</table>

Table 3.11: Age and experience, all respondents and subgroups

There is a difference of three years in average age between the two respondent subgroups, with an average age of 50 years for all participants to the survey. As expected, the “listed company” subgroup is older and also has several years more senior leadership experience. By comparison, female board members of the top 50 Swiss listed companies in the SMI and SMIM indexes are 56 years old on average and their male counterparts average 60 years. The average age of female supervisory board members for the top 120 companies in Switzerland reported in the Schilling Report is 53, with new board appointees in 2015 averaging just 49 years old. The combined sample for this study seems well positioned from an age and

---

163 This table captures the relevant data from 85 of the 113 participants who responded to the full set of the following survey questions: 23, 21, 6 and 7. To maintain consistency, an indication of the participant response rate to a particular question and the question number from the online survey will be referenced in the footnotes for each table

164 Senior leadership experience is defined in the survey as number of years at Vice President level and above

165 SMI or Swiss Market Index is composed of the 20 most significant and most liquid large securities listed on the Swiss stock exchange. The SMIM or Swiss Market Index Mid is composed of the 30 largest mid-cap listed equities that are not part of the SMI. Age averages based on author’s analysis of SMI and SMIM board members

166 Schilling Report (2015:7)
experience perspective for supervisory board roles in larger and listed Swiss companies based on the prevailing patterns in the Swiss market.

Regarding average indicators of boards service, the “listed company” subgroup has greater experience with an average of 3.5 board appointments with Swiss companies and 7.5 years of total board service\textsuperscript{167}, versus 2.9 board appointments and 5.9 years of board service on average for the “board ready” subgroup.

Education

Regarding educational attainment, 86% of all respondents have obtained a PhD or a Master’s degree (or equivalent) qualification. This reflects a very strong focus on advanced education and is consistent with what is found among board members of the top 50 Swiss companies.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure3_5.png}
\caption{Educational qualifications of survey participants\textsuperscript{168}}
\end{figure}

The “listed company” subgroup has lower overall educational attainment with 69% having achieved a PhD or Master’s degree, compared to 93% of the “board ready” subgroup who have obtained advanced academic degrees. This compares favorably to the educational profile of the supervisory board members of the largest Swiss companies.\textsuperscript{169}

\textsuperscript{167} Total board service includes tenure on Swiss and non-Swiss boards
\textsuperscript{168} This graph is based upon 106 of 113 respondents that completed survey question 20
\textsuperscript{169} In the Swiss companies covered by the Schilling Report (2015:6), 75% of the supervisory board members are reported to have advanced levels of education (PhD, Masters)
There was no indication in the interviews or in the survey that would explain the marginal differences in academic profile between the two groups, or suggest different subgroup perceptions regarding education.

Regarding the “other” category, 10% of the “company” subgroup reported industry qualifications such as financial analyst and federal diplomas instead of academic degrees. All respondents in the “board ready” subgroup indicated that they held academic degrees.

**Functional Expertise**

Respondents were asked to identify all areas of functional expertise that they possessed. On average, each participant chose just over 3 areas of expertise with the overall result reflected in the table below.

![Figure 3.6: Areas of functional expertise for all survey participants](image)

There are several areas of difference in the subgroups, with the “listed company” subgroup claiming triple the proportion of financial expertise than their “board ready” counterpart. Also, the “listed company” cohort claimed proportionally over twice as much legal expertise and almost twice as much expertise in human resources.

Both groups registered general management and strategy as their most frequent expertise choices.

---

170 This graph is based upon 106 of 113 respondents that completed survey question 19.
Financial and legal acumen are traditionally in high demand by boards and these areas of expertise could serve them well in competing for board appointments. Human resources expertise is often in short supply on boards, yet this lack is frequently accompanied by the prevalent notion there is sufficient capability in the human resource area among the various board members to meet the boards needs.

3.2.4.2 Board Service Profiles

Company size

Survey participants were asked to indicate the types of companies by size for which they have served as a board member over the course of their career. The board size classifications are based upon the European Commission classification system according to number of employees and revenues, as follows:

<table>
<thead>
<tr>
<th>Company size category</th>
<th>Staff headcount</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large company</td>
<td>250 or more</td>
<td>€ 50 m +</td>
</tr>
<tr>
<td>Medium company</td>
<td>50-249</td>
<td>€ 10-50 m</td>
</tr>
<tr>
<td>Small company</td>
<td>10-49</td>
<td>€ 2-10 m</td>
</tr>
<tr>
<td>Micro company</td>
<td>9 or less</td>
<td>≤ € 2 m</td>
</tr>
</tbody>
</table>

Table 3.12: Company size categories – European Commission definitions

Respondents were asked to choose as many types of companies as applied over the course of their board service career. Almost two-thirds of all respondents reported board service with a large company and close to 40% of the group had medium and small company board positions, as per the following figure.

---

171 Audit and compliance committees are common to Swiss boards and require these specific areas of expertise
172 The notion of HR being a shared responsibility across the team rather than a specific expertise was confirmed by a number of interviewees
The “listed company” subgroup reports a 97% rate of board service in large companies, more than double the 45% level of the “board ready” subgroup. The remainder of the categories have relatively consistent proportions of both subgroups, with “board ready” participants 10% higher on medium company service and “listed company” participants 4% higher on micro company board service.

**Type of company boards**

Participants indicated the types of companies they had served as board members and the composite profile below shows a strong concentration in the first three categories. There is a sizeable contingent of 21% of our sample group with no board service in Switzerland.

---

174 This graph is based upon 106 of 113 respondents that completed survey question 22
175 This graph is based upon 106 of 113 respondents that completed survey question 5
Consistent with the findings regarding the size of the company served in the previous section, the two subgroups show distinct differences in their board experience on listed companies. A less predictable result is that the two subgroups differ dramatically in their board service in Switzerland, with 30% of the “board ready” subgroup indicating no previous board experience in Switzerland. By contrast, all “listed company” participants had some previous board service in Switzerland. These relationships are displayed in the graph that follows.

Figure 3.9: Board service: Comparison of subgroups

The category “other” was used to elicit text responses to cover any types of organization not included in the defined categories. The most common responses for the “other” category were foundation boards and government-state boards, with 4 mentions each. This was followed by academic institution boards and subsidiary boards with 2 mentions apiece. In all cases, the respondents had indicated at least one of the above choices in addition to the “other” category.

Total number of boards in Switzerland

Regarding the total number of boards served on in Switzerland, the average for both subgroups and the population was recorded earlier in the demographic section, with an average range between 2.9 and 3.5 boards. The breakdown of the spread for this variable shows an irregular pattern more heavily weighted to the lower end of the board
service spectrum. A full 6% of the total participants have sat on 10 or more boards in Switzerland with the “listed company” subgroup having twice the proportion in that category as the “board ready” subgroup.

Figure 3.10: Board service: Total number of boards served on in Switzerland\textsuperscript{177}

Cumulative length of time – All boards

The cumulative length of time in board service is illustrated below, with the average length of time for board service per participant registering 5.9 years (“board ready”) and 7.5 years (“listed company”) for the 2 subgroups.

Figure 3.11: Board service: Total length of time for all board appointments\textsuperscript{178}

\textsuperscript{177} This graph is based upon 86 of 113 respondents that completed survey question 6
\textsuperscript{178} This graph is based upon 85 of 113 respondents that completed survey question 7
The distribution of cumulative board service shows that 38% of the respondents have 10 or more years in board positions. The “listed company” subgroup indicates has 55% of its members in the “10 plus years” category which is just over twice the percentage of the “board ready” group in this category.

### 3.2.4.3 Board interviews in last two years

One gauge of market interest for board candidates is the number of interviews that they are involved in over a defined period. For this research, participants were asked to indicate the number of interviews for board seats that they took part in over the last two years. In total, they reported participation in 103 interviews during the two-year timeframe.

<table>
<thead>
<tr>
<th>No. of interviews in last 2 years</th>
<th>% of Respondents (98 responses)</th>
<th>Total interviews in last 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>3%</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>3%</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>8%</td>
<td>24</td>
</tr>
<tr>
<td>2</td>
<td>16%</td>
<td>32</td>
</tr>
<tr>
<td>1</td>
<td>20%</td>
<td>20</td>
</tr>
<tr>
<td>0</td>
<td>48%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99%</strong></td>
<td><strong>103</strong></td>
</tr>
</tbody>
</table>

Table 3.13: Board interviews in last two years

The distribution of the activity however shows that 48% of our respondents did not take part in an interview during the two-year period. A further breakdown of the data reveals that 54% of the “board ready” subgroup did not have an interview and that this subgroup accounts for only 61 of the 103 interviews conducted, despite representing over two-thirds of the population responding to this question (e.g. 69 of the 98 responses).

The “listed company” subgroup accounted for 42 of the 103 interviews by having a significantly greater proportion of its members registering between 3 and 5 interviews. This suggests that the more experienced group is engaging more effectively in the early stages of the recruitment process and-or is significantly more attractive to the marketplace.

---

179 This graph is based upon 98 of 113 respondents that completed survey question 16
Further investigation of these differences will be undertaken in the thematic analysis of the commentary collected from the various stakeholders, including the female executive subgroups.

**Board positions accepted in last two years**

Another measure of how attractive candidates are to the marketplace is the number of offers they receive over a given period. The pattern of acceptance is illustrated below with over 50% of respondents not accepting a board position within the last two years.

![Graph showing percentage of respondents accepting board positions](image)

**Figure 3.12:** Number of new board positions accepted in last two years

Combining the data on interviews and board positions accepted results in the following patterns:

<table>
<thead>
<tr>
<th></th>
<th>Respondents reporting</th>
<th>No. of Interviews</th>
<th>Interviews per respondent</th>
<th>No. of board positions accepted</th>
<th>Interview conversion rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>SG 1: “Listed Company”</td>
<td>32</td>
<td>48</td>
<td>1.5</td>
<td>36</td>
<td>75%</td>
</tr>
<tr>
<td>SG 2: “Board Ready”</td>
<td>68</td>
<td>61</td>
<td>0.90</td>
<td>34</td>
<td>56%</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>109</td>
<td>1.09</td>
<td>70</td>
<td>64%</td>
</tr>
</tbody>
</table>

**Table 3.14:** Summary of interviews and board positions accepted

---

180 This graph is based upon 100 of 113 respondents that completed survey question 18
181 This table is based upon 100 of 113 respondents that completed survey questions 16 and 18
During the period under consideration, there were 109 interviews and 70 new board positions accepted by the participants of this study. The ratio of accepted new board positions to board interviews is calculated to be .64, indicating that just under two-thirds of the interviews resulted in board positions.

Of the 70 board positions awarded, 36 were taken by the “listed company” subgroup. The remarkable aspect is that this subgroup represented less than one-third of the total sample population but was able to achieve over half of the total board seats awarded during the time period for our sample population, converting 75% of their interviews into board appointments versus a 56% conversion rate for the “board ready” subgroup.

In summary, the “listed company” subgroup was able to attract more interview opportunities proportionally and to more efficiently convert those opportunities to board positions than the “board ready” subgroup. Perhaps this is because they currently serve on listed or large company boards and are therefore more highly visible in the Swiss talent pool, and consequently more highly valued by recruiters.

**Assessment of a board interview in past two years**

Of particular interest for this research is how well companies engage with female candidates during the interview process. This provides evidence of the level of prior preparation on the part of the company seeking new board members and is an indication of the level of attention paid to matching the candidates to board requirements. Accordingly, participants were asked to indicate their assessment of one board interview over the last 2 years.¹⁸²

¹⁸² Participants were free to choose the board interview that they wanted to report on
The results indicate a very favorable perception by the female candidates with respect to the interviews that they reported on, with greater than an 85% cumulative agreement rating achieved across the 5 criteria. The range of scores for the combination of the “strongly agree” and the “agree” categories was from 86% for “board needs clarified” to 97% for “questions relevant to qualifications,” with 87% reporting that they left the interview interested in the position.

An analysis of the commentary corresponds with the ratings. Only one comment out of 25 indicated a lack of professionalism in the interview process, resulting in low interest by the candidate. The main reasons provided for not being interested in the position were as follows: 1) lack of time necessary to fulfill the requirements of the board position; and 2) poor fit perceived with the culture of the organization and-or the board role described. In total, just over one person in ten left an interview not interested in the position.

The commentary also included several mentions of respondents losing the position to another candidate. The reasons given indicated that the overall interview process was perceived as fair and that the more qualified candidate was successful. The two
subgroups were consistent and comparable in the way they scored this question and in the commentary.

The board secretaries reported a very strong focus on preparation before the interview for the board positions, with an emphasis on understanding the boards needs and defining a profile that would meet those needs based upon expertise, competency and cultural fit. There was unanimous agreement that the goal was to find the best person for the role. It is clear from the participants’ evaluation of their interviews that high levels of preparation and professionalism were evident. The role of board recruiters in the recruitment process varied widely according to the board secretaries interviewed, from playing a lead role in the preparation and recruitment process to having a minor or supplemental role in a process led by the company.

In summary, the companies represented in this example are positioning themselves favorably with candidates and able to attract sufficient interest among female candidates in the opportunities they offer.

### 3.2.4.4 Motivation for board service

To understand the motivation for board service of female executives in our sample population, a content analysis was performed on the comments collected through the online survey and on the interview transcripts from our 15 interviews with female executives. Additionally, relevant themes are included from the board secretary and board recruiter interviews to complement the analysis.

The online survey question reads as follows:

*What is your principal motivation to be involved in board service?*

Starting with the 110 comments received to this question, an extraction and coding of key terms was performed to yield the following four thematic categories and their associated phrases: Experience, strategy, business impact and participation.

Typical comments that exemplify the four themes for the total population

---

185 Two sources of commentary for this research are remarks gathered by the online survey from all 113 respondents and the interview summary transcripts for the 25 interviews. All available sources will be used in the analysis of each topic.
“My goal is to contribute my experience to make a strategic impact on the business through good governance.”

“It is important that I feel my collective experience brings business value … I want to make sure that I can make a difference.”

“… to help develop the company in a sustainable and strategic manner, including the recognition of key stakeholders.”

“I believe heterogeneous leadership teams can harness creativity and innovation to create high business impact, without which no company will be successful in the long run …”

“It’s interesting to participate in a team which is leading a business … while not being involved in the daily business but in the strategic part and giving guidance.”

A further analysis of the subgroup populations produced the same four themes for the “board ready” group as for the overall population. The “listed company” group registered three of the same themes while specifying interest as the fourth theme. An analysis of the associated commentary with the interest theme showed a strong relationship to the participation theme so they will be treated as the same for the purpose of this investigation.

A review of the comments associated with each theme shows some differences in perspective across the two subgroups. For the “listed company” subgroup there were two ideas emphasized that were unique:

- Leveraging experience from one board to another – transferability of skills gained in board service
- Being deliberate and selective about choosing which board positions to pursue based upon matching own interests, expertise and goals to the company and the board opportunity

For the “board ready” subgroup, there were a couple of ideas developed in the commentary specific to them:

- Taking on an intellectual challenge and learning from a team of those more experienced and from peers
• Being involved in the strategy, development and guidance of entrepreneurial companies

The above areas of difference in perspective seem consistent with the greater experience of the “listed company” subgroup and their strong affiliation with larger company boards while the “board ready” subgroup has less experience with larger company boards and a greater focus on smaller companies, including personal businesses and start-up ventures.

In summary, respondents placed a strong emphasis on bringing their business experience to the board in order to make a business impact at the strategic level. Team interaction-participation was a prominent sub-theme, as was a strong interest in stakeholders, sustainability and good governance practices. In the full set of well over 100 comments, gender was mentioned only twice. Both times it was in the context of achieving increased business impact through diversity.

From the board secretary and board recruiter perspectives, the motivational drives listed above are consistent with what they report is important to them. The desire to make a business impact through contribution of expertise, to operate strategically and to work as a team are motives and attitudes important to many boards.

Other common themes arising from the input of board secretaries and board recruiters are that companies in Switzerland have:¹⁸⁶

• Significantly increased their recruitment efforts for female board members and were making selections based on a rigorous evaluation of talent and potential contribution, related to the needs of the company board

• Responded to the pressures from society, media and stakeholders to increase board diversity, focusing on gender while recognizing that gender is only one aspect of diversity

¹⁸⁶ These observations are primarily related to larger and-or listed companies in Switzerland and can be seen as the current level of Swiss best practice developed by leading companies that have been working over a significant period of time to achieve increased gender diversity on their boards. There was the sense that smaller, less visible companies in Switzerland were not as mature in their thinking on women in board positions compared to their larger company counterparts.
3.2.4.5 Identifying board opportunities in Switzerland

Respondents were asked to rate the importance of various means to increase their ability to access board opportunities. By far, the approach perceived most important involved the use of “personal and business connections”, with this method registering a score of over 96% and only perceived as “less (or not) important by 4% of total respondents.

Figure 3.14: Importance of different methods to access board opportunities

Following “personal and business connections,” the graph above shows that 5 of the remaining 6 methods are rated at 50% or more as being very important or important in accessing board opportunities. Of the seven options identified, only “professional publications” is rated below 50%.

