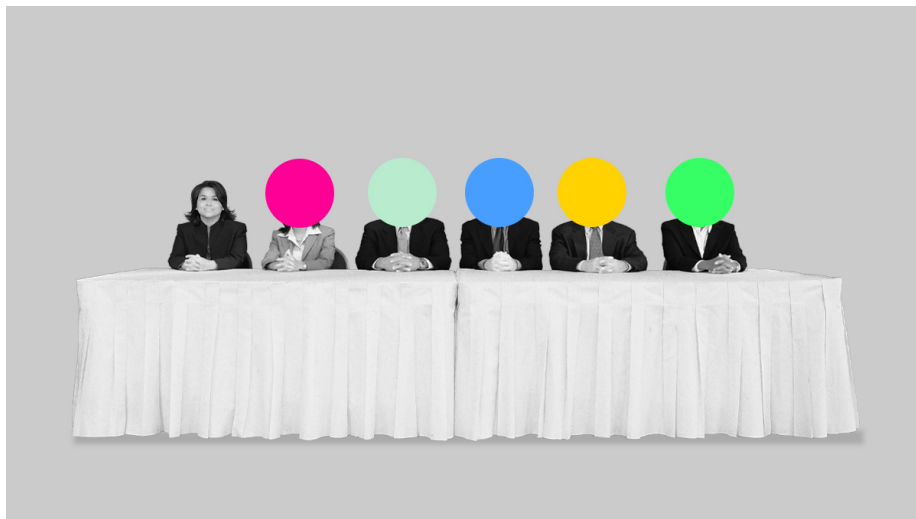


**Gender**

# **Research: How Women Improve Decision-Making on Boards**

by Margarethe Wiersema and Marie Louise Mors

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HBR Staff/Stewart Cohen/Getty Images

**Summary.** This article reports on a study of women and men directors at more than 200 publicly traded companies on the major stock exchanges in the U.S. and Europe. The... [more](#)

In November 2022, the European Union passed a regulation requiring that firms of EU member states strive towards a new goal: that women constitute 40% of non-executive directors on the boards of publicly traded firms by 2026. The EU's objectives in passing the regulation were "to ensure that gender balance in corporate boards of large listed EU companies is established across the EU and appointments to board positions are transparent and that candidates to board positions are assessed objectively based on their individual merits, irrespective of gender."

But will having women on the board make a material difference to how boards actually work? While it is commonly believed that having women on the board will improve board effectiveness, we lack insight on what actually happens in the boardroom, given the difficulties involved in examining it. The confidential nature of board meetings and directors' reluctance to convey what transpires in the boardroom means that we fail to fully understand whether and how the presence of women influences board dynamics and firm outcomes.

In an attempt to fill that empirical gap, we conducted in-depth interviews with women and men directors who have collectively served as directors with more than 200 publicly traded companies on the major stock exchanges in the U.S. and Europe. We used semi-structured interviews with open ended questions to allow our interviewees to relay their own narratives and to shed light on boardroom behavior and discussions when women are board members. The results of our study provide key insights on how the presence of women influences boards, some of which are surprising.

First, it turns out that women directors come to board meetings well-prepared and concerned with accountability. As one woman director noted, “women are the worker bees — the ones that are super-prepared and ready to do the work.” A male director echoed that thought: “[women are more] attuned directors — those that are prepared and more knowledgeable.” The result is that women come into board meetings armed with questions that shape decisions.

Second, women behave in ways that do not comply with traditional norms. Boards have often been described as exclusive clubs where it’s considered bad form to “rock the boat.” We find that women directors are not shy about acknowledging when they don’t know something, are more willing to ask in-depth questions, and seek to get things on the table. As another participant noted, “women are not afraid to ask and show that there are some things they don’t know.” Another, who has served on more than 20 boards in the UK, U.S., and Germany, told us “I have never sat on a board where a woman says nothing. Whereas I have sat on boards where men say nothing.”

Women on boards improve the quality of discussions in other ways. As one director commented, “the executives...now have to be prepared to be more engaged” in board meetings. In addition, their presence de-politicizes the dialogue. As a woman director commented, “It is a different atmosphere once there are women in the room...The men become less competitive, and the women create a more open atmosphere. This makes room for discussion of topics that might not otherwise be discussed.” She was not alone in believing this. Another interviewee commented, “chairmen have told me that they feel that risk has been reduced

when they make a decision because it has been considered more carefully, whereas in the past when it was all men, they just look[ed] at the finances.”

Bottom line, the presence of women seems to diminish the problem of “pluralistic ignorance” — when individuals in a group underestimate the extent to which others may share their concerns. Although male directors may want more information on issues confronting the board, it is the women who are prepared to admit when they don’t have the information that they need to understand those issues. Through their presence, women enable boardroom discussions that are more nuanced and deeper. And while the qualitative nature of our study does not allow us to measure effects on performance, our findings suggest that the presence of women may indeed improve corporate governance and leads to better decision-making.

Our study also challenges prevailing general assumptions about women in business. The fact that women serving on boards are willing to ask in-depth questions and engage with the issues reflects both autonomy and rationality, attributes stereotypically not attributed to women in the workplace. Similarly, while theories of group behavior predict that women directors would seek to belong to the elite club of the board, and thus not stand out or deviate from board norms, our findings show that women directors appear to be less worried about how they are perceived and less likely to adhere to board norms. Instead, they want the board to make the best possible decisions, period.

# MW

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# MM

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