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Female Managers’ Perception regarding Female Participation in Corporate Boardroom: Evidence from An Emerging Country

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ABSTRACT

This paper explores Qatari female manager’s perceptions regarding female representation in the governance or board structure. Based on survey of 130 Qatari female managers working in different sectors, the paper revealed that female participation in board structure is perceived positively by Qatari women managers. They viewed that women participation in governance structure can increase board effectiveness and corporate governance. Qatari managers also assumed that women board representation can play positive role on the status of women at work place, however, in this case Qatari policy makers can give attention to the development of women leadership in management and at corporate board level. Furthermore, our results clearly indicate that the lack of women participation in corporate governance is a barrier to women’s advancement in Qatar. The study results provides some sorts of motivations for change in composition of board membership and corporate governance in Qatar and calls for reform the Qatari law in the priority basis.

INTRODUCTION

The study examines Qatari women’s perception regarding women participation in corporate governance. Board of directors are the main forces in governing organisations. Forbes and Milliken (1999) study revealed that the influence of board composition on firm performance is not clear. Many researchers provide evidence in favor of having women on boards arguing that such participation indeed improve governance through adding new skills, abilities and which ultimately translated into improve performance (Burke, 1993, 1994; Campbell and Miguez-Vera, 2008). Some researchers however have not found any relationship between women participation and firm’s overall performance and value (Sharder et al. 1997; Stanwick (1998).

The State of Qatar plays a main role in supporting women to attain their rights and improve their status and role in the society by providing equal opportunities in gaining education, quality training and development at work (http://www.mofa.gov.qa). For example, Qatar's constitution guarantees women equal rights. Article 35 stipulates that “There shall be no discrimination on account of sex, origin, language or religion”. The current H.H. the Emir apparently plays a major role in supporting women to attain their rights and improve their status and role in the Qatari society. In this case, an unique environment has been that encourages Qatari women to meet their social obligations and participate in public life and work place. Since 1999 Qatari women have been enjoyed voting right, and holding government positions. Despite such equal opportunities and right given to women virtually no company in Qatar put women in the board of directors. We therefore seek Qatari manager’s perception regarding the participation of women in corporate board structure.

IMPORTANCE OF THE STUDY

Gender issues have been taken seriously in Qatar and women development has been included among the State’s developmental priorities. For example, 2009 just the banking and insurance sector, Qatari women account for 38 per cent of all workers. In year 1998, Qatari women first formed Ladies Investment Company. In November 2000, the Businesswomen Forum was set up with the approval of Qatar Chamber of Commerce and Industry.

The social and legal environment is quite supports for the women participation in the corporate board level in Qatar. However, the real scenario is quite low and/or non-existent may be Qatar’s inclination of Islamic religion where women supreme leadership is some extent restricted. We therefore, focus on Qatar based on its Islamic religious orientation and at same time women engagement in business sector. We seek Qatari manager’s view in women participation in corporate board structure.

LITERATURE REVIEW

There have been many studies in this area. Empirical studies on the effect of women participation in board members on financial performance of companies produced mixed results (Al-shammari and Al- Saidi, 2014; Terjesen, et al, 2009; Adams, and Ferreira, 2009; Campbell and Miguez-Vera, 2008; Ayuso and Argandona, 2007). The study of Al-shammari and Al- Saidi, 2014 examines the link between Kuwait women serving as board directors and firms’ performance in
Kuwait. The study concludes that the presence of Kuwaiti women is not an effective mechanism for improving of firm performance.

Campbell and Minguez-Vera (2008) focused on monitoring role of directors and found that women participation in board improved financial performance of companies through improving monitoring and controlling mechanisms. Later on, Adams and Ferreira (2009) suggest that women directors are more motivated to monitoring system and have higher rate of attendance record compare to male directors. This positively affects firm’s outcomes. Fracceur et al., (2008), examined whether and how women participation increases firm’s value by using Fama and French model (1993). They suggest that although women participation in the board does not make significant differences in firm’s value, in terms of increasing abnormal returns, it does contribute on generating enough value to maintain normal stock-market return. By this, they concluded that some countries can raise women development safely. Jamali et al., (2007) study focused on women managers participation in boardroom in Lebanon. Their findings suggest that women participation in boardroom is very low in Lebanon. They termed the representation as “glass ceiling type impediments” (Ryan and Haslam, 2007). They concluded that inclusion of women in board can increase the status of women at work. They also suggest that government involvement is necessary to create further opportunity for women in management and in governance structure.