A deeper investigation reveals that there are distinct differences in the level of importance accorded to the various methods by the two female executive subgroups.

---

187 This graph is based upon 112 of 113 respondents that completed survey question 2. The four rating categories have been collapsed to two categories to simplify the presentation of data and highlight the differences between methods thought important-very important and those judged to be less (or not) important.
Executive search firms, professional publications, public speaking engagements, networking groups, and professional publications are all significantly favored by the “board ready” subgroup, with scores ranging from 14% to 20% higher than their counterpart on these methods. For mentor-coachs and press coverage the gap grows to 27% and 31% respectively. In general, it appears that the “board ready” subgroup places higher importance on the full range of board access methods provided above than the “listed company” subgroup. It is not possible to determine from the data collected in this research what the relative activity is for each subgroup population on any or all of the methods.

**Themes from participant interviews**

A comparison of the themes and content from the interviews of participants of both subgroups reveals some important distinctions regarding the various methods to access board opportunities and how best to use them. There were few comments on this question captured by the online survey so the interviews provide the basis for this analysis.

---

188 This graph is based upon 112 of 113 respondents that completed survey question 2
Three themes were distilled from the interviews conducted with female executives:

1) Develop strong qualifications and a performance track record

2) Increase visibility through intensive networking efforts

3) Focus on specific board opportunities fitting your qualifications

The starting point for the first theme is a strong emphasis on professional qualifications and recognized performance. Many opportunities exist within the professional work setting to raise visibility through achievement and to build strong relationships with bosses and peers. This supports the notion expressed by several that performance in current role and board opportunities are linked. It was also noted that particular professional qualifications, including financial, legal and scientific were generally in high demand, as was C-level corporate experience. The emphasis here is on building the credentials over time to be attractive to boards. There were several cautionary words from participants regarding the rapidly mounting external stakeholder pressures for companies to add female board members. The fear was that some companies would hire a female board member as a matter of compliance. Typical comments reflecting this concern are as follows:

“Make sure you have the relevant experience that you can bring to the board so they are not just picking you because you are a woman.”

“If you are being hired just because you are a woman, don’t expect them to take you seriously. Qualifications and contribution are what count …”

Regarding networking and network groups, the respondents suggest a comprehensive networking effort to include superiors and colleagues at work, headhunters, mixed gender groups, industry and cross-industry groups and gaining visibility by speaking at professional network groups. In this definition, the concept of networking included business and possibly personal connections. There is a general caution about overreliance on female networking groups, especially in the “listed company” subgroup, as all female groups are not perceived to be particularly fertile grounds for surfacing new board opportunities. The consensus advice is to include them as part of an overall professional networking strategy. This point was strongly reinforced by the board secretaries and board recruiters.
Sponsorship from someone within the workplace or the outside is thought by some to be highly beneficial and more desirable than traditional coaching or mentoring for accessing board opportunities. The idea is that the sponsor actively promotes the career of the sponsee while also providing guidance and support. One participant remarked:

“They (female executives) actually need somebody within a company or within a board who are going to put their name forward.”

A final recommendation on networking is for aspiring board members to actively prospect for opportunities by letting members of their network know what they are looking for. The more precise an executive can be on what they offer and what they are looking for, the more likely they will surface suitable opportunities.

The third theme of “focusing on specific board opportunities” places a strong emphasis on matching profile and skills to opportunities. Interestingly, there were several mentions of the importance of patience in finding opportunities and to make sure there is a good fit between the person and the board opportunity.

“Focus on your experience and how you can contribute to a particular company.”

In summary, the consolidated interview feedback suggest that networking is the most important activity to access board opportunities but works best when combined with other methods and especially when the executive has built a strong profile, is aware of their strengths, understands what they are looking for and can actively communicate their expertise and interests to a wide variety of stakeholders. This conception of networking is based on much broader set of activities and options than group affiliation, encompassing the use of business and personal connections to access suitable opportunities.
Perspective of board recruiters and board secretaries

There were several common themes related to accessing board opportunities emphasized by the board recruiters and board secretaries:

- Establishing and communicating expertise

Building an executive resume and finding opportunities to profile skills and accomplishments was a core message. The principal reason given was that companies are looking at profiles, expertise and potential contribution to the company. Hence, there is no substitute for an executive resume and evidence of required skills. An important consideration mentioned by several board recruiters was that females should try and establish an uninterrupted career, even if that meant going to part-time status. There were several examples provided of women executives who were not able to re-enter their profession at an executive level or resume their upward path in a particular industry. One recruiter remarked:

“The advice I give women is to never step out of the workplace ... I have repeated cases of women who have done this who cannot get back into the job.”

- Networking

Networking was viewed as a critical practice for female executives to raise their visibility and attract the interest of potential firms. An emphasis was placed upon professional networks related to industries, functional expertise, “best practice” forums and similar with a mix of male and female participants. It was observed that the majority of board candidates are identified by individuals who are currently on a board and it is important to find ways to reach them.

Also, strong relationships with board recruiters were deemed important as they are increasingly receiving more mandates to identify female candidates. One recruiter noted that “over 30% of all their board level recruitment was for female candidates,” while another remarked that the “majority of their clients wanted to see a list with 50% female candidates.” Another recruiter observed that “the number of mandates for female-only candidates has increased in recent years.”
There were slightly mixed views about the value of gaining board experience by serving on smaller and-or nonprofit boards. The majority who raised this thought that previous board experience of this type was a valuable addition to a female executive’s resume. Several commented that this may not add value in the search for large and mid-sized company board positions but that depended wholly on the type of company and the context.

3.2.4.6 Potential barriers to board service for women

For the eight potential barriers to board service for women, respondents rated the importance of six of them in a narrow range between 63% and 84%, with the barrier of “not visible” rated the highest regarding importance. The lack of visibility of female executives is a common theme across the commentary registered in this research by female executives, board secretaries and boards recruiters. Fortunately, it is the area with the greatest opportunity for female executives to exert considerable influence as it is within their control to take the necessary actions to raise their visibility in the marketplace for board candidates.

Conversely, “lack of supply” was rated as important by only 36% of respondents whereas supply questions were more prevalent among board recruiters, and especially board secretaries. In the Swiss market, it must be taken into consideration that for large companies the “supply” of board candidates is from a global pool and that the criteria of international experience in the particular markets of interest to a given firm was reported by board recruiters and board secretaries as one of the most challenging criteria to fill.

Figure 3.15: Importance of potential barriers to board service for women

*This graph is based upon 113 of 113 respondents that completed survey question 3. Survey categories were collapsed to display composite ratings on (very) important factors and less (not) important factors.*
The remaining potential barriers in this poll directly support maintenance of the status quo and reflect a board’s internal practices and attitudes. “Lack of interest,” “board selection criteria,” “lip service without action,” “fear of change,” “previous hire failed” and “token hiring” are powerful forces to prevent gains in undertaking the necessary cultural and human resource process adaptations to capitalize on the business benefits of gender diversity at the board level. Indeed, the risk of selecting new board members on the sole criteria of gender is recognized by all parties in the study.

An analysis of the commentary from board recruiters and board secretaries confirms that the board chair plays a critical role in promoting attitudes and practices that support diversity in general, and gender diversity in particular. Leadership may come from other members of the board on the topic of gender diversity but is unlikely to bear meaningful results without the explicit or implicit support of the board chair. This point was reinforced multiple times in the interviews.

A subgroup comparison of perceived importance demonstrates a high degree of consistency of ratings across the multiple criteria with some important differences.

Figure 3.16: Subgroup importance scores on board service barriers

The most significant difference is that the “listed company” subgroup scores the “board selection criteria” as higher on importance than “not visible.” Comments to support this include the prevalence in Switzerland (and elsewhere) of including previous CEO

190 Importance scores are calculated by combining the two scoring categories of “very important” and “important”
experience in the requirement specification for new board members. This requirement of CEO experience impacts the female candidate pool dramatically given the dearth of female CEOs. In Switzerland, for the top 120 companies Schilling reports that there “are only 3 female CEOs (2.5%) and 1 female supervisory board president (1%). In the SMI, there are no female CEOs and only 1 supervisory board president.¹⁹¹

Another aspect of the Swiss environment that impacts the local supply of executive women is the level of international presence on the larger company boards. Switzerland registers the highest proportion of foreign non-executive directors in Europe, numbering 55% on the SMI.¹⁹² The board secretaries and board recruiters were quick to point out that they recruited from a global talent pool for board positions and that relevant foreign market experience was often a key criterion of the board candidate profile. The clear message here is that it is important for female executives to develop an international component for their career if they want to increase their ability to compete for certain board positions available in the largest Swiss companies, or in any Swiss companies with significant international presence.

Another interesting pattern is that the “listed company” subgroup rates 6 of the 8 barriers at lower levels of importance than their “board ready” counterpart. The “lack of supply” barrier shows the largest discrepancy in importance, with almost 60% of “listed company” subgroup indicating this is an important barrier. The reasons for this discrepancy are not clear from the data gathered.

Based on this analysis, the main barriers to boards regarding gender diversity are related to their lack of progress in adjusting board culture, attitudes and practices to support diversity. There is evidence that this is changing for the largest Swiss companies but some skepticism is evident in the comments of the interviewees to this study. Despite clear evidence that progress is being made, the major concern remains that progress is too slow and is not well distributed across multiple sectors of the business community in Switzerland.

3.2.4.7 Increasing gender diversity on boards

Five possible actions were proposed by the online survey to increase board gender diversity in Switzerland over the next 5 years and respondents were asked to indicate

¹⁹¹ Schilling Report (2015:9)
¹⁹² Switzerland Board Index (2014:12). This is attributed in the report to the presence of significant numbers of foreign residents and the export led nature of the Swiss economy
their recommendations on each of them. The composite figure shows that survey participants were highly favorable to the “education of board leaders on benefits of diversity”, a “comply or explain approach” and to “relying on increased stakeholder pressure” with recommendation ratings for each of these exceeding 70% across the population. All three of these measures support a minimally intrusive and evolutionary approach to increase board gender diversity.

The two actions with the least support were to “adopt a legally binding quota system” and to “leave it up to companies” to conduct board recruiting as usual. Both of these areas will be developed with the aid of the commentary provided by 52 survey participants and also the input of board secretaries and board recruiters.

![Figure 3.17: How to increase Swiss board gender diversity (next 5 years)](image)

Opinions were almost evenly divided (51% for, 49% against) among the survey participants as to whether a legally binding quota system should be adopted in Switzerland.

The three main arguments of those that opposed a legally binding quota system are as follows, accompanied by a few select comments from online survey participants for each argument:

1) Quotas limit company choice on board member decisions and decrease the credibility of the female board members recruited under a quota regime.

---

193 This graph is based upon 113 of 113 respondents that completed survey question 4
“The quota will hurt any women reaching a board … to be labeled a “quota” woman who didn’t reach it on her own merit but purely on compliance.”

“Quotas and regulations only increase the hurdle for women and make an appointment less desirable. It is worse for a woman to be hired under a quota system and significantly decreases her credibility.”

“Quotas are insulting.”

2) Diversity includes more than gender and a narrow legal prescription for gender balance could undermine true diversity and potentially lead to poor recruiting choices that place less emphasis on competencies and skills.

“Need to spread around the benefits of more diverse views and not just gender.”

“I don’t like legislation to interfere with the rights of ownership. Hence I am against quota systems that also risk leading to poor recruiting choices.”

“Companies should continue to be free to select their board members. Diversity is very important to the board, but gender is just one aspect of it. To have the right set of skills represented on the board is for me the most important one.”

3) Quotas may interfere with a company’s right to pursue the best qualified person for the role.

“Quotas will bring in more women faster, but may backfire when lesser-qualified women are chosen. Then, they do not perform and provide “proof” that women do not bring value.”

“I don’t believe in quotas as they can negatively influence selection and don’t always result in the best choices.”

Those respondents favoring the quota system seemed to do so reluctantly, often commenting that the rate of change was very slow and that they lacked confidence in the pace of change increasing. A thematic analysis of their comments yielded the following:
• Quotas are necessary to make progress in the area of gender diversity on boards.

  “After many years of experience and being against quotas I now have to confess that I had to change my mind. On a voluntary or an explain basis, nothing is going to happen which has been proven over many years.”

  “Soft quotas or targets have proven to be ineffective. No need to repeat errors made by other countries. Move straight to what will make a real change.”

  “More than 20 years has past … but only little improvement as regards female directors except for those countries were quotas have been enforced. Sad, but true.”

• Gender diversity at the board level will strengthen companies and the nation

  “If we continue to increase the number of women on boards at the level we currently do, we will not have gender equality for the next 30 years. That is not only bad for our highly talented and skilled women and our companies, it is also bad for our overall economy and the future or Switzerland.”

  “I would rather have companies recognize the merits of diversity and more female board members to build stronger boards, but am no longer against quotas considering the lack of progress.”

  “Switzerland is far from objective targets of 30-40% of female board members. From an economic point of view it doesn't make sense (more than 50% of its graduates are women).”

Comparing the two subgroups shows that the “listed company” participants favor less intervention than their “board ready” counterparts on the first four actions. In general, they are slightly more predisposed to “leave it up to companies” to continue to develop their board practices within the current environment, recognizing that change is happening.

The two areas that get the greatest level of support from both subgroups are “educate board leaders” and “rely on increased stakeholder guidance,” both soft interventions to promote the evolution of gender diversity practices in Swiss companies. Several participants pointed out that companies are free to choose the board members they
believe are best even when encouraged by key stakeholders and evolving circumstances to increase female representation at the board level.

Figure 3.18: Comparison of subgroup total recommendation scores

Perspective of board recruiters and board secretaries

The board secretaries and board recruiters who contributed to this research were opposed to the introduction of quotas in Switzerland, believing that raised awareness and public pressure was sufficient to drive continued progress in gender diversity at the board level. Their principle arguments against quotas included the following:

- Gender is just one aspect of diversity and a legal quota for a single aspect of diversity could be counterproductive

- The “soft law” in place and stakeholder demands put pressure on companies to educate themselves and adapt their board recruitment practices

As mentioned earlier, board recruiters reported a very strong demand for female board candidates to be included on the candidate list in most searches and, in a rising

---

194 The recommend categories for actions to increase gender diversity in Switzerland were combined (highly recommend and recommend) to produce a clear picture of the recommendation levels between the two subgroups
number of searches, to have a search that specifies a female only candidate list. This supports the premise that there is momentum behind increasing female board members although it is not clear if the rate of change will eventually meet the expectations of stakeholders, including elected officials whose periodic calls for more interventionist methods like quotas are gaining ground and widely reported in the media. Recently, the Swiss cabinet has taken the step to propose legislation for adoption that specifies non-binding quotas at the supervisory (30%) and executive (20%) board levels of major listed Swiss companies.

3.2.4.8 Current board service – single example

This section is focused on a current board example that participants have chosen. The objective is to gain a deeper understanding of their current board service experience and role. In total, 77 respondents provided input but the number of responses do vary per question as not all respondents provided input for the full set of questions. Regarding choice of the board to analyze, participants serving on multiple boards were free to choose whichever example they preferred to report on. There was no specific guidance or criteria given to them regarding which example they should select.

Number of board members

The average size of the boards selected by “listed company” subgroup participants is 8.5 members, including on average 2.1 female board members. This yields a female board member ratio of 25% that is considerably higher than the ratio of listed companies in Switzerland. Of course, some members of this group also serve on large cooperative company boards where the female representation is often above the norm for listed companies while others serve on boards that have fully embraced board diversity and are ahead of the “average company” in their inclusion of women on their boards. A common theme from the board recruiter interviews was that many of their board clients had experienced the business and board team benefits of

---

195 See SWI articles like « Justice minister calls for 30% boardroom quota for women » (September 14, 2014) and « State quota offers leg up into men’s world » (January 23, 2014) which references a 30% boardroom quota by 2020 for companies that have close ties to the Swiss government. Articles accessed on www.swissinfo.ch on March 15, 2015
196 “Cabinet backs quotas for women in boardrooms.” Article accessed on www.swissinfo.ch on December 15, 2015
197 Swiss Board Index (2014:9,11) In 2014, the average board size for the SMI companies 9.6 members in 2015, with 15.6% female members. Schilling Report (2015:14,17) For the 90 largest companies covered by the Schilling Report the average board size was 9, with 15% female members
diversity so intended to maintain or further increase the number of female board members. This point was also echoed by the board secretaries.

The “board ready” subgroup board size is slightly smaller at 7.7 members on average due to the inclusion of more start-ups and micro companies, with their chosen boards registering 31% female board members. This higher ratio of female members on the boards likely reflects in part the number of female owners for some of the smaller companies and the board selections of smaller companies.

**Priority of gender diversity**

Participants were asked to evaluate the level of priority for gender diversity for their selected board by the board chair, their fellow board members and themselves. Results indicate that 74% of chairpersons and fellow board members were perceived to have gender diversity as a medium or high priority.

