Women and Corporate Governance

Analytical assessment of the presence and participation of women in leading public and private companies governance bodies

February 2013

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Context and objectives

1.Context and objectives

Over the past few years Morocco has made notable progress regarding women's rights and the fight against gender based discrimination. This progress was consolidated in 2011 with the adoption of the new Constitution which devoted a series of measures geared to achieving parity and the prohibition of gender-based discrimination.

In the framework of the challenges yet to be faced over forthcoming years to bridge the gender gap and promote equality in all spheres where discrepancies and discrimination are still rampant, the Government of Morocco is committed to foster actions aiming at strengthening and promoting integral participation of women in political, economic and social life.

Furthermore, over the past few years and in partnership with the private sector, public authorities have initiated an important process to promote good corporate governance through the publication of codes of good governance practice in public and private entities, and set up the Moroccan Institute of Directors. In this framework, the integration of the gender approach in the governance of public and private enterprises has constituted a leading feature in the process that has been initiated.

Currently this objective is being strengthened by the recent creation within the Moroccan Institute of Administrators, of a Task Force chaired by the Ministry of General Affairs and Governance with the objective of reinforcing the representation and participation of women in corporate governance bodies.

The principal missions of this Task Force are structured around the following headings:

• Making a diagnosis of women's representation in governance bodies of the 500 largest private companies (including 75 listed businesses) and commercially oriented state-owned companies.

• Reviewing the best international practices seeking feminization of corporate governance bodies.

- Drawing up of an action plan with tangible measures and defining the responsibilities of the different stakeholders to reinforce the current situation in Morocco.

- Conducting a major awareness raising and communication operation on the added value contributed by women within corporate decision-making entities.

In order to draft its action plan and in partnership with the UN-women group, the task force has entrusted LMS-CSA, which is a specialized consultancy firm, with the task of conducting a study aimed at carrying out a diagnosis of women's representation in the governance bodies of Moroccan enterprises, while setting the assessment of the current situation in the international context by reviewing international practices.

This document provides a summary of the principal lessons drawn from this study.

Methodological Note méthodologique

The study is structured around 3 phases:

1. Making a diagnosis based on figures on women board members of major public and private companies

Study target : 590 companies

Information sources:

- Inforisk database
- Kompass database
- Stock Exchange Ethics Board (CDVM)
- Casablanca Stock Exchange
- Telephone calls to corporate entities and self-administered sheets

Reliability: 173 – (29%).

The reliability of data dealt with the total number of administrators and the number of women administrators

Reliable sampling:

- 100% of enterprises listed on the Casablanca Stock Exchange (76)
- 29% commercially oriented public enterprises (37)
- 29% of large enterprises (highest turnover in 2011) (145)

2. Collecting of quantitative and qualitative data on the profiles of women members in the governance bodies of large companies, as well as data on the professional background and professional experiences and proposing measures geared at improving the current situation.

2.1. Methodology of the quantitative phase

Information collection technique: Structured interview either self-administered or over the telephone.

Women members of a board of directors, supervisory board, executive board and/or a specialized committee	34
Women members of a management board	18

2.2. Methodology of the qualitative phase

Target: Sampling of 26 women making up a part of the above mentioned target (members of the governance bodies of major public and private companies)

Method: individual and semi-structured interviews

3. Reviewing international practices

Establishing an inventory and analysis of different international practices related to the promotion of women's representation in corporate governance bodies. This documentary research was carried out according to 4 major focus areas:

- Focus area 1: The legal framework for women promotion.

- Focus area 2: Corporate governance and practices.

- Focus area 3: Associations' actions to assist and provide incentives to companies to adopt the best practices.

- Focus area 4: Managing work/family conflict.

