

To improve corporate performance, add women to the board

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Credit: Hannah Moore/Northeastern University

Global corporations seeking to reduce their impact on global warming and enhance diversity should look to an unexpected, abundant resource to ensure success, says Valentina Marano, associate professor of business

at Northeastern—women.

In fact, says Marano, just one woman on the board of directors can improve a company's ability to practice [corporate social responsibility](#)—or make positive change in the world around them—by 2%, according to new research that recently was published in the *Journal of International Business Studies*.

"It may not seem like much, but the change is noticeable, and it likely would be noticeable to owners and other stakeholders at these companies," says Marano, who conducted a review of 3,175 public corporations across 38 countries.

Marano, along with researchers from the University of Illinois and the University of South Carolina, reviewed publicly reported data from the firms between 2007 and 2015. The researchers used annual reports provided by the companies to determine the number of women on the [board of directors](#) at each company, each year.

To measure changes in the companies' social performance—how it treats its employees, customers, and society at large on issues such as employee training, [human rights](#), and community development—researchers used reporting by Thomson Reuters, a financial news and information source. Thomson Reuters also measures a corporation's efficient use of resources, reduction of harmful emissions, and efforts to create more environmentally friendly products.

"We saw that as the number of women directors in these firms increased, there was an increase in the corporate social presence," says Marano.

The research indicates that women bring specific skills that can't be replicated with an all-male leadership team: Women directors, says Marano, tend to have stronger receptiveness to codes of ethics and

[ethical issues](#), more experience with philanthropic and community-service activities, and are more likely to hold advanced degrees, which increases their concerns for social and environmental issues.

"This research means that women are increasingly seen as very important strategic resources for corporations," says Marano. "There is a recognition that they can make a big difference in the success of the organizations that they work for."

That perspective wasn't commonplace 20 or even 10 years ago, adds Marano.

"We've come a long way," says Marano, and according to the research, "corporations are missing out if they're not leveraging the talents of what's becoming an increasing proportion of the workforce."

The research comes as social-justice reform and climate-change mitigation strategies have become more important to corporations across the world. Companies such as Amazon have sought to make major changes in fossil-fuel consumption while publicizing support for movements such as Black Lives Matter.

"As concerns about business impacts on society grow, corporate boards are playing an increasingly important role in shaping firms' social and environmental agenda," says Marano.

The researchers also found that other factors, including where the company was headquartered, influenced how much change women were able to make overall.

"We found that women directors' ability to positively affect their companies' social and environmental impacts was stronger in societies that emphasize planning and investing for the future," Marano said,

citing Thailand as an example.

Australia favors a more assertive style in the workplace, which increases the chances that new and different voices will make an impact, while Switzerland's focus on goal-oriented behavior and innovation also improved the influence of women directors, according to the study.

Business leaders are increasingly "thinking about the strategic role that women can bring to their organization because of their differences from their male counterparts," says Marano.

"There's still a long way to go," says Marano about the role and number of women in boardrooms. "But I think our research makes the case for [women](#), not as a problem issue, but as an important resource."

More information: Valentina Marano et al, The influence of culture on the relationship between women directors and corporate social performance, *Journal of International Business Studies* (2022). [DOI: 10.1057/s41267-022-00503-z](#)

Provided by Northeastern University

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