![Figure 3.19: Priority of gender diversity to the following individuals-groups](image)

Interestingly, over a third of the board chairs were rated as making gender diversity a high priority compared to only one-quarter of fellow board members. Leadership from the board chair on this issue is very important to facilitate changes in attitudes and processes at the board level. Indeed, lack of support from the board chair was previously indicated as a major barrier to achieving progress in this area. Board

---

198 This graph is based upon 79 of 113 respondents that completed survey question 10
recruiters and board secretaries are quick to acknowledge that strong support from the board chair is linked to substantial and sustained progress in gender diversity for a board.

Given the central role of the board chair as the integrative personality with the responsibility to develop the board’s meeting agenda, moderate internal discussions and determine committee memberships it is of the highest importance that they understand and promote the benefits of diversity generally, and gender diversity specifically.
Evaluation of current board on human resource capabilities

The evaluation by survey participants of one of their current boards on a set of human resource capabilities produced the following result:

![Diagram showing evaluation of current board on human resource capabilities]

Figure 3.20: Evaluation of current board on Human Resource capabilities

These human resource capabilities are fundamental to the effective functioning and sustainability of the board and are components of the integrative dimension of the New HR Governance framework.

The greatest variation in scores among the three categories above are at the “excellent” and “poor” ends of the scale. The recruitment process garners the overall highest score of the 8 human resource capabilities identified in this study. This finding is consistent with the result presented previously on the evaluation by survey participants of an interview within the last 2 years.

---

199 This graph is based upon 76 of 113 respondents that completed survey question 11
200 Compensation is not covered by this research but is a part of the integrative dimension of the New HR Governance framework
The two subgroups demonstrate a distinctly different pattern of responses at the two ends of the rating spectrum with the “listed company” subgroup rating their boards as excellent much more frequently than their less experienced subgroup counterpart. These relationships are displayed in the next figure.

![Board Capability Scores - "Excellent" (Subgroup Comparison)](image)

**Figure 3.21:** Board capability score subgroup comparison - “excellent” category

One possible explanation for these ratings is that the larger and-or listed companies are more mature in their human resource processes and are thus able to achieve higher levels of rated performance for each of the HR capabilities. This is confirmed by comments from the board secretaries regarding the investment that their companies make in board recruitment and development processes. Conversely, the board recruiters interviewed tend to work with a wide range of companies and do report a high variance in their clients’ attention to the various HR capabilities assessed in this research. Remarkably, the “board ready” subgroup ratings did not include a single “excellent” score for their board’s ability on three criteria – assess board members, address board member low performance and address overall board low performance.

The next graph indicates the pattern of “poor” ratings by the two subgroups. The “board ready” subgroup rates the 8 criteria as “poor” at around twice the level on average of the “listed company” subgroup. Interestingly, the three capabilities with the highest level of “poor” scores are the same for both subgroups, namely: assess board members, address board member low performance and address overall board low performance. This provides a clear indication of key opportunities to improve for the companies included in this study. It is not enough to recruit well. The opportunity for contribution of new and old members is related in large part to the board environment and the healthy functioning of the board. Boards that seek to improve the contribution
of their members and the board overall are likely to have more open discussions about issues that are impeding their effectiveness.

![Figure 3.22: Board capability score subgroup comparison - “poor” category](image)

Board members were requested to elaborate on any weak areas and an analysis of the comments shows a strong focus on evaluating and assessing performance of both individual board members and the overall board itself. Some typical comments by participants exemplify this:

“We have not assessed underperformance in the past but plan to do so.”

“No evaluation process developed yet …”

“Often not enough time or focus placed on overall BoD / individual member performance evaluation.”

“Board evaluation has been introduced recently, hence we’ll see development over time.”

Committee service

Board committees provide their members the opportunity to work closely with fellow board professionals on topics of high priority to the board. Survey participants were asked to indicate from a predefined list which committees existed on their boards and
whether or not they served on those committees. Top participation for the survey
group was the audit-risk committee with over 40% of the respondents indicating their
membership. The compensation, nomination and governance development
committees scored within a narrow range of 27-32% of survey respondents claiming
membership. The “other” category drew 42 comments with 12 mentions of service on
a strategy committee and the rest of the comments were allocated in approximate
equal measure over innovation, corporate social responsibility, mergers and
acquisitions and business development committees. Several mentions were made
that a specific board was too small for designated committees and the key areas were
divided amongst the board members.

In total, 59 respondents served on 196 committee positions for an average of 3.3
committees per respondent. There were few differences in the committee service
pattern of the survey subgroups, with committee membership varying by only 5%, with
the exception of the governance development committee where the “listed company”
subgroup had no members serving while the “board ready” subgroup had 28% of its
members associated with this committee. Overall, committee service was viewed as
an important develop opportunity for the survey respondents.

Figure 3.23:  Board service: Committee service\textsuperscript{201}

\textsuperscript{201} This graph is based upon 59 of 113 respondents that completed survey question 13.
Evaluation of current board on gender diversity and recruitment

For this evaluation, consolidated results for the full set of survey participants are presented with respect to gender diversity and board recruitment on the following three dimensions:

1) What does your board do well?
2) What could be improved?
3) What are the barriers to improvement?

These results are based upon 61 of 113 respondents that completed survey question 12.
The results are presented in the table below with themes mentioned in order of relative importance determined by the number of mentions for each of the subgroups:

**“Listed Company” Subgroup**

<table>
<thead>
<tr>
<th>Board does well …</th>
<th>Can be improved …</th>
<th>Barriers …</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Promotes gender diversity</strong></td>
<td><strong>Focus on diversity</strong></td>
<td><strong>Systemic-Leadership</strong></td>
</tr>
<tr>
<td>• Open discussions on gender diversity and the business rationale</td>
<td>• Making the case for diversity. Discussion</td>
<td>• Chair not engaged. Little urgency</td>
</tr>
<tr>
<td>• Proactive search for female candidates</td>
<td>• Better use of existing board members’ skills</td>
<td>• Strong or weak business results affect priority priority setting</td>
</tr>
<tr>
<td>• Board members asked to provide female candidates</td>
<td>• Benchmarking</td>
<td>• Fear of under performance</td>
</tr>
<tr>
<td>• Sets visible targets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board does well …</th>
<th>Can be improved …</th>
<th>Barriers …</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recruitment process</strong></td>
<td><strong>Recruitment process</strong></td>
<td><strong>Systemic-Leadership</strong></td>
</tr>
<tr>
<td>• Involving others in the discussion on board needs</td>
<td>• More structure and clearer roles in the recruitment process</td>
<td>• Existing culture</td>
</tr>
<tr>
<td>• Thorough process to define the profile</td>
<td>• Widen pool of candidates to include more women</td>
<td>• Process supports the way it has been done</td>
</tr>
<tr>
<td>• Hiring for skills and culture fit</td>
<td>• Broaden process and link to induction</td>
<td>• Low turnover rate of existing board members</td>
</tr>
<tr>
<td>• Board members engaged in interviews and candidate evaluation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 3.24: Thematic analysis of own board performance

---

203 This graph is based upon 61 of 113 respondents that completed survey question 12
Board secretaries and board recruiters were in agreement on the following critical success factors for companies to be more effective in identifying and attracting qualified female candidates:

- Develop a commitment to gender diversity at the board level, preferably led by the chair. Changing “mindsets” is challenging and requires leadership, sustained effort and a great deal of internal dialogue. Setting clear goals for gender diversity can be an important step in the process.

- Be proactive in the search process to identify qualified female candidates. This may mean thinking carefully about the required criteria, both expertise and “culture fit”, and making small adaptations in the specification of candidate profiles.

- Always focus on board needs and the match to the competencies of the candidates. This should be evident to the candidates in the interview process, e.g. that you are interested in them primarily for the skills and expertise they bring to the board.

- Have robust internal programs in place to develop female talent in the organization. This sends a signal that you value female staff as key contributors and are willing to invest in their development.

3.2.4.9 Gender diversity progress in the next 5 years

Participants recorded a high level of optimism regarding gender diversity progress in Switzerland over the next 5 years, with 88% in agreement that the benefits of diversity would be better understood. This was followed closely by 84% of participants predicting better access to board opportunities for qualified females.

The greatest degree of pessimism was associated with progress in increasing the number of female executives in Swiss companies. About one-quarter of respondents “mostly disagreed” with this statement, although no one elected the option of “completely disagree.” There is some evidence to support this perception. Studies show that the proportion of females in C-level or executive positions is lower than that
in the boardroom. Even in Norway, where there is around 40% of representation on boards there has been little or no impact on the number of female executives.

The board secretaries and board recruiters in this study report significant amounts of time and attention devoted to developing the opportunities for female executives within organizations that have fully embraced the positive impacts of diversity in general, and gender diversity in particular. Plausible explanations for the relative lack of success to increase the female executive ranks to date include the rationale that the majority of the focus and attention is at the board level presently, rather than on the executive ranks. Also, it takes time for changes in culture at the board level to diffuse to the executive ranks of the organization.

![Figure 3.25: Statements on gender diversity progress in next 5 years](image)

The two subgroups are highly aligned in their views regarding gender diversity progress in Switzerland over the next 5 years. The “listed company” subgroup is marginally more favorable on each of the statements, as below.

---

204 Switzerland Board Index (2014:15) Spencer Stuart reports that the proportion of female members on the executive committees of 19 of the 20 SMI companies stands at only 4.3%. Service on executive committees is generally viewed as valuable preparation for supervisory board experience.

205 The board quota law was viewed as one part of a broader gender diversity initiative in Norway by many politicians. The fact that board level diversity did not “trickle down” was a surprise to some.

206 This graph is based upon 86 of 113 respondents that completed survey question 14.
This general level of optimism expressed by survey participants is consistent with some of the main trends reported by board secretaries and board recruiters. The recent emphasis on recruiting more female board members due to increased pressure from society, media and various stakeholders has caused many companies in Switzerland to think about diversity more broadly and they are beginning to experience the benefits of diversity at different levels in the company. There was general agreement from those interviewed that the recruitment of female board members had been a success and that the proportion of women on the board would likely increase over time. In addition, considerably more effort is being made by some companies to develop women internally through focused interventions. The main caveat here is that the board secretaries interviewed for this research are from companies in the top 20 firms in Switzerland and have limited knowledge of what the broader set of companies in Switzerland is doing with respect to gender diversity. The board recruiters do however have a broader view and do report working with companies not as far advanced in their gender diversity practices. In these cases, it can become a slower process of educating companies on the benefits of diversity.

In summary, the main reservation among all groups providing commentary is the rate of change in the business sector overall. At present, there is strong evidence reflected in the experience of contributors to this study that many of the larger, international Swiss companies are intent on making sustained progress in gender diversity at the board level and in the executive ranks. Concern remains that many smaller and less

---

207 Total agreement scores are a combination of all scale choices indicating agreement
international Swiss companies are only at the very beginning stage of this change process. Of course, this would greatly constrain the board opportunities in Switzerland should it be the case. A cursory analysis of the top 50 listed Swiss companies shows that there is a decline in the proportion of female board members from the top 20 companies (SMI) with 15.4% female board members to the next 30 companies (SMIM) with 13.6%.  

3.2.4.10 Self-assessment of senior leadership competencies

The final question set of the online survey required participants to rate themselves on the 16 leadership competencies that were used in the first empirical study. This data was gathered to allow an investigation and comparison of the self-assessed competency scores of our two subgroups with each other and with the participants in Study 1. The goal was to determine if there were statistically significant differences in the ratings of each competency between the various groups and hence the similarity or not of the groups.

First, a t-test of independent means was performed on the dataset of competency scores to test the differences between the two Swiss executive female subgroups in Study 2. An examination of the output table in Appendix 7 shows that there are no statistically significant differences with respect to the self-assessment scores of the two groups on the 16 competencies (p > .05 for each mean comparison).

The self-assessed ratings for our Swiss executives are not suitable for statistical comparisons to the international dataset because they were based on a single rating or score for each the competency, whereas the international participants’ self-assessment scores are the result of their ratings on the 92 underlying criteria that underpin the competency model.

With the above limitation in mind, the self-assessed competency scores of the Swiss participants and the female participants in the CCL global group were analyzed to determine the top 8 average scores for the 16 competencies. The resulting comparison of competencies shows a strong correspondence in the top 8 with 6 held in common across the comparison of the 3 groups. Only the competency of forging synergy and communication were uniquely identified with only one group’s top 8 list.

---

208 Based on author’s calculation, as of September 30, 2015
209 This graph is based upon 101 of 113 respondents that completed survey question 24
Mapping the top 8 competencies for the online survey participants to the competency model below results in 75% of the competencies associated with the **leading others** and leading by personal example subscales of the competency model. Across the three groups, the competencies of **results orientation** and **sound judgment** were in the top 8 and are both associated with the **leading the business** subscale.

---

\(^{210}\) Competencies were ranked 1 to 8 in terms of their mean scores.
### Table 3.17: CCL Leadership Competencies and subscale relationships

This result is consistent with academic findings on women leaders possessing a strong suite of process and relationship skills. By contrast, 75% of the top 8 competency average scores for the males in the CCL group were clustered in the *leading the business* and *leading by personal example* subscales which emphasize executive presence and business acumen.

#### 3.2.4.11 Top three suggestions to achieve board service

A content analysis of the top three suggestions of the survey respondents for women who aspire to board service yielded a strong convergence for both subgroups around two thematic areas identified in the table below, complemented by a third miscellaneous category.
### Themes

<table>
<thead>
<tr>
<th>Themes</th>
<th>SG1: “Listed Company”</th>
<th>SG2: “Board Ready”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking Visibility</td>
<td>• Work with executive search firms</td>
<td>• Work with executive search firms</td>
</tr>
<tr>
<td></td>
<td>• Meet chair and CEO’s</td>
<td>• Join network organizations (male and female)</td>
</tr>
<tr>
<td></td>
<td>• Join professional and network organizations (male and</td>
<td>• Find sponsors-mentors</td>
</tr>
<tr>
<td></td>
<td>female)</td>
<td>• Meet board chairs, board members of companies</td>
</tr>
<tr>
<td></td>
<td>• Target companies of interest to you</td>
<td>• Showcase expertise – via media and speaking at events</td>
</tr>
<tr>
<td></td>
<td>• Communicate expertise and goals to members of network</td>
<td></td>
</tr>
<tr>
<td>Build Executive Career</td>
<td>• Achieve track record of performance in executive roles</td>
<td>• Achieve track record of performance in executive roles</td>
</tr>
<tr>
<td></td>
<td>• Develop expertise in specific areas</td>
<td>• Develop expertise in specific areas</td>
</tr>
<tr>
<td></td>
<td>• Gain P&amp;L experience</td>
<td>• Gain entrepreneurial experience</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>• Develop confidence in own abilities</td>
<td>• Gain board experience with small for-profit and non-profit type organizations</td>
</tr>
<tr>
<td></td>
<td>• Training and education on board directorship</td>
<td>• Develop confidence in own abilities</td>
</tr>
<tr>
<td></td>
<td>• Avoid playing the gender card</td>
<td>• Training and education on board directorship</td>
</tr>
</tbody>
</table>

Table 3.18: Top three suggestions grouped by theme and by subgroup

For the “listed company” subgroup the commentary could be equally attributed to the first two identified themes. By comparison, the relative number of comments by theme for the “board ready” subgroup suggested an order of priority with “networking-visibility” having the most mentions, followed by “build executive career.”

The final miscellaneous category is added to capture items that had multiple mentions but did not fit clearly into the two main themes. Two of the three miscellaneous items are the same for the two subgroups, with the “listed company” subgroup placing an emphasis on deemphasizing gender as a distinguishing criteria and the “board ready” subgroup focusing more on gaining board experience on smaller company boards and non-profit organizations.

---

211 This graph is based upon 84 of 113 respondents that completed survey question 15
**Perspective of board recruiters and board secretaries**

As mentioned previously, gaining visibility was identified as the main challenge for female senior executives. This lack of visibility of the female talent pool is now more acutely felt by recruiters and board secretaries as they struggle to identify female board candidates that meet their requirements. Their comments suggest complete agreement on all of the items listed in the table above with exception of gaining board experience with smaller companies, with two interviewees capturing well the different perspectives:

“We value divisional, functional and sector expertise and the competencies that are brought to the table … that’s more important than having already worked on a board. If a female executive is serving on a non-profit board the conclusion may be that she doesn’t have enough time to spend with us, so we won’t consider her. More and more companies are willing to give female candidates the chance to experience their first board in their company.”

“It is good to start by being a board member of a local organization … most of our board members have a variety of different outside activities and a number of them are on university boards of trustees or similar …”

**3.2.4.12 Summary of findings**

The second empirical study is framed by the question posed earlier:

“What are the opportunities and possible mechanisms to increase gender diversity on Swiss company boards and achieve the business benefits of diversity?”

