

---

## СОВРЕМЕННЫЕ МЕТОДЫ ЭКОНОМИЧЕСКИХ ИССЛЕДОВАНИЙ ЛАБОРАТОРНЫЕ ЭКСПЕРИМЕНТЫ И ЭКОНОМЕТРИЧЕСКОЕ МОДЕЛИРОВАНИЕ

УДК 65.012.45

**Новоселова Валерия Дмитриевна,**

студент,

кафедра международной экономики и менеджмента,

Институт экономики и управления,

ФГАОУ ВО «Уральский федеральный университет имени первого Президента  
России Б.Н.Ельцина»

г. Екатеринбург, Российская Федерация

### АСПЕКТЫ ГЕНДЕРНОГО РАЗНООБРАЗИЯ В СОВЕТЕ ДИРЕКТОРОВ

#### *Аннотация:*

Исторически сложилось так, что мужчины в большей степени представлены на руководящих должностях. В последнее время ситуация начала меняться к лучшему, но роль гендерного разнообразия все еще недооценена. В этом исследовании я проверяю гипотезу о том, что телекоммуникационная отрасль является наиболее прогрессивной в контексте гендерного разнообразия. Я также анализирую влияние гендерного разнообразия в совете директоров на деятельность компании.

#### *Ключевые слова:*

гендерное разнообразие, женщины в совете директоров, эффективность совета директоров

Gender diversity in management basically means that company's governing body must have fair representation of both sexes and that it should strive to hire the best person with access to an open position, without any assumptions or prejudices that it is a man or woman's job to do. However, this simple rule is not followed by most companies. People are held captive by prejudices and long-obsolete stereotypes. In our difficult times, people finally began to notice the problem of gender inequality and to try to find methods to solve it.

Diversity is increasingly recognized as a value in itself, as a manifestation of the democratic values of freedom, equality and justice. But in the case of corporate governance, diversity on the board of directors is analyzed as a means of achieving goals such as increasing labor productivity and morale, increasing customer satisfaction, or increasing shareholder value [10].

Boards of directors are arguably the most influential decision makers in business. They deal with legal and technological challenges, financial regulation, and reputation issues — all critical items that can impact a company's ultimate success. And many boards' own lack of diversity means that they are missing the perspectives of key stakeholders, including their own organization's emerging leaders and the consumers of their products and service [4].

Understanding the importance of diversity should make people move towards increasing gender diversity in all areas of life, including on boards of directors. Nowadays, few, especially in Russia, do take this into account, if not from the point of view of company profits, then from the point of view of fundamental democratic values.

Since the board of directors is responsible for the management of the company, any reforms in the composition of the board of directors must be based on adherence to corporate governance

norms. Many researchers [1, 2, 3] confirm that diversified boards of directors perform better than homogeneous ones. This is mainly due to groupthink, which allows for more informed decisions based on multiple points of view.

It is believed that a heterogeneous board of directors, in comparison with a homogeneous board, is able to better understand the market position of the company, and, in addition, diversity increases creativity and innovation. I cannot disagree with this statement, because the differences in the structure of thinking and outlook on life in women and men are proven. This means that when only men manage the company, they express a one-sided view of things. Whereas the appearance of women with the right to vote, whose opinion should be taken into account, will bring fresh ideas and a fresh look at familiar things. Diversity management can also improve the image among institutional investors and have a positive impact on company performance if a high image has a positive effect on customer behavior.

However, there are arguments against gender diversity in this context. For example, if a heterogeneous board of directors is able to find much more important problems, this means that their solution will take a very long time [7]. This will be especially important if the company operates in a highly competitive environment, where the ability to respond quickly to market shocks is an important characteristic.

For business leaders around the world, the COVID-19 pandemic is one of the greatest leadership challenges of their careers. They should not only take care of the health of their employees and customers, but also pay attention to serious disruptions in their operations, plan for recovery, and rethink their business models in the event of a possible ensuing crisis. In this complex context, the task of promoting integration and diversity (I&D) can easily fade into the background. However, as shown in the report [8], I&D is a powerful factor in increasing the efficiency and profitability of a business. Companies whose leaders welcome a variety of talents find it easier to get out of the crisis.

There are mixed views that the COVID-19 crisis could exacerbate trends towards increased gender diversification. Some companies consider I&D to be too important an issue to leave for later, while others believe that in times of crisis they cannot afford to think about anything other than saving the business. In the long run, however, these companies risk missing out on opportunities for innovation.