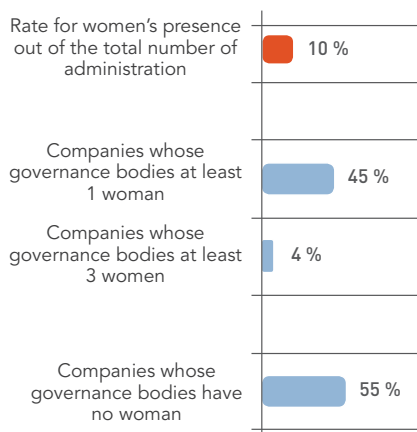Highlighting the outcomes related to the various approaches

Main lessons learned

1. Inventory of women's presence in corporate governance bodies

The study confirms very low rates of women's presence generally among the total number of board members, with a slight advance in listed entities. Whatever the category, less than half of them have at least one woman participating in the governance body. In contrast to several other countries, public companies do not play their role as a model and driving force.
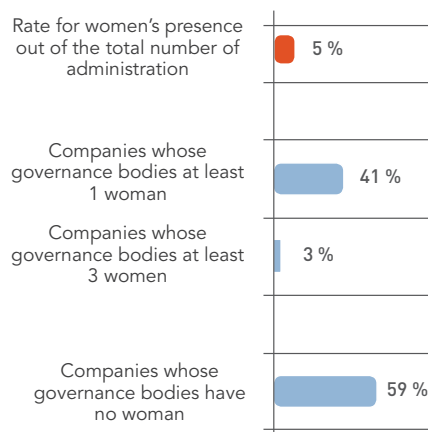
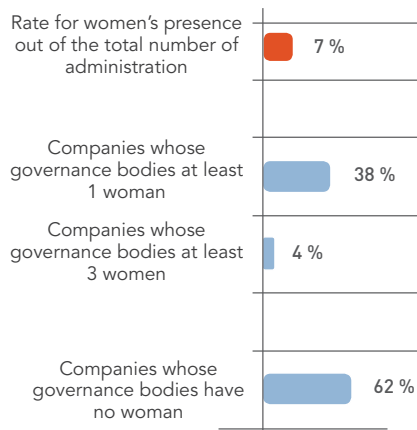## Stock Market listed businesses
Basis: 76 listed companies

Rate for women's presence out of the total number of administration	10 %
Companies whose governance bodies at least 1 woman	45 %
Companies whose governance bodies at least 3 women	4 %
Companies whose governance bodies have no woman	55 %

Public businesses
Basis: 37 public companies with reliable data

Rate for women's presence out of the total number of administration	5 %
Companies whose governance bodies at least 1 woman	41 %
Companies whose governance bodies at least 3 women	3 %
Companies whose governance bodies have no woman	59 %

500 largest companies
Basis: 144 of the largest companies with reliable data

Rate for women's presence out of the total number of administration	7 %
Companies whose governance bodies at least 1 woman	38 %
Companies whose governance bodies at least 3 women	4 %
Companies whose governance bodies have no woman	62 %

In listed companies, women are mainly present in companies governance bodes having the following characteristics:

-Turnover less than 500 million MAD

-Staff members of less than 200 employees

-« Family » shareholders with women shareholders

We can point out that in this respect no sector of activity is particularly outstanding.

On the other hand, regarding family shareholdings, women respondents have differentiated between female shareholders having a « symbolic » status only, playing no active administrator role, and women who are really involved in the governance of the family business.

Unlike listed companies, in the public sector, it is the enterprises with the highest turnover (5 billion MAD and more), and those with the largest number of staff members that have the highest presence rate of women administrators.

2 - Relationship to work and career development

Ambitions rooted in duration and tenacity

The majority of women plan no career path upon their entry into activity. But this does not mean that they have no ambition or professional goals to achieve. This is due to the simple fact that they do not engage in an upstream career pl an.

Many women state having begun their career « at the bottom of the ladder » in spite of their high degrees, and subsequently have climbed the steps thanks to the quality of their work and their involvement:

« In spite of my engineering degree, I got my first job at the bottom of the ladder. But I do not dwell on my achievements. I have to show that I deserve what I get ».

« What counts most is perseverance »

Fulfillment and passion as key drivers

All respondents insisted on their priorities in terms of fulfillment in their the sectors of interest to them through stimulating challenges, and the fact that their choices are never grounded on will to seek any particular power or position.

« With my financial studies background, I wanted to become a part of a structure where one can practice many trades in the world of finance. Therefore in career terms, this implies the possibility of switching from one trade to another and from one experience to another. If in so doing I could be awarded with promotions so much the better, but that was not my priority».

Characteristics of women's career paths

On the other hand, we can observe common aspects in career paths of women who have managed to occupy positions in governance bodies. Firstly, a family education which has provided them with values of ambition, determination and fighting capacity. Afterwards, throughout their careers there must be an attitude emphasizing fulfillment and interest for the tasks they are entrusted with.