In order to answer this question, four objectives for the second study are specified, as follows:

1. Incorporate the findings of study 1 into establishing the underlying business logic for greater gender diversity at board level in Switzerland

2. Create a better understanding of gender diversity and current board recruitment practices in Switzerland

3. Identify opportunities and approaches for realizing the benefits of gender diversity on boards in Switzerland
4. Generate input for a set of recommendations for women aspiring to board service and for companies seeking to increase gender diversity

Regarding the first objective, the findings of the first empirical study support the proposition that the global talent pool of executives is rich in both male and female talent, with the opportunity to find female leaders and board members equally as capable as their male counterparts. There is ample supporting evidence to suggest that if companies pursue gender diversity as part of a board recruitment and talent strategy that a host of ancillary business benefits can be achieved.

The findings for the second empirical study suggest that the survey participants for this study are strong representatives of the female executive talent pool in Switzerland and have the necessary experience to be competitive candidates for board positions. Indeed, they are very similar to their global female counterparts in the first study.

The demographic profile for the Swiss population posts an average of 10.5 years of experience in senior roles at VP or above, an average age of 50 years, multiple board appointments (3.2 on average) and over 6 years of board service on average. Education levels are on par with what is found for the current supervisory board population in Switzerland for the top 30 Swiss companies. Over 90% of the “board ready” subgroup have achieved a Master’s or PhD level of education, besting the “listed company” subgroup with 70% achieving post-graduate degrees. Regarding board service, almost two-thirds of respondents are sitting on a large company board.\textsuperscript{212}

From the above, it is clear that Swiss companies have a strong pool of talent to pull from in the Swiss market and many businesses located in Switzerland are also in a position to recruit female talent globally. As mentioned previously, one of the most challenging board criteria cited by board recruiters and board secretaries is that of international experience in the markets and global functions of interest.

The second objective is to create a better understanding of gender diversity and board recruitment practices in Switzerland. The data gathered in study 2 will be explored in the Section 3.3 using the four dimensions of the new HR governance framework. This results in a number of conclusions with respect to the current climate of gender diversity and board recruitment practices in Switzerland. Recruitment practices in this

\textsuperscript{212} Large company classification by the European Commission requires 250 or more staff and Euro 50m+ in revenues
study are positioned in this study as only the beginning of the board member life cycle and must be supported by comprehensive integration efforts, fair compensation, board member development opportunities and board development practices undertaken in an environment of trust. The central role of the CEO in driving change in board practices and culture is highlighted by the findings in this study and reinforces the concept of the Diversity optima disc model reference previously and the “strategic dimension” of the new HR Governance framework.

In addition, there is strong convergence regarding the desire of the various parties in this study – female executives, board secretaries and board recruiters – to drive change through educational and evolutionary approaches, rather than through legal means. There is a focus by all parties on choosing the best “talent” for the particular board role and it is understood that specific practices need to change in order to sustain progress in creating greater diversity on boards generally. One practice highlighted that drastically reduces the pool of potential female candidates is the board position criteria of previous “CEO experience” for a large or listed company. The application of this criteria alone can result in an all male slate of candidates.

Turning to the third objective, the analysis of the current situation provides the basis for recommending a number of opportunities based on the principles of the new HR Governance framework to support companies in achieving the business benefits that diversity can bring. This will also be elaborated in Section 3.3.

And finally, a set of recommendations for practitioners is provided along with recommendations for further research in Section 4. The practitioner recommendations draw from the findings and conclusions of the second empirical study and are provided both for female executives seeking board positions and for boards that are interested in diversifying their boards.

### 3.3. Specific Empirical Section Conclusion

The first and second study taken together support the premise that highly capable female board talent is available but that boards may need to adjust their recruitment and internal board practices to avail themselves of the beneficial impacts of diversity that female board members can bring. In the search for “good governance,” diversity of perspective can be an important characteristic to drive more effective board decision making and performance. However, the board must be prepared from a culture and process perspective to reap the rewards of diversity – e.g., simply having high-quality female talent on the board does not mean that this talent will be used optimally.
This research provides empirical support for the main elements of the integrated new HR governance framework, confirming that the situational and strategic dimensions are fundamental to the identification, emergence and resolution of specific human resource issues, challenges and outcomes of corporate boards. Further, this study suggests that the four dimensions of the new HR governance framework are suitable for application to the boards of individual organizations and the boards of groups of similar companies. Accordingly, this framework provides a much needed practical tool that is guided by a set of good governance principles expressed in the four dimensions of the model. It can also be used as an evaluative framework to assess the opportunities for increasing board effectiveness.

This study was principally concerned with board recruitment practices in Swiss companies, recognizing that these practices take place within a specific regulatory, institutional and normative context. This allows the elaboration of focused findings in each area of the new HR governance framework relative to gender diversity and board recruitment practices for boards in Switzerland. One important limitation previously mentioned is that the primary data collected from board secretaries and board recruiters in Switzerland is for the most part based on the experience and practices of listed and large companies operating in Switzerland. On the other hand, the advantage of having this type of data is that these companies have more experience in adapting their board recruitment and other practices to recruit and select outstanding female talent, as well as to leverage that talent in the boardroom. In effect, these companies have developed relatively mature diversity practices in the Swiss market and are continuing to focus on the development of their approaches, setting a market leading example for other Swiss companies intent on increasing the proportion of females on their boards.

In the following sections, the main findings for each of the four dimensions - situational, strategic, integrated and controlled - of the new HR governance framework are presented. For each dimension, it should be noted that participants on the boards of listed and-or large companies scored their boards marginally better than did the participants of smaller companies.

\[213\] High visibility in the marketplace and their global scope of operations brought them into the diversity discussion earlier than smaller organizations in the Swiss market.
3.3.1 Keep it Situational

This dimension refers to the dynamic relationship between the external country-social-business context and the internal business context for a given company or group of similar companies. It was clear from the data gathered that the Swiss companies in the study were both responding to and influencing the external environment in their engagement with stakeholders. The governance environment is evolving in Switzerland with a variety of political, media, special interest organizations and other stakeholder groups pushing for greater gender diversity on boards, sometimes seeking regulatory or legal means to achieve faster progress and reach benchmarks similar to those in place in other European countries. In response to this pressure, many companies in Switzerland have responded with efforts to diversify their boards and address stakeholder demands. The main concern is that although the top listed companies have made substantial and measurable progress in gender diversity they still lag behind the diversity levels of their counterparts in other European markets. As well, progress in achieving gender diversity at board level and among the senior executive ranks is slower among smaller listed companies and non-listed companies in Switzerland.

The recent adaptation of the industry-sponsored “Swiss Code of Best Practice for Corporate Governance” in August 2014 recognizes the strong forces at play and now includes language that the “board of directors should be comprised of male and female members.” Technically, this change could be met by having one female board member but we observe that the largest listed companies are achieving higher levels of female board representation, with some exceeding 30%. Groups representing Swiss industry would prefer to have guidelines for governance practices regarding diversity, avoiding specific legal quotas that they are concerned may result in suboptimal outcomes.

Interestingly, the female executives in this study are generally do not prefer legal quotas and favor “softer” and more evolutionary interventions to change the current situation of low representation of women on boards. Their perception is that they should be hired on the basis of their expertise and potential to contribute versus their gender, with many expressing the desire to avoid accepting positions on company boards where the overriding goal is to seat a “token” female member. The female

---

214 Other emergent issues in corporate governance in Switzerland include transparency and director compensation, for instance.

215 Economiesuisse (2014:10)
executives in this study that support legal intervention do so with some degree of frustration and reluctance, explaining that progress has been so slow that they are losing confidence that sustainable and significant progress will be achieved.

An analysis of the comments collected from the board recruiters and board secretaries on main trends in the Swiss market reflects the strong impact of the external Swiss context, as well as the external European context. The main points of agreement are the following:

- Mounting pressure to increase gender diversity in Switzerland arises from media exposure of the Swiss levels of gender diversity on boards relative to European levels, as well as political developments and stakeholder insistence for progress in this area (often expressed in the annual general meetings)

- For the larger, international companies the market for board talent is global, with Switzerland benefiting from a high percentage of talented expatriate, international executives in residence

- “Soft” law on gender diversity in Switzerland has created momentum for compliance and is preferable to binding laws. There was some concern expressed by the rate of change in diversity levels for all listed companies in the marketplace

- Board searches in Switzerland almost always include female candidates now, with an increase in the number of requests by companies for all female candidate slates

- The more sophisticated companies have moved beyond compliance in their search for female candidates and are holding all candidates to the same standards in the recruitment process

The key findings from this study confirm that the reactions of Swiss companies to the challenge of increasing gender diversity on their boards is specific to the country environment (external-normative), the situation of the company (internal-institutional) and the governance at country level (national context). This is supported by a thematic analysis of the commentary by study participants where the main political and social developments in Switzerland on gender diversity are closely monitored and provide a strong incentive to address the challenge in ways that provide continuity with the evolution of governance in Switzerland, generally preferring company commitment to “good governance”\textsuperscript{216} guidelines over stronger regulatory or legal measures. The

\textsuperscript{216} Swiss code of best practice for corporate governance
strong impact of the internal-institutional element is evident for the smaller firms with less visibility who are slower to embrace the priority of a gender diverse board and for the different company types, where the cooperatives in this study were likely to have significantly larger boards and more females proportionally. There was a sense among participants of the study that there is a growing social and political accountability for all listed company boards to increase the proportion of female board members to well beyond the current levels and that ultimately it will impact all companies in Switzerland.

In summary, this empirical study provides evidence to support the importance of the situational dimension, and the need to understand the external and internal contexts that drive responses from companies to their environment and vice-versa. The dynamic nature of the relationship is one that is in constant calibration and at any given moment reflects an equilibrium of forces, perceptions and actions which evolve over time and are specific to a given situation. This was demonstrated by the priority given to the topic of gender diversity on boards by many of the companies in this study in recognition of the expectations and strength of stakeholders, including the political forces at play.

3.3.2 Keep it Strategic

To fulfill its strategic role, the board must be prepared to effectively monitor and control the business in a sustainable manner and in a multi-stakeholder environment. The following four concepts are used as criteria for the strategic dimension:

1. Diverse board team composition, specific to the firm requirements and reflective of the key stakeholder groups

2. Establishment of a positive, constructive board culture founded on trust

3. Board structure optimized for the business requirements

4. Measure success on the team, culture and structural dimensions of the board using stakeholder-oriented assessments of value

Regarding the first point on diverse board composition, the board recruiters and board secretaries contributing to this study provided a clear perspective regarding the practices of the larger companies in Switzerland that operate globally. These companies have diversity needs driven by their involvement in specific international markets. The expertise that they are seeking may be captured by differences in
nationality, market knowledge and other experiences in the geographical areas of interest. These profiles are usually sourced from a global talent pool and can be very challenging to find, where gender may not be a critical demographic from a pure business perspective in defining the profile. There was some concern expressed that the political and social priority for gender diversity was at the expense of other diversity concerns. The challenge therefore for boards is to combine multiple diversity criteria in a synergistic way to achieve the best match for the business. Many of our female participants commented that they believed that females could compete well if given the chance and that a natural equilibrium of male and female board members would result if talent, expertise and potential contribution criteria were objectively specified and evaluated. They also advocated for greater involvement of external search professionals in the process, indicating that these company “outsiders” could provide a fresh and important source of qualified female candidates to their clients.

In this study, the role of the chairperson was viewed as critical in establishing a positive board culture with respect to gender diversity. Reference was often made to the importance of having the board chair visibly committed to gender diversity which created the opportunity for discussions about the benefits of gender diversity and what steps the board needed to take in this area. Through a clear focus on the issue and open dialogue specific actions could be understood and agreed by board members, resulting in higher commitment to the process and the avoidance of “token” hiring. Leadership from the chair on gender diversity was thought to provide a clear signal that there is a commitment to gender diversity on the board. This creates a powerful incentive for board members to support the process of diversifying the board.

Regarding the last two concepts concerning board structure and success measures, there was little information gathered on optimal board structure other than the importance of reflecting the business needs in the board structure. Evaluation of board success from a multi-stakeholder perspective was not a specific topic addressed, other than through the discussions on the criteria of gender diversity where there was a strong emphasis on setting board gender diversity targets to facilitate progress. Media attention, transparency and mounting stakeholder pressures converge around the all-important benchmark statistic on proportion of female board members.

Key principles confirmed by this study on the strategic dimension relevant to gender diversity are the following:

---

217 An illustration of the diversity optima concept where know-how (expertise), roles and relevant demographic characteristics (e.g. nationality, etc.) combine to reflect a robust diversity profile
The importance of a comprehensive view of diversity, rather than too much focus on one aspect of diversity. This can be accomplished by looking for individual board members possess multiple diversity characteristics\textsuperscript{218}

Importance of the board chair in establishing a receptive board culture for gender diversity, engaging fellow directors in making progress on gender diversity\textsuperscript{219}

Gender diversity targets (internal) and other measures can facilitate faster progress by keeping the focus and providing objective determinants of success

3.3.3 Keep it Integrated

The integrated dimension of the new HR governance framework includes five core HR capability areas, as identified below:

1. Targeted recruitment and selection of board members
2. Tailored integration of new board members
3. Evaluation of the board and individual members
4. Development of the board and individual members
5. Compensation of board members

In this study, data was collected on four of the five areas for the integrated dimension through the online survey, excluding only board director compensation.\textsuperscript{220} These areas represent an integrated set of HR processes that begin with the recruitment and selection of new board members, continuing through the life of their board service in the firm and include integration into the board (induction), performance evaluation (individual member and full board) and development (individual member and full board).

\textsuperscript{218} An example could be the following: financial experience in the Chinese consumer goods markets, legal expertise in Hong Kong, fluent in local languages, female, etc.

\textsuperscript{219} Tacit support from the chair was seen as insufficient to drive the level of change in board culture required

\textsuperscript{220} Swiss Board Index (2014:3) Average director remuneration for SMI company directors is reported to be just over CHF 200,000, with additional fees paid for committee service. This is similar to director compensation with the top FTSE companies. No evidence was found that board member compensation for male and female directors varies for similar levels of board and committee service
The main findings for the integration dimension, by area, are as follows:

1. Targeted recruitment and selection of board members

Targeted recruitment and selection was the highest rated of the HR capabilities by participants of this study and was assessed in three ways: first, on the basis of the firm’s commitment to include female executives in the candidate pool (as reported in the interviews); second, through participants’ evaluation of a board interview they experienced as candidates in the last two years; and third, by participants’ evaluation of the capability of a board they currently serve on to target and select board candidates.

The data confirms that larger company boards do a thorough job of translating their understanding of the situational and strategic variables of the new HR governance framework into detailed profiles needed prior to recruiting for open board seats, tending to do this work internally or with varying levels of support from board search professionals. Most of the firms represented in this study showed a reasonably strong level of commitment to including qualified female candidates in the search process as evidenced by the higher than average proportion of females on the boards that respondents reported on.

Board recruiters reported a consistent increase in client requests for candidate slates including male and female candidates, as well as female-only board searches. However, to place this in context the estimated range of the total number of boards searches involving search firms was between 10 and 15%, with boards most often relying on their networks to surface candidates. There is some evidence that smaller companies are using a less rigorous, informal approach to defining board candidate criteria and are less likely to use outside support to find candidates.

Board recruiters and board secretaries were in strong agreement that profiles specifying previous or current CEO experience posed a significant barrier to the inclusion of female candidates in the search. Consequently, boards are gradually becoming more open to defining profiles in a manner that preserves the essential criteria and excludes any elements that would dramatically restrict the board pool for female candidates.

With regard to the actual interviews, survey respondents provided feedback on a candidate interview that they had for board position in the last two years. They reported that the vast majority were professionally handled and the emphasis was on candidate
skills and fit matching board needs. Nine out of ten interviews ended with the candidate interested in the board opportunity.

There was also evidence that the participants’ boards did a good job in recruiting, with 84% awarding their boards a rating of either good or excellent. Board recruitment and selection is clearly an area of strength for the majority of boards covered in this research.

2. Tailored integration of new board members

Although this was the second highest rated of the HR capabilities among survey participants, there was a sizeable contingent of almost 30% who rated their companies’ integration process as adequate or poor.

A large variance in integration processes for new board members was reported, ranging from highly organized programs to opportunistic scheduling of meetings with key internal and external stakeholders. Boards have an opportunity for significant improvement in this area, with more involvement by the board chair and the scheduling of informal social events to allow new board members to get to know their colleagues outside of the formal confines of the boardroom. One contributor mentioned that their company schedules informal activities before and after board meetings to support the development of the board team.

Given that the board composition is changing, it makes sense to develop longer term integration plans beyond the typical meeting schedule covering members of the board and executive management. Options mentioned to facilitate integration included more time with the board chair, mentor-support roles for newcomers exercised by board members and greater exposure to the business. This is an important area of improvement which should be tailored to the candidate’s needs, hence more customized than generic in nature.

3. Evaluation of the board and individual members

Individual and board evaluation processes were two areas of reported weakness with participants perceiving that they did not receive sufficient feedback on their performance, either informally or through formal evaluation processes. As well, their participation in board evaluation processes was highly variable with many reporting
that they had not been involved in a formal assessment of their boards, nor were they aware that one was planned.