Research and experience warn us that downsizing can have a disproportionate impact on the roles that different talents typically play. As companies send employees home to work remotely, unequal childcare and household responsibilities, as well as unequal access to homework, can disadvantage women and minorities when working remotely [6, 8].

In the context of the fact that in many studies teams representing different genders are seen as a competitive advantage, the shift to online way of working allows companies to accelerate the creation of a more inclusive and flexible culture. With the benefits of increased flexibility, online mode can help save women and minorities, who often share a disproportionate share of family responsibilities. In this way, it broadens access to a wide range of talents that were previously not available to companies. In addition, the apparent commitment to I&D during the crisis is likely to improve the company's global image and increase its business license. Moreover, during a crisis stakeholders usually scrutinize a company's goals and values even more closely, especially in the current pandemic. Those who leverage the growing sense of solidarity inherent in the crisis by reaffirming their commitment to I&D can increase employee motivation, engagement, and overall acceptance. This is why it is indeed essential for recovery, resilience and growth.

Over the past two decades, there has been an active push to attract more women and minorities with different backgrounds to the board of directors. Leaders of corporations, governments, and investors are increasingly interested in this problem. It is becoming more and more acceptable that diversity in leadership is part of the company's commitment and competitive advantage. Unfortunately, this applies mainly only to America and the countries of Europe, but the reality in other countries is different. Progress in changing the composition of the board of directors is much slower than necessary.

Scientists have explained how diverse boards can work better than homogeneous ones using group theories of thinking and explaining how the “critical mass” of minority or female directors will provide all the benefits of diversity. There are also some interesting empirical works that go beyond just checking the effect of board diversity on a firm. According to them, in order for different candidates to contribute and change the composition of the board of directors, candidates must have a “critical mass”, that is, the minimum amount necessary so that the director of a woman/minority does not experience a symbolic event [5].

The problem of tokenism was thoroughly studied and the optimal number of women was found. Number, so that they would be most comfortable working in the team and their opinion would be taken into account. Only when this critical mass is reached can women directors contribute normally, without having to face the effects of tokenism [6]. This “critical mass” is considered by many researches, because it is easier to study the impact when drawing an imaginary border, starting from which companies can be accounted as gender diverse. On the next few pictures from the report by MSCI ESG companies are studied taking into account the critical mass of three women on boards. Numerous studies show that the dynamics of the board of directors change positively when three women directors finally appear. This number of women is considered the minimal count, in which women’s voices are really heard and in which they truly impact the final decisions [9].

On the Picture 1 it can be seen that Europe continues to lead in terms of board gender diversity, and accounted for all of the top 10 countries ranked by percentage of companies with three or more female directors. It is worth noting that in some countries on this list having women on boards is mandatory. There’s also an argument in the literature whether government quotas really help improve the current situation. My opinion on that matter is that the impact of quotas fully depends on the people living in the particular country. For example, implementing quotas in Russia would be a rather unreasonable move because people here are not ready for that. Public is too stuck in the past, scared of changes and indifferent to the global problems. Nevertheless, there are a few examples of countries with quota regime ongoing and working quite well. In other words, each government should very carefully consider this matter not to worsen the situation even more.