Therefore, women careers are built over periods that tend to be longer than for men, moving ahead more slowly and often not in a very linear fashion. All the more that to the not very demanding attitude on the part of women, exists the macho stereotypes prevalent among managers.

As a result, the only true determinant applicable to the career path and gaining access to decision or governance positions continues to rely on the whim the management. Therefore, the fact of being able to deal with a boss who can put his trust in a woman and/or who harbors no discrimination-based prejudices against women and who wants to promote them means that « The fate of women lies in the hands of men ».

Discrimination in terms of salary and benefits

For the majority of the respondents, it is obvious that practices in terms of remuneration are largely favorable to men for three major reasons:

- A cultural dimension which plays on the manner decision-makers (men for the most part) approach this topic. Men deem more or less openly that they (as head of the family) must retain control and authority over the household by bringing home higher incomes while women are always deemed to have a "second salary".

- Discrepancies in career paths penalizing woman. In structured companies, there are often salary scales that ensure young men and women equal pay for equivalent qualifications. However, men will move up the ladder much more quickly and obtain promotions making it possible to push their salaries up.

- Women are less demanding in terms of remuneration or benefits related to their position, whereas for men, benefits constitute an external sign of essential power necessarily linked to their status. It may be that women are simply less well armed and prepared to negotiate.

The public sector appears to be the most exemplary in this regard. With salaries and their progression being tied to a strict system of grades and scales, the respondents think that no discrimination exists regarding remuneration.

3 - Women's trajectories: areas and hindering factors

Generally, women have to grapple with several hindering factors throughout their professional careers. The most significant ones are the transition from middle to top management, and even more so to access governance bodies.

At the beginning of their career and at the level of middle management, young women are spontaneously hired and sometimes preferred over men. Generally, they arrive at good outcomes upon completion of school attendance, prove to be hard working, serious and highly involved. Furthermore, compared to their male counterparts, they are often not very demanding concerning salaries and benefits.

However, only a minority of women subsequently occupy top management positions. This refers to those for whom success in previous positions has been unanimously recognized, or who have proven a high degree of availability and seamless investment (with minimum concessions to private life), as well as those who have come across an open-minded manager favorable to the promotion of women within the corporate entity. The hurdles encountered are numerous:

• Positions of high responsibility are "reserved "or men "compete" to get them.

• The fear of managers that women may be hampered in the exercise of their positions by the burden of their family responsibilities

• The perception that some positions are rather masculine (for example, technical management positions)

• The fear of women themselves of not being able to reconcile the requirements of professional and private life, and the refusal to « sacrifice » their family life in the absence of favorable conditions within the corporate entity.

Access to governance bodies (Board of Directors or Steering Committees) proves to be even more difficult.

Women in top management positions (quasi indispensable springboard) can offer well founded experience and recognized professional competencies constituting essential qualities. However, in addition they are required to move in a context of corporate culture favorable to them.

Indeed, access to governance authorities is often contingent on other relatively formal parameters. Hence, beyond the wait-and-see attitude

of women and the weight of macho mindsets, the appointment to such positions often implies co-opting practices on, the part of sitting directors (mostly men). Therefore, at this juncture women mainly suffer from the absence of women's networks.

Added to these internal obstacles, is a series of exogenous factors more or less directly hampering the progress of women within businesses and their access to governance positions.

The conditioning of both woman and men regarding the roles and scope of each gender begins at the earliest age with the stereotypes conveyed at school in school books or teachers' discourses and behaviors.

Likewise, discriminatory education in the family (machismo attitudes, promotion of sons, limiting women to for certain types of task and role, models essentially conveyed by the parents…) also play a pivotal role.

More directly, women can be hindered in their careers by hesitant spouses about the involvement of their wives the professional world. For example, it occurs that women are held back from promotions because they cannot deal with the mobility required by the position.

Furthermore, woman are often hampered and disadvantaged by the constraints linked to family and educational responsibilities they take on for the most part. Any possible absence inherent to maternity leave or ill children can all be considered a priori as eliminatory factors to promotion on the part of certain employers. In addition, organization of the corporate entity and working schedules do not take into consideration family constraints. The women administrators interviewed point out the abusive and unfounded dimension of these prejudices mentioning the duration of one or two maternities during career development.