Based on the data provided by the female executives, the boards they serve are not consistently effective in their review of the overall board and individual board members and are even less effective when it comes to addressing underperformance of the board and individual board members. One study confirms the relative lack of attention to evaluation of the performance of the board itself, with no SMI companies having an externally facilitated board evaluation and with most SMI boards electing for an internally facilitated evaluation every year or two. These findings suggest significant opportunities to improve board performance.

4. Development of the board and individual members

Development of the board itself and development of individual board members are two core HR processes which mutually reinforce each other. Both of these processes were reported as areas of weakness by survey participants, with most board members claiming that they were not receiving adequate levels of developmental opportunities. Board committee assignments were considered an excellent development opportunity that was enjoyed by all participants, but the desire was clearly there for additional ways to develop. The most commonly mentioned possibilities for individual development were formal and informal learning events with fellow board members, more contact with the executive team and greater exposure to board improvement work. The reported lack of evaluation feedback was strongly linked to the sense of not knowing what individual changes or developments were needed to be more effective.

Regarding board development, the range of evaluation is similar to that of individual development with 38% of participants reporting that their board was either adequate or poor in driving board development. Commentary indicated a lack of attention to board development activities, inadequate evaluation processes and lack of attention to follow-up on known issues.

Although the participants serving on listed company boards had more favorable scoring on both the high and low ends of the scale than those serving on smaller boards, the assessment did not indicate a strong consistent practice across listed

---

221 Switzerland Board Index (2014:3)
companies. In general, the internal development processes concerning both individual board members and the overall board are opportunities for considerable improvement.

In summary, the empirical evidence from this study supports the need for a higher level of focus and development on most of the HR capabilities identified in the integrated dimension of the new HR governance framework. It was clear that the companies represented in this study were doing a good job in the recruitment capability area, but that additional efforts were needed in the development and evaluative areas for both the boards and the individual board members. These underdeveloped areas represent prime opportunities to optimize the contribution of board member and to increase the effectiveness of the board. It is not enough to have superb talent on the board if the internal board HR processes do not support the fundamental development of the individual and the board, hence reinforcing a culture of open dialogue, trust and continuous improvement.

3.3.4 Keep it Controlled

The new HR governance framework places a premium on oversight and control of human resource processes at the board level to ensure that:

1. The board has an overview of the human resource skills and capabilities available compared to the needs, and a clear plan to address any areas of underperformance

2. Communication with external stakeholders is systematic, timely and effective. This supports an environment of open and constructive dialogue

3. Evaluation efforts as they apply to core human resource governance processes are robust and effective, including the evaluation of the board itself and individual board members

4. The board meets and exceeds legal compliance standards, with an emphasis on ethical behavior based on a normative ethical standard

This study produced findings only on the first and third point above, with little or no information gathered on the other two items. Regarding the need for organizations to have an overview of their human resource skills and capabilities compared to needs, this is partially covered by the periodic attempts to evaluate internal requirements vis-à-vis the internal considerations of needs-gaps to support the recruitment process and this stands out as a relative strength. The potential weakness is the establishment of a board culture and corresponding set of processes that support full use of the board members’ talents in their work on the board. As well, it was clear from the analysis of
the integrated dimension that the companies in our sample were not consistent or particularly effective in their efforts to evaluate and develop the board itself or the board members.

The fourth point of the “keep it controlled” dimension is an interesting one in the current Swiss context. The normative, ethical standard for gender diversity is clearly higher than most companies have achieved so far and currently there are no legal standards to comply with regarding gender diversity. From this perspective, many of the boards in this sample and the listed boards on the Swiss stock exchange have some work to do to reach the normative standard that is evolving in Switzerland. This also suggests that each board should consciously consider what their goals are relative to gender diversity and be clear about that with external stakeholders. The underlying concern seems to be that legislation will be invoked if voluntary efforts are deemed insufficient.

---

222 Political pressure is mounting for legal requirements with a proposal now in for federal approval that would require companies that do a significant amount of business with the Swiss government to achieve specific gender diversity targets.
4. Concluding Section

4.1. Recommendations for Further Research

The purpose of this research included two main objectives. The first was to make the “talent case” for equivalent capabilities of female and male senior executives who have the experience and competence to effectively engage in board service. The second objective was to investigate gender diversity and board recruitment practices of Swiss companies to gain a deeper understanding of the context and situational variables which influence the opportunities for Swiss companies to achieve the business benefits of diversity. In both studies, the approach taken ensured that the subjects of the study were evaluated in their specific context and that situational variables were accounted for by the study designs.

The first study conducted on leadership competencies evaluated how groups of male and female senior executives performed on multiple senior leadership competencies and leadership effectiveness by peers, bosses and direct reports. This study was conceived so that the capability and performance of each leader was evaluated according to their role and individual performance within their organization. The findings of study 1 support the premise that male and female senior executives are at least equivalent in their leadership capabilities and leadership effectiveness as defined by the conceptual model proposed.

Recommendations for further research on the relative performance of male and female executives include an investigation of some of the differences in these groups and how these differences impact capability and performance. Specifically, an investigation of the impact of variables like age, functional expertise, international experience, executive tenure, and specific industry experience could increase understanding of what effects capability and performance most for senior executives.

Although the findings of this research effort demonstrate that males and females have at least equivalent capabilities on the leadership competencies that were assessed there are some limitations. One limitation of this assessment is that it does not delve into the realm of how the performance is achieved, e.g. the cognitive elements or variables that may differentiate male and female executives in the way they achieve impact as leaders. Further research on gender influences regarding board dynamics
and processes could be important to better understand how board functioning might be improved.

Another fruitful area of research regards the equivalency of career paths for male and female executives, recognizing the impact of the social context on career choices, executive careers and board service. In-depth case studies and country-level comparative research on these variables could provide rich insights suitable for adaptation to different contexts.

The second study on gender diversity and board recruitment practices in Switzerland was an exploration of the opportunities to achieve the business benefits of gender diversity in the Swiss marketplace. The recruitment process was defined here to begin with the identification of a candidate pool and continue through the selection, induction, assessment and development of board members. An important part of the HR governance model was that of the board environment which provided the context for the performance of the board members, individually and collectively. This researcher was not able to find existing empirical studies on how to navigate the change process required to achieve effective gender diversity at the board level or which recruitment, induction, assessment and development practices result in positive business impacts of diversity.

In short, there are plenty of studies that show gender diversity has a positive business impact but few that help the practitioner understand how to proceed. Further studies that focus on how to manage the change process effectively to achieve a board culture that can benefit from increased gender diversity are needed. In the practitioner recommendations made later in this section, suggestions are made as to what female board candidates and boards might do to increase gender diversity in an impactful way but not how to implement the changes in perspective, behavior and practices that are required. This is a ripe area for empirical board process research and would benefit from access and direct observation to the inner workings of actual boards.

A final recommendation is for more exploratory and practitioner-oriented studies in the area of gender diversity, mixing the methodologies of academic and practitioner research. Traditional experimental and quantitative designs can be used with qualitative case study methods to produce deep insight into the phenomena under investigation. Business practitioners are an important stakeholder for business research and judge the value of research by its applicability and usefulness in addressing business issues.
4.2. Recommendations for Practice

An important output of this research is a set of recommendations for practice derived from the input of female board members, board secretaries and board recruiters in Switzerland. An overview of practice recommendations are made as follows:223

Recommendations for female executives seeking board service

1. Know your motivations
   - The dominant theme arising from this research regarding motivation is that boards are looking for those motivated to contribute their expertise and serve the needs of the organization at board level. It is essential to understand one’s personal motivations to be involved in board service and to be able to articulate them clearly.
   
   - There may be specific cases where a board’s motive is to simply have a female board member and that should be evaluated very carefully. The risk is that the new female board member may not be fully integrated into the board or utilized well. The opportunity is that once on the board the new female member has the chance to drive change in attitudes and processes while demonstrating their value. Chances of success will likely vary widely depending upon receptivity of the board leadership and a host of other factors.

2. Build executive experience
   - There is no substitute for executive experience. The most progressive boards take great care in developing the profiles that they require based upon their identified gaps, as well as their evolving needs. Board recruitment profiles are developed that include functional expertise and “cultural fit” so expect to be evaluated on both. C-level experience is quite valuable and more boards are relaxing requirements that are likely to exclude women from the candidate pool, e.g. the all too common requirement for previous CEO experience.
   
   - Make sure to include operational roles and gain P+L experience over the course of your career. It is likely that business and financial acumen will be expected from the very beginning of board service.
   
   - International experience is a differentiator and key criteria for many global firms. Also, the larger Swiss companies look to a global talent pool for new

223 These recommendations were distilled from the data collected in study 2 of this research. A more detailed presentation of these recommendations can be obtained by contacting the author.
board members and international experience can be important for consideration as a candidate, all else equal.

- Limit career breaks and try to remain active commercially in some way throughout your career. It can be very difficult to resume an executive career after an extended break. It is advisable to find solutions that allow continuous involvement in business activities, including at a reduced level of time commitment.

3. Build board experience

- Join the boards of non-profit organizations and small business organizations that have a need for your profile and talents. This can provide valuable experience in learning board protocols and experiencing board team processes.

- Assume committee positions in the boards you join to gain the experience of working with a small group of fellow board members on issues critical to the board.

- Enroll in board development programs to gain current information on board member responsibilities, board functioning, the legal context of board service and anticipated developments.

4. Identify your skills, strengths, areas of contribution and research some corporate boards that would be potentially interesting

- The importance of knowing your skills and strengths cannot be overestimated. It is essential that you let those in your network know what you can contribute and what you are looking for. This will help them help you.

- Target boards of potential interest to you, with a view to identifying potential board opportunities that closely match your profile.

5. Develop your Network: Raise visibility and identify opportunities

- Networks include personal contacts and professional organizations that can provide an opportunity to raise your visibility for board service. Research shows that the majority of board candidates are designated through personal referrals and so this needs to be an important part of an overall strategy. Bring the self-knowledge gained in the previous point (no. 4) and be prepared to communicate your profile and interests to those that you meet through your networks. A crisp, clear message or “elevator pitch” is more likely to be remembered and leave your contacts with enough information to think of you when potential opportunities arise that fit your profile.
• Make sure to include networks that are predominantly male. While female networks were used by many in this research and remained an important part of an overall network strategy they were thought to be less effective than other groups for uncovering board service opportunities. Mostly male networks could include professional associations and clubs, industry groups and the like.

• Engage with headhunters as a valuable resource to help you gain a better understanding of board member requirements for their client base and what might be done to enhance your profile for board positions. In effect, headhunters can become a very important source of leads as they are increasingly engaged by clients to bring in female board members. It is in their interest for you to succeed and they are often willing to put the time in to help you identify the gaps that you need to address in your profile, understand the client prior to an interview and to debrief a board interview.

• Identify sponsors and mentors within or outside of your own organization to support your development efforts. Remain open to having both male and female sponsors-mentors.

6. Actively promote your capabilities in the market

• Develop a reputation for your specific expertise through speaking opportunities, publishing, press interviews and similar means can increase your market credibility and provide new networking opportunities. This can help you get noticed for board opportunities where your expertise is required.

• Identify a particular organization that you would like to serve and approach the chair and/or board members to discuss their challenges and your interests. This is a bold move with a potentially high payoff.

Recommendations for companies seeking increased gender diversity

1. Establish the rationale and business case for gender diversity

• Lead from the top. The chairperson is a key player in establishing the ambition to increase gender diversity on the board. The explicit endorsement from the chair is an important first step in creating momentum for the change required to alter board composition.

• Make the case for diversity. There is a compelling business case for boardroom diversity that includes enhanced board performance as well as bottom line business results. Assemble the data and prepare the case. As

---

224 These recommendations were distilled from the data collected in study 2 of this research. A more detailed presentation of these recommendations can be obtained by contacting the author.
well, there are powerful stakeholder pressures to increase gender diversity and they seem to be mounting.

- Create a dialogue among fellow board members. Open discussions about increasing the female representation on the board allow concerns and fears to be surfaced while sending the clear message that this is going to happen. The discussions can ease the transition from the planning stage to the actual implementation of a different approach to recruiting board talent.

- Establish accountability for progress in this area by setting internal targets and communicating them. The adage “what gets measured, gets done” applies.

2. Identify the profile and criteria for any open board positions

- Pay attention to culture fit criteria while also preparing the board to be tolerant of new ideas and perspectives. Attention to cultural fit will pay large dividends in terms of a smooth transition to the board for new hires and in maintaining positive board dynamics.

- Identify needed skill gaps or “know-how.” Expertise is relatively easy to assess and attention here should be paid to ensure that all skill criteria identified are essential. While you may like to have “previous CEO” experience for a particular role this will eliminate the majority of potential female candidates so make sure it is essential if it shows up as a profile requirement.

- Think through the board role you are trying to fill with the view of assembling a team of complementary roles. The diversity optima tool referenced in this research could be a starting point for this.

- Identify “must have” criteria from the above analysis and create the full profile that is suited for the board position of interest.

- Be willing to revisit the profile as the search continues and you learn more about the market of available candidates. Search professionals can be valuable sources of supplementary market intelligence.

3. Develop a list of candidates that include males and females

- Engage board members and their networks to identify equal numbers of potential male and female candidates. The idea is to assemble a strong candidate pool of males and females with a view to hiring the best available talent from this group. This approach should be relaxed in situations where it makes sense to have an all-female slate of candidates in which case the best available woman from that group would be engaged by the board.
• Executive recruiters are a rich source of potential female board members. It is in their best interest that the appointment works well so they are motivated to source the best candidates that meet the criteria. The suggestion here is to have a dialogue with the executive recruiter about the profile that you have set for the board position to determine if any elements of the profile could be rethought to increase the potential pool of qualified female candidates.

• Current female board members of other organizations can be excellent sources of leads and introductions to potential female board members, as are the various groups that support executive women. As long as the criteria are clear there is an element of self-selection that will take place.

4. Interview candidates

• Interview for cultural fit, role and skills. Make sure to cover well the essential criteria and involve fellow board members in the interview process. Involvement of fellow board members in the interview process can bolster their commitment to increasing gender diversity.

• Communicate board requirements and needs for the available board position to the candidates. Candidates should have enough information to determine whether their profiles fit well the requirements.

5. Select the best candidate

• Maintain the objective of hiring the best candidate for the job. Avoid hiring on a gender basis only as this is not productive for the board or the business, nor is it well perceived by female candidates as demonstrated in this research.

• Involve board members in the process of evaluation and selection. The participation of multiple board members in the interview process creates the opportunity to explore perceptions of fit, role suitability and skills with other board members. If a consensus can be established on who is the best candidate this will likely lead to increased acceptance of the new hire.

• If all else is equal, opt for the female candidate. To make progress toward the goal of increased gender diversity it makes sense to hire the female candidate if they are considered to be equally as good as the leading male candidate.

6. Onboard and integrate the new board member

• Communicate the offer and next steps to the new board member. There should be a solid effort made to integrate the new board member into the board team and the company. A very good start is for the new board member have time with the chairperson to review the role, expectations and evaluation protocols that the board has (both for the member and the board itself).
• Schedule time with other board members and allow for time to socialize before and after board meetings to facilitate the integration of the new member.

• Set an orientation agenda to include meetings with the senior managers on the executive board, with a special emphasis on the new board member’s counterpart on the executive board. Key external stakeholders should also be included where possible and other initiatives that would help the new board member better understand the business, the board and the context within which they operate.

7. Support and evaluate the new board member (and the board)

• Ensure the new board member has the support and information they need to succeed in their role.

• The chair should evaluate the performance of the new board member using the normal evaluation cycle. Underperformance should be dealt with on an ongoing basis through feedback, reconfirmation of expectations and suitable guidance.

• Involve the new board member in the board evaluation process. This supports the creation of an atmosphere of trust and commitment to continuous improvement.

8. Develop the new board member

• Offer developmental opportunities to the new board member in the form of committee service, special projects, training, mentors and other appropriate means.

• Provide feedback to the board member on their development and engage in dialogue to understand additional contributions that the new board member is interested in making.
Bibliography


http://www.implementationscience.com/content/pdf/s13012-015-0242-0.pdf


Appendices

Appendix 1: Leadership competencies in CCL study

Summary: Executive Dimensions leadership competency variables

The summary table below identifies the 16 competency variables used in Study 1 as predictor variables for the outcome variable, overall leadership effectiveness. There is also an indication of the number of behavioral variables associated with each competency and a definition of the competency.