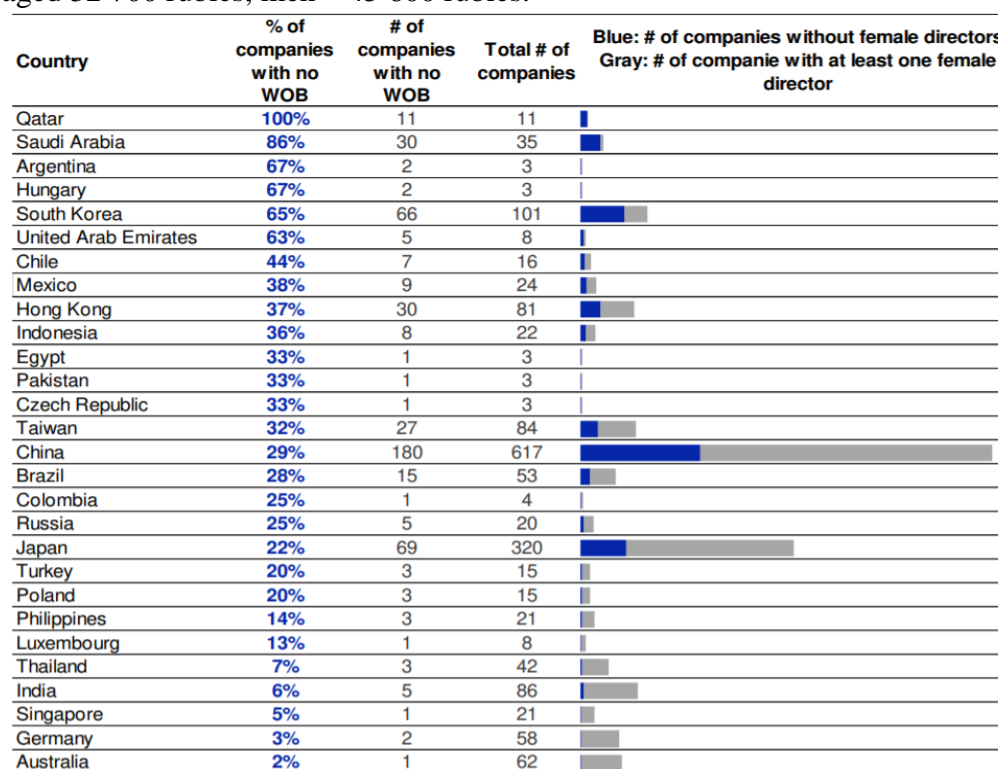
Country	# companies with 3+ WOB (2020)	% companies with 3+ WOB (2020)	% companies with 3+ WOB (2019)	Change relative to 2019
Norway	10	100.0%	100.0%	↔
Italy	22	100.0%	100.0%	↔
Belgium	13	100.0%	100.0%	↔
Portugal	3	100.0%	100.0%	↔
France	71	100.0%	98.6%	↑
Sweden	31	91.2%	96.6%	↓
Finland	10	90.9%	69.2%	↑
Spain	18	90.0%	77.3%	↑
UK	78	84.8%	82.2%	↑
Austria	5	83.3%	83.3%	↔

Picture 1 – Top 10 countries by percentage of companies with 3 or more women on boards  
Source: Progress report, MSCI ESG RESEARCH, 2020

Picture 2, on the contrary, shows statistics in countries with the least gender diversification in boards of directors. China, for example, has not made significant progress in terms of gender diversity: in 2020, 29% of Chinese companies had fully male boards of directors compared to 32% in 2019.

South Korea and Japan continued to face opposition when trying to introduce women directors to boards of directors, but the percentage of Korean and Japanese companies without women directors fell markedly: from 77% and 33% in 2019 to 65% and 22% respectively in 2020.

As for Russia, in this particular study the sample of companies is too small to draw any conclusions. However, we see that Russia remains among the worst countries in the context of the gender diversity of the board of directors. Moreover, in the World Bank's gender equality rating, Russia is on the 121th place with the score of 58.5[11]. In particular, inequalities in salaries and career opportunities remain a serious problem. Indeed, according to the Federal State Statistics Service for 2018, the salary of women in Russia is 71.7% of the average salary of men. Women's wages averaged 32 700 rubles, men – 45 600 rubles.