Finally, the general societal context is not conductive to the promotion of women in corporate entities for several reasons:
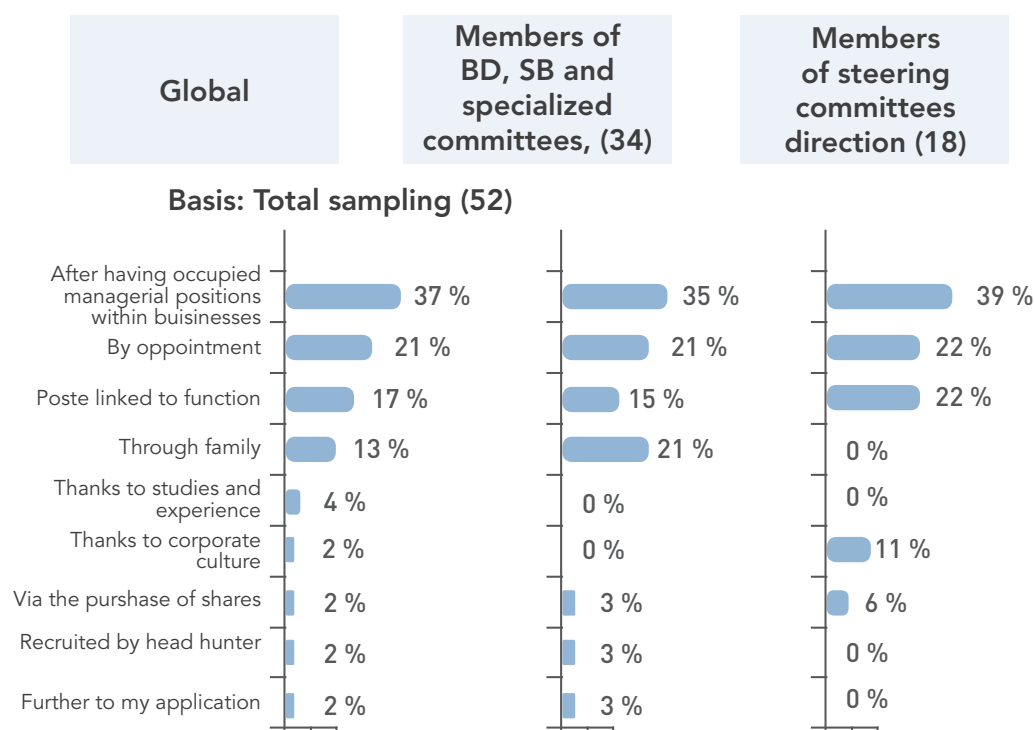
• lack of reference models to help women put themselves forward for some high level functions and roles.

• A State and public sector that do not sufficiently set the example for gender equality.

• Scarcity of discourse on the promotion of women or gender equality in the media.

A break in these discriminating codes of conduct (tacit) is often attributable to the will of a single decision-maker and not the result of any deeply rooted change in corporate culture which would first assume a transition in the culture of society as a whole.

4. Access Modalities to governance and managerial bodies

As can be readily seen, women are rarely sought after for appointments in governance bodies. Only 2% have been appointed to positions further to their own application. This attitude does not always indicate a lack of interest for these functions. Women just deem these appointments will be proposed to them at a given time as fair recognition of their involvement and competency.

Access circumstances to governance bodies

Global	Members of BD, SB and specialized committees, (34)	Members of steering committees direction (18)

Basis: Total sampling (52)

	Global	Members of BD, SB and specialized committees, (34)	Members of steering committees direction (18)
After having occupied managerial positions within buisinesses	37 %	35 %	39 %
By oppointment	21 %	21 %	22 %
Poste linked to function	17 %	15 %	22 %
Through family	13 %	21 %	0 %
Thanks to studies and experience	4 %	0 %	0 %
Thanks to corporate culture	2 %	0 %	11 %
Via the purshase of shares	2 %	3 %	6 %
Recruited by head hunter	2 %	3 %	0 %
Further to my application	2 %	3 %	0 %

In a fair share of large institutional groups, the mandates of Boards of Directors in the different subsidiaries are spread out among members of the top management. Therefore, when women gain access to managerial positions they are naturally entrusted with administrator mandates.