<table>
<thead>
<tr>
<th>Competency Variables</th>
<th>Abbreviation</th>
<th>No. of Questions</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound judgment</td>
<td>SoJud</td>
<td>6</td>
<td>Makes timely decisions; readily understands complex issues; develops solutions that effectively address problems.</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>StrPl</td>
<td>7</td>
<td>Develops long-term objectives and strategies; translates vision into realistic business strategies.</td>
</tr>
<tr>
<td>Leading change</td>
<td>LeCh</td>
<td>5</td>
<td>Supports activities that position the business for the future; offers novel ideas and perspectives.</td>
</tr>
<tr>
<td>Results orientation</td>
<td>ResOr</td>
<td>6</td>
<td>Aligns resources to accomplish key objectives; assigns clear accountability for important objectives.</td>
</tr>
<tr>
<td>Global awareness</td>
<td>GloAw</td>
<td>5</td>
<td>Leads the organization in understanding international issues; tracks global trends and world events.</td>
</tr>
<tr>
<td>Business perspective</td>
<td>BusPe</td>
<td>5</td>
<td>Understands the perspectives of different functional areas in the organization; has a firm grasp of external conditions affecting the organization.</td>
</tr>
<tr>
<td>Inspiring commitment</td>
<td>InsCo</td>
<td>5</td>
<td>Motivates others to perform at their best.</td>
</tr>
<tr>
<td>Forging synergy</td>
<td>ForSy</td>
<td>6</td>
<td>Maintains smooth, effective working relationships; promotes effective teamwork.</td>
</tr>
<tr>
<td>Developing empowering</td>
<td>DevEm</td>
<td>6</td>
<td>Offers constructive feedback and encouragement; delegates work and encourages individual initiative.</td>
</tr>
<tr>
<td>Leveraging differences</td>
<td>LevDf</td>
<td>5</td>
<td>Works effectively with people who differ in race, gender, culture, age, or background; leverages the unique talents of others to enhance organizational effectiveness.</td>
</tr>
<tr>
<td>Communicating effectively</td>
<td>ComEf</td>
<td>6</td>
<td>Expresses ideas clearly and concisely; disseminates information about decisions, plans, and activities.</td>
</tr>
<tr>
<td>Interpersonal savvy</td>
<td>IntSa</td>
<td>7</td>
<td>Understands own impact on situations and people; accurately senses when to give and take when negotiating.</td>
</tr>
<tr>
<td>Courage</td>
<td>Coura</td>
<td>5</td>
<td>Acts decisively to tackle difficult problems; perseveres in the face of problems; takes the lead on unpopular though necessary actions.</td>
</tr>
<tr>
<td>Executive image</td>
<td>Extlm</td>
<td>5</td>
<td>Communicates confidence and steadiness during difficult times; adapts readily to new situations.</td>
</tr>
<tr>
<td>Learning from experience</td>
<td>LeExp</td>
<td>5</td>
<td>Reflects on and learns from experience; understands own weaknesses and how to compensate for them.</td>
</tr>
<tr>
<td>Credibility</td>
<td>Credi</td>
<td>8</td>
<td>Acts in accordance with stated values; follows through on promises; uses ethical considerations to guide.</td>
</tr>
</tbody>
</table>

225 The 16 competencies and 92 items identified in this appendix are used with permission and are copyrighted by CCL (the Center for Creative Leadership).
Executive Dimensions Leadership Competencies and Items

The listing below details the 16 leadership competencies and a specification of the behavioral criteria associated with each competency. This framework was used in the Executive Dimensions (ED) questionnaire from the Center for Creative Leadership (CCL) to establish overall competency ratings.

1. **Sound Judgment (6)**
   Makes timely decisions; readily understands complex issues; develops solutions that effectively address problems.
   - Sees underlying concepts and patterns in complex situations
   - Gives appropriate weight to the concerns of key stakeholders
   - Readily grasps the crux of an issue despite having ambiguous information
   - Makes effective decisions in a timely manner
   - Accurately differentiates between important and unimportant issues
   - Develops solutions that effectively address underlying problems

2. **Strategic Planning (7)**
   Develops long-term objectives and strategies; translates vision into realistic business strategies.
   - Regularly updates plans to reflect changing circumstances
   - Translates his or her vision into realistic business strategies
   - Weighs the concerns of relevant business functions when developing plans
   - Develops plans that contain contingencies for future changes
   - Successfully integrates strategic and tactical planning
   - Articulates wise, long-term objectives and strategies
   - Develops plans that balance long-term goals with immediate needs

3. **Leading Change (5)**
   Supports activities that position the business for the future; offers novel ideas and perspectives.
   - Correctly judges which creative ideas will pay off
   - Supports activities that position the business for the future
   - Pushes the organization to adopt new initiatives
   - Offers novel ideas and perspectives
   - Fosters a climate of experimentation

---

226 This exhibit is an exact reproduction of the Executive Dimensions competencies and items and is the intellectual property of the Center of Creative Leadership and reproduced with permission.
4. Results Orientation (6)
Aligns resources to accomplish key objectives; assigns clear accountability for important objectives.
- Assigns clear accountability for important objectives.
- Pushes the organization to address the concerns of key stakeholders
- Clearly conveys objectives, deadlines, and expectations
- Holds self accountable for meeting commitments
- Aligns organizational resources to accomplish key objectives
- Acts with a sense of urgency

5. Global Awareness (5)
Leads the organization in understanding international issues; tracks global trends and world events.
- Leads organization in understanding international issues
- Monitors global trends that may affect the organization
- Understands how world events might affect the organization's plans
- Seeks opportunities to learn about different cultures and customs
- Adapts behavior to fit different cultural norms

6. Business Perspective (5)
Understands the perspectives of different functional areas in the organization; has a firm grasp of external conditions affecting the organization.
- Understands the perspectives of different functional areas in organization
- Understands the strengths and weaknesses of major competitors
- Has a firm grasp of external conditions affecting the organization
- Stays informed about the strategic moves of major competitors
- Regularly seeks data about customer satisfaction

7. Inspiring Commitment (5)
Motivates others to perform at their best.
- Rallies support throughout the organization to get things done
- Publicly praises others for their performance
- Infuses the organization with a sense of purpose
- Understands what motivates other people to perform at their best
- Provides tangible rewards for significant organizational achievements
8. Forging Synergy (6)
Maintains smooth, effective working relationships; promotes effective teamwork.
- Focuses others' energy on common goals, priorities, and problems
- Helps subordinates resolve their conflicts constructively
- Seeks common ground in an effort to resolve conflicts
- Works harmoniously with key stakeholders
- Identifies and removes barriers to effective teamwork
- Maintains smooth, effective working relationships

9. Developing and Empowering (6)
Offers constructive feedback and encouragement; delegates work and encourages individual initiative.
- Delegates work that provides substantial responsibility and visibility
- Acts as a mentor, helping others to develop and advance in their careers
- Supports the decisions and actions of subordinates
- Utilizes others' capabilities appropriately
- Develops staff through constructive feedback and encouragement
- Encourages individual initiative in determining how to achieve broad goals.

10. Leveraging Differences (5)
Works effectively with people who differ in race, gender, culture, age, or background; leverages the unique talents of others to enhance organizational effectiveness.
- Promotes policies that are sensitive to the needs of a diverse workforce
- Works well with people who differ in race, gender, culture, or age
- Leverages the unique talents and viewpoints of others
- Hires people with a diversity of skills and backgrounds
- Respects employees regardless of their position or background

11. Communicating Effectively (6)
Expresses ideas clearly and concisely; disseminates information about decisions, plans, and activities.
- Expresses ideas fluently and eloquently
- Prevents unpleasant surprises by communicating important information
- Encourages direct and open discussions about important issues
- Writes clearly and concisely
- Conveys ideas through lively examples and images
- Clearly articulates even the most complex concepts
12. Interpersonal Savvy (7)
Understands own impact on situations and people; accurately senses when to give and take when negotiating.
- Tailors communication based on other’s needs, motivations and agendas
- Understands own impact on situations and people
- Influences others without using formal authority
- Knows when and with whom to build alliances
- Wins concessions from others without harming relationships
- Adjusts leadership style according to the demands of the situation
- Accurately senses when to give and take when negotiating

13. Courage (5)
Acts decisively to tackle difficult problems; perseveres in the face of problems; takes the lead on unpopular though necessary actions.
- Takes the lead on unpopular though necessary actions
- Acts decisively to tackle difficult problems
- Perseveres in the face of problems and difficulties
- Confronts conflicts promptly so they do not escalate
- Has the courage to confront others when necessary

14. Executive Image (5)
Communicates confidence and steadiness during difficult times; adapts readily to new situations.
- Communicates confidence and steadiness during difficult times
- Projects confidence and poise
- Adapts readily to new situations
- Commands attention and respect
- Accepts setbacks with grace

15. Learning from Experience (5)
Reflects on and learns from experience; understands own weaknesses and how to compensate for them.
- Reflects on and learns from experience
- Accepts responsibility for his or her problems
- Understands own weaknesses and how to compensate for them
- Seeks candid feedback on his or her performance
- Changes behavior in response to feedback
16. Credibility (8)
Acts in accordance with stated values; follows through on promises; uses ethical considerations to guide decisions and actions.

- Uses ethical considerations to guide decisions
- Through words and deeds encourages honesty throughout the organization
- Speaks candidly about tough issues facing the organization
- Tells the truth, not just what important constituents want to hear
- Can be trusted to maintain confidentiality
- Places ethical behavior above personal gain
- Follows through on promises
- Acts in accordance with his or her stated values
Appendix 2: Select statistical tables for Study 1 (CCL study)

Independent variables correlation matrix

<table>
<thead>
<tr>
<th>Competency Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SoJud</td>
<td>--</td>
<td>.80</td>
<td>.73</td>
<td>.78</td>
<td>.56</td>
<td>.65</td>
<td>.70</td>
<td>.72</td>
<td>.70</td>
<td>.64</td>
<td>.76</td>
<td>.74</td>
<td>.73</td>
<td>.75</td>
<td>.73</td>
<td>.66</td>
</tr>
<tr>
<td>2. StrPlan</td>
<td>--</td>
<td>.77</td>
<td>.78</td>
<td>.61</td>
<td>.70</td>
<td>.71</td>
<td>.67</td>
<td>.69</td>
<td>.61</td>
<td>.73</td>
<td>.69</td>
<td>.67</td>
<td>.70</td>
<td>.68</td>
<td>.61</td>
<td></td>
</tr>
<tr>
<td>3. LeCh</td>
<td>--</td>
<td>.69</td>
<td>.60</td>
<td>.64</td>
<td>.69</td>
<td>.60</td>
<td>.66</td>
<td>.60</td>
<td>.70</td>
<td>.64</td>
<td>.65</td>
<td>.69</td>
<td>.64</td>
<td>.57</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. ResOr</td>
<td>--</td>
<td>.51</td>
<td>.60</td>
<td>.73</td>
<td>.67</td>
<td>.70</td>
<td>.61</td>
<td>.72</td>
<td>.66</td>
<td>.75</td>
<td>.70</td>
<td>.71</td>
<td>.67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. GloAw</td>
<td>--</td>
<td>.69</td>
<td>.54</td>
<td>.50</td>
<td>.52</td>
<td>.58</td>
<td>.57</td>
<td>.57</td>
<td>.48</td>
<td>.55</td>
<td>.52</td>
<td>.45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. BusPe</td>
<td>---</td>
<td>.58</td>
<td>.52</td>
<td>.54</td>
<td>.53</td>
<td>.53</td>
<td>.61</td>
<td>.59</td>
<td>.53</td>
<td>.60</td>
<td>.55</td>
<td>.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. InsCo</td>
<td>--</td>
<td>.77</td>
<td>.82</td>
<td>.72</td>
<td>.73</td>
<td>.77</td>
<td>.66</td>
<td>.74</td>
<td>.75</td>
<td>.66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. ForSy</td>
<td>--</td>
<td>.71</td>
<td>.75</td>
<td>.68</td>
<td>.84</td>
<td>.62</td>
<td>.72</td>
<td>.77</td>
<td>.68</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. DevEm</td>
<td>--</td>
<td>.77</td>
<td>.70</td>
<td>.77</td>
<td>.63</td>
<td>.70</td>
<td>.76</td>
<td>.66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. LevDiff</td>
<td>--</td>
<td>.65</td>
<td>.74</td>
<td>.57</td>
<td>.67</td>
<td>.72</td>
<td>.69</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. ComEl</td>
<td>--</td>
<td>.73</td>
<td>.66</td>
<td>.75</td>
<td>.71</td>
<td>.65</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. IntSa</td>
<td>--</td>
<td>.60</td>
<td>.77</td>
<td>.79</td>
<td>.64</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Coura</td>
<td>--</td>
<td>.70</td>
<td>.66</td>
<td>.66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. ExIm</td>
<td>--</td>
<td>.74</td>
<td>.67</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. LeExp</td>
<td>--</td>
<td>.73</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Credi</td>
<td>--</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Over half of the independent variable correlations are in the moderate range, between .41 to .70, suggesting the independent variables are suitable for use in the regression models and other statistical tests in this study.
### Rater average scores per competency for males and females

The raters average scores are presented below for the male and female gender groups in the sample population for the first study. A visual inspection shows that the mean scores for the two groups are very similar, with the female group scoring slightly higher on 12 of the 16 competencies.

<table>
<thead>
<tr>
<th>Competency</th>
<th>Gender</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound judgment (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.6644</td>
<td>.3934</td>
<td>.00579</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.6608</td>
<td>.3976</td>
<td>.01138</td>
</tr>
<tr>
<td>Strategic planning (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.5404</td>
<td>.4039</td>
<td>.00601</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.5439</td>
<td>.3997</td>
<td>.01144</td>
</tr>
<tr>
<td>Leading change (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.6236</td>
<td>.3990</td>
<td>.00594</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.6204</td>
<td>.3851</td>
<td>.01102</td>
</tr>
<tr>
<td>Results orientation (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.7273</td>
<td>.3969</td>
<td>.00590</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.7900</td>
<td>.3978</td>
<td>.01118</td>
</tr>
<tr>
<td>Global awareness (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.4559</td>
<td>.4582</td>
<td>.00682</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.4281</td>
<td>.4605</td>
<td>.01318</td>
</tr>
<tr>
<td>Business perspectives (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.6289</td>
<td>.4084</td>
<td>.00608</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.5654</td>
<td>.4272</td>
<td>.01223</td>
</tr>
<tr>
<td>Inspiring commitment (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.5596</td>
<td>.4452</td>
<td>.00662</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.6471</td>
<td>.4330</td>
<td>.01239</td>
</tr>
<tr>
<td>Forging synergy (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.4865</td>
<td>.4635</td>
<td>.00690</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.5427</td>
<td>.4566</td>
<td>.01307</td>
</tr>
<tr>
<td>Developing and empowering (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.5654</td>
<td>.4306</td>
<td>.00641</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.6411</td>
<td>.4089</td>
<td>.01170</td>
</tr>
<tr>
<td>Leveraging differences (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.6969</td>
<td>.4121</td>
<td>.00613</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.8221</td>
<td>.3843</td>
<td>.01100</td>
</tr>
<tr>
<td>Communicating effectively (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.6663</td>
<td>.3951</td>
<td>.00588</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.7112</td>
<td>.3929</td>
<td>.01124</td>
</tr>
<tr>
<td>Interpersonal savvy (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.4792</td>
<td>.4421</td>
<td>.00658</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.5048</td>
<td>.4416</td>
<td>.01264</td>
</tr>
<tr>
<td>Courage (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.7383</td>
<td>.4383</td>
<td>.00652</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.8235</td>
<td>.4169</td>
<td>.01193</td>
</tr>
<tr>
<td>Executive image (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.7587</td>
<td>.4081</td>
<td>.00607</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.7673</td>
<td>.4202</td>
<td>.01203</td>
</tr>
<tr>
<td>Learning from experience (R)</td>
<td>Male</td>
<td>4519</td>
<td>3.5696</td>
<td>.4072</td>
<td>.00606</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>3.6313</td>
<td>.4164</td>
<td>.01192</td>
</tr>
<tr>
<td>Credibility (R)</td>
<td>Male</td>
<td>4519</td>
<td>4.0180</td>
<td>.4063</td>
<td>.00605</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>1221</td>
<td>4.0767</td>
<td>.3793</td>
<td>.01086</td>
</tr>
</tbody>
</table>
T-Tests

A selection of the t-test tables for the total sample are included here, including comparisons on the overall leadership effectiveness variable, the three competency subscale variables and the 16 competency variables. There was some variance across the different regional groupings as indicated in the paper and these output tables are available by request.

**Overall leadership effectiveness – Total Sample (male-female group comparison)**

<table>
<thead>
<tr>
<th>Independent Samples Test</th>
<th>Levene’s Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Overall leadership effectiveness</td>
<td>Equal variances assumed</td>
<td>.019</td>
</tr>
<tr>
<td></td>
<td>Equal variances not assumed</td>
<td></td>
</tr>
</tbody>
</table>

For overall leadership effectiveness variable, the hypothesis of equality of group variances is met (F=.019, p=.890). The average difference between male and female subjects is statistically significant, as assessed by the t test: t(5738)=-3.187, p<.05. The Cohen’s d value is equal to .10, indicating a small effect size. In conclusion, the difference between male and female with respect to overall leadership effectiveness has a low practical significance.