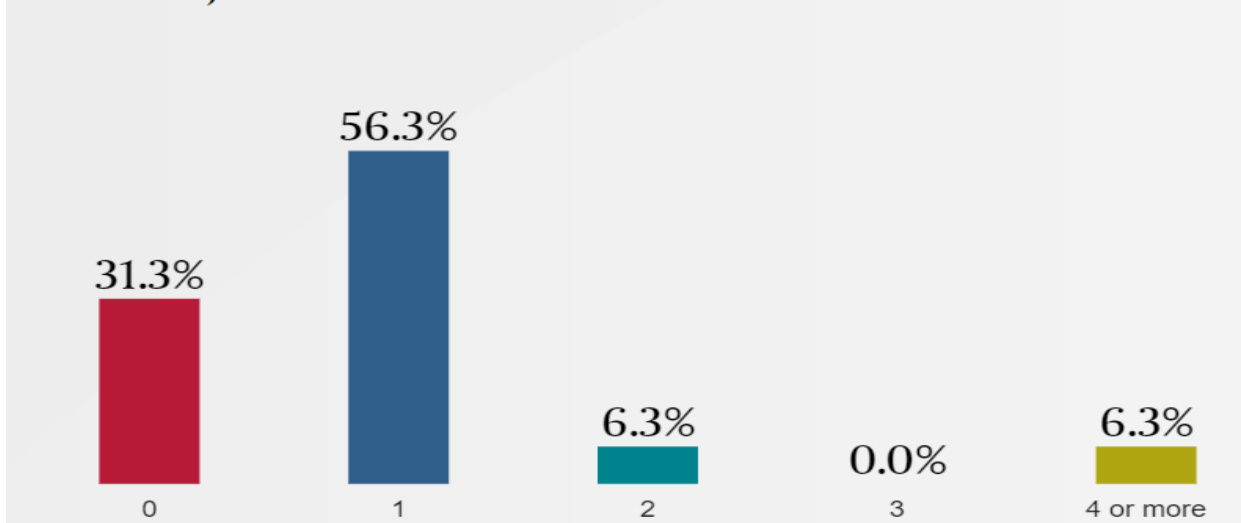


Picture 2 – Countries by Percentage of Companies with No Women on Boards  
Source: Progress report, MSCI ESG RESEARCH, 2020

On the Picture 3 we can see how Russian companies deal with the problem of gender diversity. Since the 2018 state in general has improved: there were 45 % of companies with no women on board. Interestingly, the number of companies with 4 and more women has also decreased: from 10% in 2018 to 6.3 % in 2020. Therefore, in terms of “critical mass” theory the situation in Russia has gotten worse.

In general, no one is solving this problem in Russia. Many people even believe that the lack of women in management positions is not a problem at all. Historically, it was believed that women were not meant to be in charge, their main role was to take care of the family. However, nowadays, this position has become outdated: more and more often you can see women careerists who strive for their own financial independence. Russian society does not approve of this approach to life and does not understand women with ambitions though. This is the main problem for Russia in the context of gender inequality.

## Boards by number of women on board in Russia, 2020



Picture 3 – Russian boards of directors by number of WOB, 2020

Source: 2020 Global Board Diversity Tracker, Egon Zehnder

Studying the topic of gender diversity, I came across the opinion that telecommunications industry is considered the most diverse. In this context I formulate the following hypothesis:

*H1:* Telecommunications industry is the most progressive in the context of gender diversity.

As an object of research, I've chosen the sample of Russian companies and conducted a comparative case study analysis. I took three leaders per industry and analyzed them in terms of number of women in management (Table 1). For comparison, I chose the construction industry, in which women are traditionally the least represented, and the retail industry, which is expected to have more of them.

Table 1 – Women in leadership

Industry	Company	BOD composition	Women on board, %	Governing body composition	Women in leadership, %
Telecommunication companies	MTS	9 directors, 2 women	22	23 directors, 7 women	30
	MegaFon	7 directors, 0 women	0	7 directors, 1 woman	14
	Rostelecom	11 directors 1 woman	9	8 directors, 2 women	25
Retail companies	X5 Retail group	15 directors, 5 women	33	9 directors, 1 woman	11
	Magnit	11 directors, 1 woman	9	13 directors, 3 women	23
	Lenta	9 directors, 1 woman	11	10 directors, 2 women	20
Construction companies	PIK Group	9 directors, 1 woman	11	9 directors, 2 women	22
	Setl Group	8 directors, 1 woman	13	n.a.	
	FGC Group	10 directors, 4 women	40	n.a.	

Several conclusions can be drawn from the table: first, it is clear that telecommunications companies are not leading in the context of gender diversity in Russia. Moreover, it was the construction companies that showed the highest percentage of women on the board, which is rather unexpected. Second, only two out of the nine surveyed companies follow the principle of “critical mass” and have more than three women on the BOD: X5 Retail group and FGC Group. It's a shame that the leaders in the Russian market do not personify an example of adhering to sustainable development standards and current trends towards change.

Nevertheless, the situation was much worse a few years ago, and you can see how Russian companies are gradually accepting female directors into their ranks. Partly because in our time it is impossible to consider oneself a progressive company without supporting gender equality at the corporate level, diversity and inclusiveness - Western partners will not understand, the press will not praise, investors will hesitate. Therefore, companies wishing to move forward cannot ignore the issue of gender inequality.

According to McKinsey & Company, it follows that the higher the proportion of women in senior management, the higher the likelihood of outstripping profit growth. Companies with more than 30% female directors are more likely to outperform companies with 10-30% female directors, and they, in turn, will perform better than companies with less than 10% female directors or they are completely absent [8].

