Adding women to corporate boards improves decisions about medical product safety
11 June 2020, by Corinne Post, Dave Ketchen, George Ball and Kaitlin Wowak

Medical supply companies with boards that included at least two women recalled life-threatening products almost a month sooner than those with all-male boards, according to our forthcoming study examining thousands of medical product recalls from 2002 to 2013.

When boards had just one female director, seriously defective products such as cardiac stents and breast implants were not recalled more quickly. It was only when there were at least two female directors on the board that the timeliness of the so-called class 1 recalls increased. And when there were three female directors, recalls happened even faster.

We also examined if women on the board were tied to class 3 recalls, or product defects such as labeling or packaging misprints that are not safety-related. Industry executives confided to us that not recalling these products is an option because the defects are easy to hide from regulators. We found that businesses whose boards included even a single woman recalled these products 120% more often. Thus, not only do boards with more women recall dangerous products more quickly; they are also less likely to ignore minor problems.

Why it matters

The consequences of failing to quickly recall faulty medical products can be deadly.

For example, Allergan reportedly waited years before finally recalling breast implants in 2019 despite learning the implants were linked to a rare form of cancer. At least 33 women have died from the condition, known as breast implant-associated anaplastic large cell lymphoma, a cancer of the immune system.

In making decisions about faulty products, executives are guided by their board of directors that oversees them. The board sets expectations for how executives should weigh financial and reputation risks against potential customer harm when deciding if and how quickly to recall faulty products.

What other research is being done

The lack of women in corporate boardrooms—only 26% of seats of the 500 largest companies in the U.S. are occupied by women—has prompted scholars to look at their impact from many angles.

Previous studies have shown that women representation on boards strengthens business outcomes when boards engage in deeper and more extensive deliberations. Similarly, businesses with more women on their boards exhibit more social responsibility, especially in contexts where boards are held to high accountability standards. The
presence of women on boards also appears to affect acquisition strategy and strategic direction.

Juxtaposing those findings with ours leads us to encourage women and men alike—as well as the executives they supervise—to look more thoughtfully beyond the bottom line, especially when product safety problems arise.

What still isn't known

Unfortunately, given our use of archival data, we don't know for sure why adding women to boards improved recall behavior. More research will be needed to explore this question, but previous studies offer some clues.

For example, research suggests women may be more risk-averse, be more likely to follow ethical rules and care more for a wide array of stakeholders compared with men. Perhaps some recalls are faster because women directors bring these qualities to the board.

Also, as more women join boards, men may feel less inclined to take risks if they perceive the female newcomers to be more risk-averse, a phenomenon known as a cautious shift. Thus, additional work is needed to fully understand why adding women to boards improves outcomes and how these positive effects can be maximized.

This article is republished from The Conversation under a Creative Commons license. Read the original article.

Provided by The Conversation
APA citation: Adding women to corporate boards improves decisions about medical product safety