In this way, women so nominated to these positions are deemed to be legitimate because they have given evidence to competency in managerial positions and have acquired extensive knowledge about the enterprise.

In the majority of cases, being a woman is not taken into consideration for such appointments, but it can occur that choosing a female is attributable to the application of a determined and active policy on the part of a manager.

Access to governance bodies does not always occur amidst a serene atmosphere. Many respondents speak of resistance and negative reactions engendered by their appointment on the part of men and also sometimes on the part of other women.

The appointment of women CEOs for example can give rise to numerous instances of reticence in the related environment and remains surrounded by suspicion, particularly on the part of men who might have been candidates for the position.

The difficulties and hurdles for women are basically concentrated upstream for them to be appointed as administrators (within some structures), and to a lesser degree because they become part of Boards of Directors previously occupied exclusively by men. This means a period of adaptation is necessary for women to settle in as full- fledged members. Because of this, the initial time of a woman's mandate sometimes is tainted with some inconveniences such as:

- Sexist comments

- Difficulties in making themselves heard within the Boards and to be taken seriously.

- The condescending attitude on the part of Board chairmen.

- The need to demonstrate true force of character in order to express disagreement in bodies where systems of masculine connivance often prevail.

5. Main lessons learned from the review of international practices

Each country sets up a strategy adapted to its socio-cultural, economic and legislative environment by taking inspiration from two principal approaches: a restrictive system of quotas involving sanctions or an incentive-based policy.

Mention can be specific about the following:

• No country has reached male/female parity in corporate governance bodies.

• The objectives to be reached differ from one country to another. For the majority of European countries the targeted objective is 40%, even though 30% is considered as sufficient to benefit from the Business case.

• The European average is 13.4%; the world progress is situated at 0.5 point per year. Growth at this pace suggests an entire century would be needed to attain equality.

concerned countries and rate of the presence of women in Boards of Directors	Types of established measures	Benefits	Limits
"SOFT" METHOD or SELF REGULATION			
Germany **(15.6%)** **United Kingdom** **(16.6%)** **United States** **(16%)**	• strong political will and involvement of all actors • Programs to promotion gender equality in steering committees • Individual approach of « flexible quotas » • Governance codes asking corporate entities to present in their annual reports the practices instituted to boost gender parity in their governance bodies and the outcomes obtained.	• Flexibility in the establishment of equality strategies in corporate entities	• Slowness in achievements and developments • Presence of strong and permanent discussions on the establishment of quotas to accelerate the pace of achievements.

"HARD" METHOD or QUOTAS ALONG WITH SANCTIONS			
Norway (40.1%) France (33.3%) Belgium (10.7%) Malaysia (7.8%)	• In Norway, Board of Directors declared null and void with suspension of financial benefits granted or even corporate wind up • The State takes into account this criterion in signing government contracts	• Efficiency and obtaining high scores in terms of achievement • Rapidity in changing situations	• Discrimination non conducive to contractual freedom • Risk of appointment of female administrators without any real mandate

The countries and corporate entities managing to feminize their governance bodies usually adopt a systemic approach integrating all the stakeholders and placing the corporate entity at the center of the stakes entailed.

In this way each player can partake in the creation of this context favorable to the promotion of women in corporate governance bodies through the implementation of an array of tools and measures some examples of which are mentioned hereafter:

Governmental bodies

•   Good governance codes and charters

•   Building businesses awareness

•   Financing of training endeavors boosting equality

•   Supporting women entrepreneurship

•   Promotion of women with big potential

•   Setting the example in public institutions and the state and political world

•   Establishment of quotas and setting up of controls and sanctions in the event of failure to adhere.

The Administrators Institute

•   Creating labels and providing certification

•   Training and awareness raising of top management

•   Detection and support for high potential women to the level of the administrator's mandate

•   Promotion of the image of women administrators in the media

- Coordination between the various bodies (associations, enterprises and networks)

- Establishment of annual opinion surveys

- Control of achievements and monitoring of developments.