For the companies I looked at, the board really matters; it makes decisions, is not just a formality. Some studies have argued that boards are just cosmetics that do not affect filtration. In several companies, women directors are present on the board of directors as independent, they belong to the category of “golden skirts” who participate in several boards of directors at the same time, thereby improving statistics without actually improving the situation.

Summarizing all the facts studied and theories constructed, I want to say that, despite the fact that many researchers consider the impact of gender diversity on the company's work to be insignificant, I confidently agree with another part of the researchers. I believe that if we take into account the effect of “critical mass” and other refinements, then the positive impact of diversity on the board of directors cannot be denied.



To my mind, the presence on the board of women along with men will bring the company a more thoughtful policy, customer loyalty, government subsidies and investors' respect. Without the diverse talents of the company, it is becoming increasingly difficult to keep up with the increasingly diverse customer base that exists today. Moreover, in order to be most effective, gender equality should not be limited to senior-level posts. In order to create a group of talented, diverse team members, companies need to develop gender diversity in all areas in leadership, middle and lower positions.

Dynamics shows that over the past decade, many company executives have begun to pursue diversity policies. But even if people understand that gender diversity is necessary, they cannot explain why and how to achieve this. It is believed that diversity is dangerous because people are afraid to talk about it, this is an uncomfortable topic. This is because feminists and other women and minority rights activists turn one discrimination into another.

As a result of the cases I examined on Russian companies, I came to the conclusion that Russia is only beginning the path to gender diversity. In Russia there is no state regulation of the problem of gender diversity. And I believe that it will only harm us now. The Russians are simply not ready for the ideas of equality, gender, or some other. In our country, especially in its remote parts, the influence of stereotypes and prejudices on people's minds is very strong.

## REFERENCES

1. Bohren, O., & Staubo, S. (2016). Mandatory Gender Balance and Board Independence. *European Financial Management*, 22(1), 3–30.
2. Charness, G., & Gneezy, U. (2012). Strong Evidence for Gender Differences in Risk Taking. *Journal of Economic Behavior and Organization*, 83(1), 50–58.
3. Hickman, E. (2014). Boardroom gender diversity: A behavioural economics analysis. *Journal of Corporate Law Studies*, 14(2), 385–418.
4. Innovative leadership institute. (2019). More Women on Boards: An International Perspective. Available at: <https://www.innovativeleadershipinstitute.com/more-women-on-boards-an-international-perspective/>
5. Kamalnath A. (2018). The Corporate Governance Case For Board Gender Diversity: Evidence From Delaware Cases. May, 1–84.
6. Konrad, A. M., Kramer, V., & Erkut, S. (2008). Critical mass: The impact of three or more women on corporate boards. *Organizational Dynamics*, 37(2), 145–164. <https://doi.org/10.1016/j.orgdyn.2008.02.005>
7. Krawiec, K. D., Conley, J. M., & Broome, L. L. (2013). The danger of difference: Tensions in directors' views of corporate board diversity. *University of Illinois Law Review*, 2013(3), 919–958.
8. McKinsey & Company. (2020). Social Responsibility Report 2020: Delivering on our purpose.
9. Milhomem, C. (2020). Women on boards. In MSCI ESG Research LLC (Vol. 1, Issue 1).
10. Shin, P. S., & Gulati, M. (2010). Showcasing diversity. *NCL Rev.*, 89, 1017.
11. [Electronic resource] World Bank / Women's Workplace Equality Index. URL: <https://www.cfr.org/legal-barriers/country-rankings/> (Date of application: 15.11.2021)

**Novoselova Valeriia D.,**

Student,

Department of International Economics and Management,

Graduate School of Economics and Management,

Ural Federal University named after the first President of Russia B. N. Yeltsin",

Yekaterinburg, Russian Federation

## **ASPECTS OF GENDER DIVERSITY IN THE BOARD OF DIRECTORS**

*Abstract:*

Historically, men are more represented in leadership positions. Recently, the situation has begun to change for the better, but the role of gender diversity is still underestimated. In this research I test the hypothesis that the telecommunications industry is the most progressive in the context of gender diversity. I also analyze the impact of gender diversity in the board on the company's performance.

*Keywords:*

gender diversity, women on board of directors, board effectiveness