**Competency subscale variables (3) – Total Sample (male-female group comparison)**

<table>
<thead>
<tr>
<th>Independent Samples Test</th>
<th>Levene’s Test for Equality of Variances</th>
<th>t-test for Equality of Means</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Leading the business (R)</td>
<td>Equal variances assumed</td>
<td>.858</td>
</tr>
<tr>
<td></td>
<td>Equal variances not assumed</td>
<td></td>
</tr>
<tr>
<td>Leading Others (R)</td>
<td>Equal variances assumed</td>
<td>.071</td>
</tr>
<tr>
<td></td>
<td>Equal variances not assumed</td>
<td></td>
</tr>
<tr>
<td>Leading by personal example (R)</td>
<td>Equal variances assumed</td>
<td>.115</td>
</tr>
<tr>
<td></td>
<td>Equal variances not assumed</td>
<td></td>
</tr>
</tbody>
</table>

For the leading the business competency subscale variable, the hypothesis of equality of group variances is met (F=.858, p=.354). The average difference between male and female subjects is not statistically significant, as assessed by the t test: t(5738)=-.461, p=.645.

For the two other subscales variables, leading others and leading by personal example, the hypothesis of equality of group variances is met as indicated by the F and p scores. For both of these subscale variables, the average difference between the male and female subgroups is statistically significant. The Cohen’s d value is equal to .17 and .14 for the two groups respectively, indicating a low level of practical significance.
The results of this table show that females have statistically significant higher scores than males on 9 of the 16 competencies, but with low practical significance as indicated by a Cohen’s D score less than .3. The male group rates higher than females at a statistically significant level on the business perspectives competency variable only, where the impact is assessed at a low level of practical significance.
Gender-specific self-rating bias (female group to rater comparison)

<table>
<thead>
<tr>
<th>Paired Samples Test</th>
<th>Paired Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Std. Deviation</td>
</tr>
<tr>
<td>Lower</td>
<td>Upper</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Sound judgement (R) – Sound judgment (S)</td>
<td>0.0216</td>
</tr>
<tr>
<td>Strategic planning (R) – Strategic planning (S)</td>
<td>0.0536</td>
</tr>
<tr>
<td>Leading change (R) – Leading change (S)</td>
<td>0.0023</td>
</tr>
<tr>
<td>Results orientation (R) – Results orientation (S)</td>
<td>0.1806</td>
</tr>
<tr>
<td>Global awareness (R) – Global awareness (S)</td>
<td>0.0312</td>
</tr>
<tr>
<td>Business perspectives (R) – Business perspectives (S)</td>
<td>0.0266</td>
</tr>
<tr>
<td>Inspiring commitment (R) – Inspiring commitment (S)</td>
<td>0.1331</td>
</tr>
<tr>
<td>Forging synergy (R) – Forging synergy (S)</td>
<td>0.0746</td>
</tr>
<tr>
<td>Developing and empowering (R) – Developing and empowering (S)</td>
<td>0.0678</td>
</tr>
<tr>
<td>Leveraging differences (R) – Leveraging differences (S)</td>
<td>0.1449</td>
</tr>
<tr>
<td>Communicating effectively (R) – Communicating effectively (S)</td>
<td>0.1264</td>
</tr>
<tr>
<td>Interpersonal savvy (R) – Interpersonal savvy (S)</td>
<td>0.1195</td>
</tr>
<tr>
<td>Courage (R) – Courage (S)</td>
<td>0.1263</td>
</tr>
<tr>
<td>Executive image (R) – Executive image (S)</td>
<td>0.0599</td>
</tr>
<tr>
<td>Credibility (R) – Credibility (S)</td>
<td>0.0595</td>
</tr>
</tbody>
</table>

The female executive group has significantly lower self-ratings on global awareness and executive image than the scores awarded to them by their raters, with a Cohen’s D statistic suggesting moderate practical impact. The variable “sound judgment” was the only competency where the difference in rating was not statistically significant and the variable “credibility” was the only competency where the females rated themselves significantly higher than their raters did, but with a low level of practical significance. For the remaining of the variables, female executives rated themselves significantly lower than their raters did with a low practical impact indicated by Cohen’s D statistic.

Gender-specific self-rating bias (male group to rater comparison)

<table>
<thead>
<tr>
<th>Paired Samples Test</th>
<th>Paired Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Std. Deviation</td>
</tr>
<tr>
<td>Lower</td>
<td>Upper</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Sound judgement (R) – Sound judgment (S)</td>
<td>0.2532</td>
</tr>
<tr>
<td>Strategic planning (R) – Strategic planning (S)</td>
<td>0.1319</td>
</tr>
<tr>
<td>Leading change (R) – Leading change (S)</td>
<td>0.1028</td>
</tr>
<tr>
<td>Results orientation (R) – Results orientation (S)</td>
<td>0.0687</td>
</tr>
<tr>
<td>Global awareness (R) – Global awareness (S)</td>
<td>0.0925</td>
</tr>
<tr>
<td>Business perspective (R) – Business perspective (S)</td>
<td>0.3792</td>
</tr>
<tr>
<td>Inspiring commitment (R) – Inspiring commitment (S)</td>
<td>0.0499</td>
</tr>
<tr>
<td>Forging synergy (R) – Forging synergy (S)</td>
<td>0.0346</td>
</tr>
<tr>
<td>Developing and empowering (R) – Developing and empowering (S)</td>
<td>0.0065</td>
</tr>
<tr>
<td>Leveraging differences (R) – Leveraging differences (S)</td>
<td>0.0178</td>
</tr>
<tr>
<td>Communicating effectiveness (R) – Communicating effectiveness (S)</td>
<td>0.0404</td>
</tr>
<tr>
<td>Interpersonal savvy (R) – Interpersonal savvy (S)</td>
<td>0.0301</td>
</tr>
<tr>
<td>Courage (R) – Courage (S)</td>
<td>0.0342</td>
</tr>
<tr>
<td>Executive image (R) – Executive image (S)</td>
<td>0.3919</td>
</tr>
<tr>
<td>Learning experience (R) – Learning experience (S)</td>
<td>0.0232</td>
</tr>
<tr>
<td>Credibility (R) – Credibility (S)</td>
<td>0.1301</td>
</tr>
</tbody>
</table>

The male executive group has significantly lower self-ratings compared to the scores awarded by their raters on three competency variables where the practical impact was moderate according to the Cohen’s D statistic - global awareness, executive image and business perspectives. The differences of scores on the variables “developing and empowering” and “leveraging differences” were not statistically significant. For the remaining 11 variables, males rated themselves lower than their raters did on 10 of them and the differences on each variable was statistically significant with only a low level of practical impact.
Discriminant analysis

A discriminant analysis was performed in order to determine which, if any, managerial competencies discriminate between the male and female executives.

<table>
<thead>
<tr>
<th>Count</th>
<th>Gender</th>
<th>Predicted Group Membership</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Male</td>
<td></td>
<td>2950</td>
<td>1569</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>437</td>
<td>784</td>
</tr>
<tr>
<td>Ungrouped cases</td>
<td>9</td>
<td>5</td>
<td>14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>%</th>
<th>Gender</th>
<th>Predicted Group Membership</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>65.3%</td>
<td>34.7</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>35.8</td>
<td>64.2%</td>
</tr>
<tr>
<td></td>
<td>Ungrouped cases</td>
<td>64.3</td>
<td>35.7</td>
</tr>
</tbody>
</table>

a. 65.1% of original grouped cases correctly classified.

The results of the analysis show that 65.3% of male and 64.2% of female were correctly classified. Overall, 65.1% of the subjects are correctly classified and 34.8% are misclassified.

To determine if this percentage is satisfactory it is compared with the probability of getting an accurate percentage by chance, calculated as the sum of squares of the group proportions in the total sample. In our sample, the males are 78.7% of the total, while the female are 21.3%. so the chance accuracy is:

\[0.787^2 + 0.213^2 = 0.665\]

Our accuracy should be 25% better than the chance accuracy for our classification model, so the proportion of correctly classified cases should be \(0.665 \times 1.25 = 0.831 = 83.1\%\).

Our model accuracy (65.1%) does not exceed the chance accuracy. In conclusion, performance scores on the competencies does not provide a means to differentiate or discriminate between male and female executives.
# Appendix 3: Interviewees for the Swiss study

List of interviewees contributing to the study (in alphabetical order)

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Current Company (Executive &amp; Board Service)</th>
<th>Company Position and-or Current Board Roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carole Ackermann</td>
<td>Diamondscull AG</td>
<td>CEO and Co-owner</td>
</tr>
<tr>
<td></td>
<td>OphthaMetrics AG</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>Allianz, Plaston Holding and WMPartners Wealth Mgt.</td>
<td>Non-Executive Board Member</td>
</tr>
<tr>
<td>Doris Aebi</td>
<td>aebi+kuehni AG</td>
<td>Co-Owner &amp; Executive Search Consultant</td>
</tr>
<tr>
<td></td>
<td>Women on Board GmbH</td>
<td>Founder and Managing Director</td>
</tr>
<tr>
<td></td>
<td>Migros Cooperatives Federation</td>
<td>Non-Executive Board Member</td>
</tr>
<tr>
<td>Doris Albisser</td>
<td>Evaluglobe AG</td>
<td>Founder &amp; Executive Chairman</td>
</tr>
<tr>
<td></td>
<td>SoS Children’s Village, Midata</td>
<td>Non-Executive Board Member</td>
</tr>
<tr>
<td>Corina Atzli</td>
<td>Independent Consultant</td>
<td>Communication Consultant</td>
</tr>
<tr>
<td></td>
<td>Compresso AG</td>
<td>Non-Executive Board Member</td>
</tr>
<tr>
<td>Joan Belzer</td>
<td>Credit Suisse Group AG</td>
<td>Corporate Secretary</td>
</tr>
<tr>
<td>Lilian Biner</td>
<td>Givaudan, Thule</td>
<td>Independent Non-Executive Board Director</td>
</tr>
<tr>
<td></td>
<td>A-Connect, Nobia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lundbergs, Oriflame</td>
<td></td>
</tr>
<tr>
<td>Gaëlle Boix</td>
<td>Egon Zehnder</td>
<td>Executive Search</td>
</tr>
<tr>
<td>Luzius Cameron</td>
<td>UBS A.G.</td>
<td>Secretary to Board of Directors</td>
</tr>
<tr>
<td>François E. Clerc</td>
<td>The Presidents Club Group 3 R</td>
<td>Founder</td>
</tr>
<tr>
<td></td>
<td>Triple A Associés</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>AdValorem Partners</td>
<td>Founder</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Founder</td>
</tr>
<tr>
<td>Name</td>
<td>Company</td>
<td>Position</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Helga Dancke</td>
<td>Cashgate AG</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td>Aduno Group</td>
<td>Executive Board Member</td>
</tr>
<tr>
<td>Peter Doerr</td>
<td>LafargeHolcim</td>
<td>Secretary to Board of Directors</td>
</tr>
<tr>
<td>David Frick</td>
<td>Nestlé SA</td>
<td>SVP Corporate Governance &amp; Compliance, Board Secretary</td>
</tr>
<tr>
<td>Philippe Hertig</td>
<td>Egon Zehnder International</td>
<td>Executive Search Consultant</td>
</tr>
<tr>
<td>Bruno Heynen</td>
<td>Novartis</td>
<td>Secretary to the Executive Committee &amp; Senior Advisor Governance</td>
</tr>
<tr>
<td>Jasmine Jenny</td>
<td>Russell Reynolds Associates</td>
<td>Executive Search Consultant</td>
</tr>
<tr>
<td>Barbara Kock Becker</td>
<td>Barry Callebaut</td>
<td>Chief Human Resources Officer</td>
</tr>
<tr>
<td>Beth Krasna</td>
<td>ETH Domain Coop Group Symbiotics SA Raymond Weil SA</td>
<td>Non-Executive Board Director</td>
</tr>
<tr>
<td>Jane Royston</td>
<td>PRO Foundation</td>
<td>President</td>
</tr>
<tr>
<td></td>
<td>Institut Florimont, Lorange Institute of Business, HES-SO, Super Computing Systems</td>
<td>Non-Executive Board Director</td>
</tr>
<tr>
<td></td>
<td>aquaTECH Specialties S.A.,</td>
<td>Chairman of the Board</td>
</tr>
<tr>
<td>Simona Scarpaleggia</td>
<td>IKEA AG</td>
<td>CEO</td>
</tr>
<tr>
<td>Photo Not Available</td>
<td>Pierre Schreiber</td>
<td>Credit Suisse Group AG</td>
</tr>
<tr>
<td>--------------------</td>
<td>-----------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Anne Southam Aulas</td>
<td>Hôtels et Patrimoine SA</td>
<td>Founder, President</td>
</tr>
<tr>
<td>Mirjam Staub-Bisang</td>
<td>Independent Capital Group AG</td>
<td>Managing Partner and CEO</td>
</tr>
<tr>
<td>Tanja Weiher</td>
<td>weihner partners ag</td>
<td>Owner and Founder</td>
</tr>
<tr>
<td></td>
<td>GAM Holding AG</td>
<td></td>
</tr>
</tbody>
</table>

Appendix 4: Interview questions

Three sets of thematic questions are included to cover the three main groups interviewed: Female board members, company secretaries and executive recruitment professionals.

Female Board Member Interviews – Thematic Questions

• What are your motivations for board service?

• How do you gain access to board opportunities in the Swiss market?

• What are the main challenges and barriers for senior female executives who aspire to board service?

• How can female executives prepare themselves to meet these challenges and overcome the barriers?

• Can you tell me about your experience with your last board recruitment process?

• What could companies do differently in their recruitment process to identify and attract more qualified female candidates?

• What key learnings can you share with other executive women who are interested in board service?

All interviews are held in strictest confidence and no attribution will be made to an individual or firm without their express permission.
Company Secretary Interviews – Thematic Questions

• What are the main trends you see in the recruitment of female board members for supervisory boards in Switzerland?

• Can you comment on the following:
  o Supply of qualified female candidates
  o Proportion of board searches where your company is looking for a female member
  o Proportion of board searches where female candidates are shortlisted

• Tell me about the board recruitment process at your company.

• What could companies do differently in their recruitment process to identify and attract a greater number of qualified female candidates?

• What do you see as the main challenges for senior female executives to enter the board candidate pool for Swiss companies?

• How can they best prepare for these challenges?

• What additional advice do you have for senior female executives who aspire to corporate board positions?

All interviews are held in strictest confidence and no attribution will be made to an individual or firm without their express permission.
Board Executive Recruiter Interviews – Thematic Questions

• What are the main trends you see in the recruitment of female board members for supervisory boards in Switzerland?

• Can you comment on the following:
  
  o Supply of qualified female candidates
  o Proportion of board searches where female candidates are shortlisted
  o Proportion of board searches where the company is looking for a female member

• What could companies do differently in their recruitment process to identify and attract more qualified female candidates?

• What do you see as the main challenges for senior female executives to enter the board candidate pool for Swiss companies?

• How can they best prepare for these challenges?

• What additional advice do you have for senior female executives who aspire to corporate board positions?

All interviews are held in strictest confidence and no attribution will be made to an individual or firm without their express permission.
Appendix 5: Online survey invitations

Invitation to Corporate Governance Survey (email)
“Board Ready” Female Executives

The mail below was sent to a list of 178 potential survey participants derived from the Union Patronale Suisse collection of 200 female executives who were deemed “board ready.”

Dear Survey Participants,

I am writing to invite you to participate in a Corporate Governance Survey to investigate gender diversity and board recruitment practices in Switzerland. The data collected from the survey will be analyzed for use in my dissertation at the University of St. Gallen.

As female executives in Switzerland who have the requisite experience for service on Swiss company boards, you have valuable perspectives that can greatly enhance this research effort to develop a better understanding of the practices and realities for aspiring female board members in Switzerland.

The survey is designed for female executives in Switzerland who are currently serving on boards, have been recruited for board service or who have the requisite experience to qualify them for board appointments. Please find attached a brief synopsis of this study for your information.

Given the sensitive nature of this topic, please rest assured that all data remains confidential and survey participants are anonymous.

The survey should take between 10 and 20 minutes to complete and I hope you will take this opportunity to support the research. If you would like to be taken off of the survey invitation list, please let me know and I will remove your name from future mailings.

Those that remain on the invitation list will receive a copy of the dissertation in the third quarter of next year and any research that derives from the dissertation. In addition, a planned outcome of this research are two sets of guidelines: the first one for females seeking board roles and the second set of guidelines for Swiss companies recruiting female board members.

I sincerely hope you will join this effort and look forward to receiving your input.

With best regards,
Michael Hathorn PhD Student
University of St. Gallen
Invitation to Corporate Governance Survey (email)
Female Board Members of Listed Companies

The mail below was sent to a list of 127 potential survey participants derived from the Union Patronale Suisse collection of 200 female board members of listed Swiss companies.

Dear Survey Participants,

I am writing to invite you to participate in a Corporate Governance Survey to investigate gender diversity and board recruitment practices in Switzerland. The data collected from the survey will be analyzed for use in my dissertation at the University of St. Gallen.

As female executives in Switzerland who are currently serving on the boards of listed Swiss companies, you have valuable perspectives that can greatly enhance this research effort to develop a better understanding of the practices and realities for current and potential female board members in Switzerland.

The survey is designed for female executives in Switzerland who are currently serving on boards, have been recruited for board service or who have the requisite experience to qualify them for board appointments. Please find attached a brief synopsis of this study for your information.

Given the sensitive nature of this topic, please rest assured that all data remains confidential and survey participants are anonymous.