Associations

- Promotion of models

- Networks building

- Influencing the laws and programs in the countries

- Observatory role by shedding light on corporate entities which are leaders in this area with prizes and labels

- Assisting women in integrating boards of directors

- Enlargement of the pool of woman decision-makers likely to become members of boards of directors or supervisory boards

- Contributing to the change in mindsets (especially through education like in Turkey or Latin America)

Employers

- Commitment of businesses to reach objectives with figures

- Internal detection of women to prepare and train them to assume administrator mandates

- Establishment of Coaching

- Mentoring (case of Sweden): system of sponsorship with a program entailing specific objectives and rules along with the possibilities of gaining access to an administrator mandate.

- Creation of internal networks to facilitate access by women to mandates and increase the visibility of women within corporate entities.

Recommandations & paths for action

Focus area 1
Specify and complete the legal framework and encourage managers to operate within this framework

This is to make sure there is the legislation in force is in compliance with the objective of gender equality in corporate entities by working on two aspects:

1. Encourage corporate entities to apply existing regulations and participate in the legal terms of reference currently in force:

• **The Moroccan Constitution of 2011 (in particular Article 19)**

« Both men and women equally benefit from rights and freedoms of a civil, political, economic, social, cultural and environmental nature as presented in this title and other provisions of the Constitution, as well as in international conventions and agreements ratified by the Kingdom while adhering to the provisions of the Constitution, and the constants and laws of the Kingdom. The Moroccan State strives for the establishment of parity between men and women. For this purpose, a Body has been created for parity and the fight against all forms of discrimination ».

• **Moroccan Code of Good Practices in Corporate Governance (2008)**

• **Moroccan Code of Good Practices in the governance of public companies and establishments (2012)**

2. Devising of an inventory of the laws in force, completing these laws or making them compliant with the Constitution, with 3 fundamental objectives:

• Point out the positive elements to be promoted

• Discern the laws for which applicative decrees should be identified

• Check the adequacy of the laws and regulations in force in corporate entities with respect to the founding principles of the Constitution.

Focus area 2
Thinking of a mandatory system to drive change

The majority of women interviewed are convinced that the objective of parity is much too ambitious and consequently impossible to achieve, of little credibility and that more stress should be placed on an objective of the "significant" mix usually representing about one third of the members of a given body.

The respondents consider that an imposed quota of 15 to 30% (along with sanctions) would enable women to have their ideas accepted while supporting other high potential women and playing the role of relay to strengthen in a « natural » manner the presence of women in governance bodies. This would also enable limiting the risk of appointing of token women which is all the more important considering that the requirements in terms of quotas are high. In addition, it is certain that the current pool of competencies can provide candidates without hindrance to reach the objective of 30%.

Focus area 3
Support women in the process of access to governance bodies

This refers to intervening at different levels with short, medium and long term objectives:

In the short term, the establishment of actions targeting women currently in top management positions ready to ensure governance functions:

• Quotas designed to bolster access

• Training and coaching in good governance practices

• Initiation and support to female mutual aid networks

In the medium term, actions geared to women currently occupying middle management positions:

• Training and coaching to develop self esteem

• Measure in favor of equal opportunities in career development and remuneration

- Measures in favor of reconciliation of work and family responsibilities.

In the long term, in-depth endeavors undertaken with young children, high school attendees and students:

- Promotion of educational values and models in favor of gender equality

- Elimination of all types of discrimination in school text books and discourse

Focus area 4
Fighting discriminative societal and cultural representations

It is paramount to integrate the notion of gender equality (red line) in all public policies, whatever their field of implementation to bolster the effectiveness of the measures strictly aiming at increasing the rate of woman participation in governance bodies. The absence of gender discrimination should be a daily part of everyone's life and should become tangible reality.

- In school: revisit the educational contents by elimination of discriminative, sex-related representations, and encourage girls to define their personal ambitions

- In the media: put forward models and ensure the visibility of the principle of parity in politics

- In the political realm: ensure the application of the principle of parity in politics with greater contribution of women in all strategic reflections

- In the economic sphere and within corporate entities: scrupulously enact the laws guaranteeing gender equality and support to the promotion of women.

Focus area 5
Placing the policy of promotion of women's access to governance bodies over time

This means establishing a strategy focusing on the implementation of an array of actions and measures and subsequently providing monitoring to assess the developments so as to redefine on a periodic basis a relevant policy.

➡ Work on a series of follow-up and assessment indicators based on available data.

➡ Set up a monitoring system to periodically assess the impact of each action undertaken and adjust the action plans accordingly.

➡ Communicate on the developments the situation.

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