The survey should take between 10 and 20 minutes to complete and I hope you will take this opportunity to support the research. If you would like to be taken off of the survey invitation list, please let me know and I will remove your name from future mailings.

Those that remain on the invitation list will receive a copy of the dissertation in the third quarter of next year and any research that derives from the dissertation. In addition, a planned outcome of this research are two sets of guidelines: the first one for females seeking board roles and the second set of guidelines for Swiss companies recruiting female board members.

I sincerely hope you will join this effort and look forward to receiving your input.

With best regards,
Michael Hathorn, PhD Student
University of St. Gallen
Appendix 6: Online survey questionnaire

This survey is designed to gather information on your experience as a senior female executive in Switzerland with an interest in board service. Your answers to this survey are completely confidential and will be analyzed at a group level. Please take the time to make comments where applicable. You may skip any questions that you do not wish to answer. I would like to thank you in advance for participating in the survey.

1. What is your principal motivation to be involved in board service?

2. Identify the importance to you of each of the following in identifying board opportunities in the Swiss market.

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Less important</th>
<th>Not important</th>
<th>N/A Don't use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Search Firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal and Business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connections</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional publications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>that showcase expertise</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public and professional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>speaking engagements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Networking groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Press coverage - local</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and international</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mentors-Coaches</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Please rate the importance of the following potential barriers to board service for women that you observe in the Swiss market.

<table>
<thead>
<tr>
<th></th>
<th>Very important</th>
<th>Important</th>
<th>Less important</th>
<th>Not important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board leaders lack interest in hiring female members</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board leaders pay &quot;lip service&quot; to recruiting women for their boards yet fail to take action</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board selection processes and criteria favor male candidates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female executives lack visibility to the boards</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of supply of qualified female executives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fear of change</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Poor experience with a previous female board member</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female board members hired mainly to satisfy external stakeholder demands (&quot;tokenism&quot;)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments


4. What do you think should be done to increase board gender diversity in Switzerland over the next 5 years?

<table>
<thead>
<tr>
<th></th>
<th>Highly Recommend</th>
<th>Recommend</th>
<th>Don't Recommend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educate board chairpersons and board members on the benefits of diversity</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Emphasise the &quot;comply&quot; or &quot;explain&quot; approach with soft quotas that are not legally enforceable</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Adopt a legally binding quota system for female board members on listed company boards</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Rely on increased stakeholder pressure to move companies in the direction of greater gender diversity</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Leave it to the companies to select the board members</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

Comments: Briefly explain the rationale behind what you highly recommend and do not recommend.

5. What types of boards have you served on in Switzerland? (Please check all that apply)

- [ ] Listed company
- [ ] For-profit privately held company
- [ ] Non-profit organisation
- [ ] Cooperative organisation
- [ ] Start-up venture
- [ ] I have not served on a board in Switzerland
- [ ] Other (please specify)
Focus on Switzerland and your current board

6. How many boards have you served on in Switzerland?

7. What is your cumulative length of time as a board member for all of your board appointments, including those in Switzerland and abroad?

8. How many members does your current board** have (excluding the board secretary)?

**If you serve on more than one board currently, please choose only one to focus on for the next questions.

9. How many women are on your current board?

10. How much of a priority is gender diversity to the following individuals or groups on your current board?

<table>
<thead>
<tr>
<th></th>
<th>High Priority</th>
<th>Medium Priority</th>
<th>Low Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current board chair</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your fellow board members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yourself</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
11. Please rate your current board on its demonstrated capabilities on the following key Human Resource areas:

<table>
<thead>
<tr>
<th></th>
<th>Excellent</th>
<th>Very Good</th>
<th>Good</th>
<th>Adequate</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment of board members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Induction of new board members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance assessment of individual board member</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance assessment of the overall board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of individual board members</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of the board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addressing individual underperformance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Addressing board underperformance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments: (Please elaborate on any weak areas)

12. With respect to gender diversity and recruitment of new board members ...

What does your board do well?

What could be improved?

What are the barriers to improvement?
13. Please indicate whether your board has any of the committees listed below, whether the chairperson heads the committee(s), and whether you serve on the committee(s).

<table>
<thead>
<tr>
<th>Committee exists on my board</th>
<th>Chairperson heads this committee</th>
<th>I serve on this committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and Risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nomination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance-Development-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairperson's</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other 1 and Other 2 (please specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. Considering a 5 year time frame, what is your level of agreement with the following statements:

<table>
<thead>
<tr>
<th>Statement</th>
<th>Completely Agree</th>
<th>Mostly Agree</th>
<th>Agree</th>
<th>Mostly Disagree</th>
<th>Completely Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified women will increasingly be able to find suitable board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>opportunities in Switzerland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>More female board members will result in more female executives in the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Swiss companies they serve</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The benefits of diversity are becoming better understood and Swiss</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>companies will seek to capture these benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Comments


15. What are your top 3 suggestions for senior female executives who wish to identify and compete for board service opportunities in the Swiss market?

Suggestion 1

Suggestion 2

Suggestion 3

16. How many board positions in Switzerland have you interviewed for in the past 2 years?

17. If you have interviewed for a Swiss board in the last two years, please think of your last interview and indicate your level of agreement with the following questions:

<table>
<thead>
<tr>
<th>The interviewer was well-prepared and seemed genuinely interested in my candidacy</th>
<th>Strongly Agree</th>
<th>Mostly Agree</th>
<th>Agree</th>
<th>Mostly Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The questions posed were relevant to my professional qualifications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The interviewer focused on my potential contribution to the board</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I was able to gain a clear understanding of what the board needed and how I might contribute</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I left the interview interested in this board position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Briefly comment on your experience in this interview:
18. How many new board positions have you accepted in the last 2 years?

19. In what areas have you established functional expertise (identify all that apply)?

- General Management
- Strategy
- Finance
- Human Resources
- Operations
- Marketing
- Legal

Other (please specify)

20. What is your highest level of education?

Other (please specify)

21. During your professional career, how many years have you served as a senior leader at Vice-President (VP) equivalent level and above?

22. During your career as a board member, please choose the types of companies by size for which you have served as a board member. Check as many as apply.

- Large company (250 or more employees; greater than 50 million euro in revenue)
- Medium company (between 50-249 employees; between 10-50 million euro in revenue)
- Small company (between 10-49 employees; between 2-10 million euro in revenue)
- Micro company (less than 10 employees; less than 2 million euro in revenue)

23. Please enter your age.
Below is a set of 16 leadership competencies developed by the Center for Creative Leadership (CCL). These will be used in this research to investigate difference in the drivers of leadership effectiveness for a global set of male and female top executives. Your completion of this self-assessment will allow us to benchmark the Swiss sample of senior executives-board members against the global sample. When filling this out be sure to incorporate past feedback in your thinking about your own capabilities and benchmark against the best that you have encountered for each of these competencies.

24. Self-assess your level of skill on the following 16 senior leadership competencies, benchmarking yourself against the best that you have come across in each area.

<table>
<thead>
<tr>
<th>Competency</th>
<th>1 - Deficient</th>
<th>2 - Marginally Effective</th>
<th>3 - Effective</th>
<th>4 - Highly Effective</th>
<th>5 - Exceptional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sound Judgement:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Makes timely decisions;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>readily understands complex</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>issues; develops effective</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Strategic Planning:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develops long-term objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and strategies; translates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>vision into realistic business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>strategies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Leading Change:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supports activities that</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>position the business for the</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>future; offers novel ideas and</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>perspectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Results Orientation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aligns resources to accomplish</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>key objectives; assigns clear</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>accountability for important</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>objectives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Global Awareness:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leads the organisation in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>understanding international</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>issues; tracks global trends</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and world events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Perspective:</td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>----------------------</td>
<td>--------------</td>
<td>--------------------------</td>
<td>--------------</td>
<td>---------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Understands the perspective of different functional areas in the organisation; has a firm grasp of external conditions affecting the organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inspiring Commitment:</td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>Motivates others to perform at their best through appropriate rewards and feedback; develops a sense of purpose</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forging Synergy:</td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>Maintains smooth, effective working relationships; promotes effective teamwork</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing and Empowering:</td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>Offers constructive feedback and encouragement; delegates work and encourages individual initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leveraging Differences:</td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>Works effectively with people who differ in race, gender, culture, age or background; leverages the unique talents of others to enhance organisational effectiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communicating Effectively:</td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>Expresses ideas clearly and concisely; disseminates information about decisions, plans and activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interpersonal Savvy:</td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>Understands own impact on situations and people; accurately senses when to give and take when negotiating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 - Deficient</td>
<td>2 - Marginally Effective</td>
<td>3 - Effective</td>
<td>4 - Highly Effective</td>
<td>5 - Exceptional</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------</td>
<td>--------------------------</td>
<td>---------------</td>
<td>----------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>Courage:</strong> Acts decisively to tackle difficult problems; perseveres in the face of problems; takes the lead on unpopular though necessary actions</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td><strong>Executive Image:</strong> Communicates confidence and steadiness during difficult time; adapts readily to new situations</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td><strong>Learning from Experience:</strong> Reflects and learns from experience; understands own weaknesses and how to compensate for them</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
</tr>
<tr>
<td><strong>Credibility:</strong> Acts in accordance with stated values; follows through on promises; uses ethical considerations to guide decisions and actions</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
<td>:</td>
</tr>
</tbody>
</table>

Comments:
Appendix 7: Select statistical tables for Study 2 – Online survey

The average self-assessment scores for the two subgroups in study 2 are presented below. A visual inspection shows that the mean scores for the two subgroups are very similar, with the G2-“Board ready” subgroup scoring slightly higher than the G1-“Listed company” subgroup on 13 of the 16 competencies.

<table>
<thead>
<tr>
<th>Competencies</th>
<th>Group</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sound Judgment</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>4.03</td>
<td>.657</td>
<td>.118</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>4.07</td>
<td>.621</td>
<td>.074</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.81</td>
<td>.654</td>
<td>.117</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>3.87</td>
<td>.741</td>
<td>.089</td>
</tr>
<tr>
<td>Leading Change</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.87</td>
<td>.885</td>
<td>.159</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>69</td>
<td>4.07</td>
<td>.754</td>
<td>.091</td>
</tr>
<tr>
<td>Results Orientation</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>4.00</td>
<td>.730</td>
<td>.131</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>4.10</td>
<td>.745</td>
<td>.089</td>
</tr>
<tr>
<td>Global Awareness</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.84</td>
<td>.860</td>
<td>.154</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>69</td>
<td>3.84</td>
<td>.816</td>
<td>.098</td>
</tr>
<tr>
<td>Business Perspective</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.87</td>
<td>.619</td>
<td>.111</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>3.87</td>
<td>.760</td>
<td>.091</td>
</tr>
<tr>
<td>Inspiring Commitment</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>4.10</td>
<td>.790</td>
<td>.142</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>4.11</td>
<td>.772</td>
<td>.092</td>
</tr>
<tr>
<td>Forging Synergy</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.81</td>
<td>.601</td>
<td>.108</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>69</td>
<td>3.96</td>
<td>.716</td>
<td>.086</td>
</tr>
<tr>
<td>Developing &amp; Empowering</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.87</td>
<td>.763</td>
<td>.137</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>3.99</td>
<td>.732</td>
<td>.088</td>
</tr>
<tr>
<td>Leveraging Differences</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>4.06</td>
<td>.814</td>
<td>.146</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>4.11</td>
<td>.772</td>
<td>.092</td>
</tr>
<tr>
<td>Communicating Effectively</td>
<td>G1-Listed Co.</td>
<td>30</td>
<td>3.70</td>
<td>.794</td>
<td>.145</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>3.91</td>
<td>.697</td>
<td>.083</td>
</tr>
<tr>
<td>Interpersonal Savvy</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.81</td>
<td>.833</td>
<td>.150</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>70</td>
<td>3.76</td>
<td>.824</td>
<td>.099</td>
</tr>
<tr>
<td>Courage</td>
<td>G1-Listed Co.</td>
<td>30</td>
<td>4.13</td>
<td>.629</td>
<td>.115</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>67</td>
<td>4.10</td>
<td>.631</td>
<td>.077</td>
</tr>
<tr>
<td>Executive Image</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>3.77</td>
<td>.669</td>
<td>.120</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>67</td>
<td>3.93</td>
<td>.745</td>
<td>.091</td>
</tr>
<tr>
<td>Learning from Experience</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>4.03</td>
<td>.657</td>
<td>.118</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>67</td>
<td>4.06</td>
<td>.547</td>
<td>.067</td>
</tr>
<tr>
<td>Credibility</td>
<td>G1-Listed Co.</td>
<td>31</td>
<td>4.23</td>
<td>.560</td>
<td>.101</td>
</tr>
<tr>
<td></td>
<td>G2-Board Ready</td>
<td>67</td>
<td>4.24</td>
<td>.653</td>
<td>.080</td>
</tr>
</tbody>
</table>
“Listed company” subgroup and “Board ready” subgroup comparison

A t-test was performed to determine if there were significant differences in the self-assessment ratings of the two subgroups in our Swiss female executive sample for study 2.

The table below captures the results of the test, with no statistically significant differences detected between the subgroup mean scores on the 16 competencies. *

<table>
<thead>
<tr>
<th>Competency</th>
<th>Equal variances assumed</th>
<th>Equal variances not assumed</th>
<th>t</th>
<th>df</th>
<th>Sig (2-tailed)</th>
<th>Mean Difference</th>
<th>Std. Error Difference</th>
<th>95% Confidence Interval of the Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q14 Bound Judgement</td>
<td>0.16</td>
<td>0.00</td>
<td>-2.07</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q14 Strategic Planning</td>
<td>0.24</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-19.0</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q14 Leading Change</td>
<td>1.37</td>
<td>2.53</td>
<td>-1.17</td>
<td>98</td>
<td>0.240</td>
<td>-21.0</td>
<td>172</td>
<td>-52.0 to 10.0</td>
</tr>
<tr>
<td>Q14 Flexibility</td>
<td>0.83</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q14 Global Awareness</td>
<td>0.47</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q14 Business Perspective</td>
<td>0.44</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q15 Strategic Commitment</td>
<td>0.82</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q15 Forging Synergy</td>
<td>0.59</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q16 Developing Effective Relationships</td>
<td>0.16</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q17 Leveraging Differences</td>
<td>0.83</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q18 Communicating Effectively</td>
<td>2.62</td>
<td>5.62</td>
<td>-1.17</td>
<td>93</td>
<td>0.240</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q19 Interpersonal Savvy</td>
<td>0.15</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q20 Courage</td>
<td>0.37</td>
<td>0.00</td>
<td>-2.01</td>
<td>93</td>
<td>0.039</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q21 Executive Image</td>
<td>1.65</td>
<td>3.46</td>
<td>-1.17</td>
<td>93</td>
<td>0.240</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
<tr>
<td>Q22 Emotional Intelligence</td>
<td>1.84</td>
<td>3.64</td>
<td>-1.17</td>
<td>93</td>
<td>0.240</td>
<td>-20.9</td>
<td>136</td>
<td>-31.0 to 21.5</td>
</tr>
</tbody>
</table>

* For each the 16 competencies, the mean difference between groups is not statistically significant, as assessed by the t test (p > .05).
Appendix 8: Curriculum Vitae

Michael is a partner of OPTIMIS Sàrl where he focuses on the consulting practice areas of Organizational Strategy, Executive Learning and Organizational Development. At Optimis, he works with clients and his partners to create and deliver high impact custom organizational development and learning solutions.

Michael has significant experience in leadership positions in industry and public sector enterprises. At Capital International in Geneva, a privately held investment management company, he founded and headed the Training and Management Development function for the European businesses. In his role as Group Director of Leadership at TNT in Amsterdam, Netherlands, Michael served on the HR Strategy Council and drove key strategic initiatives in the area of HR Transformation, contributed to the development of a Change Management Center of Expertise and developed the Leadership and Learning Framework for the top 500 executives. In the public sector he works with a variety of UN organizations, Swiss foundation and non-profit enterprises.

In addition to his executive corporate roles, Michael has extensive consulting experience in leading enterprise transformation and change management in companies in North America, Europe and Asia. He brings a “total systems” approach to his work and specializes in choosing and adapting the methodology to the organizational culture and the business situation. His passion is helping firms respond to the “leadership challenge” in the areas of strategy, leadership development, organizational change and innovation. He brings academic rigor and pragmatic business practice together to ensure organizational results.

Michael served on the faculty of Louisiana State University while in graduate school where he taught in the undergraduate business program. He was previously on the faculty of the Masters of Technology (MOT) program at the EPFL Lausanne where he led the graduate module on “Organizational Development”. In addition, Michael delivers a graduate module on Sustainable Leadership and Governance” for the Diploma of Advanced Studies (DAS) in Sustainability at the University of St. Gallen and BSL. He also contributes to the Masters of Public Management Program at Bocconi University on organizational culture and team dynamics and to the newly launched Masters program for International Organisations.

Michael is a graduate of Louisiana State University with a BA in Political Science and an MS in Marketing.