With similar vein, Carter et al. (2003) and others find a positive relationship between the women participation and firm’s performance in terms of return on asset and investment (Carter et. al. 2003; Adams and Ferreira, 2003; Erhardt et al., 2003). Carter et al. (2003) compared purely male dominating board composition with board that at least has two female members. Researchers have also argued that increasing participation of women in boardroom improves the organizational cultures (Billimoria, 1995; Fernandez, 1993 and Morrison, 1992). Others have suggested that women directorship help corporations achieving competitive advantage by contributing in product diversity (Fernandez, 1993 and Morrison, 1992). Not only in financial performance, researchers suggest that women participation in board can also increase social performance of a company. For example, Coffey and Wang (1998) with others concluded that proportion of women director in board structure is positively related to corporate philanthropy (see also, Webb, 2004; Williams, 2003).

Sharder et al. (1997), however found a negative relationship between the presence of women in directorship and firm’s financial performance such as return on investment, return on asset. Another study by Zahra and Stanwick (1998) supports Sharder et al.’s finding. They suggest that the presence of women and minorities in the board member have virtually no effect on firm’s financial performance. Similarly, Rose (2007) also reports no relationship.

Another stream of corporate governance research found percentage of women directors in corporate board is indeed very minimal. Heidrick and Struggles (2007) found that 39 percent of European firms had no women on their boards. In Australia, Ross-Smith and Bridge (2008) concluded that there is no formal requirement for considering board diversity in terms of gender in both public and private companies. Catalyst, a non-profit research organization, surveyed women participation in Fortune 500 companies in year 2008. The survey found only a marginal increase. For example, women participation had only increased by 2.7 percent from year 2007 to year 2008. (Catalyst, 2008).

Despite corporate governance researches focus in west, very few has been done in women’s participation in board members in Middle-East countries. It can be argued that women’s participation in top management like directorship is some extent influenced by socio-political and cultural beliefs towards women leadership (Terjesen et al., 2009). For example, Norway has legislation to incorporate female directors on board (Hoel, 2008). Former Soviet block countries have the highest women participation in board (Terjesen et al. 2008). Based on 43 countries data set, Terjesen and Singh (2008) concluded that women participation in board will be more where women engagement in senior management position, Qatar is an exception. Qatar is influenced by Islamic culture and advocates women development through providing opportunities for women leadership. Despite Qatari women found in very different managerial position, no Qatari women represents corporate board member. This study so examines Qatari women managers’ perception on their inclusion in board membership.

### RESEARCH DESIGN/METHODOLOGY

#### Sample

In year 2010, a survey was conducted with women managers working in companies enlisted in Doha Securities Markets (DSM). Finally, 130 women managers who worked at middle level and top-level positions were chosen for this study. Managers were personally identified after consulting with their Human Resources division and their company website. The managers were then conducted personally by the researchers and also through the HR executives of the company in which they work. This was to assure them that their Human Resource executives were informed about their participation. Questionnaire was administered during the months of March-May 2010. The questionnaire has been sent to the women by regular mail and requested them to fill the questionnaire and send back with
enclosed enveloped. A follow up has been maintained and sometimes, a face to face approach has been done in order to collect the questionnaire. Therefore, under this process, we received 70 percent questionnaire in full complete and 30 percent was incomplete or unable to use for the study.

Women who participated in this study were spread over different age groups, educational levels, and management positions (Table-1). According to Table-1, the majority of the sample, fall under middle-aged group, occupied middle level management positions, and hold bachelor's degree. Table-1 also showed that 96.92 per cent of sample had ten or more years of work experience. Overall, the rich demographic data indicated that women managers in Qatar represents quality human resources that has potentials in the development of Qatar economy.

**Questionnaire Design and Measure:**

A Questionnaire (English and Arabic version) has been designed in the line with objectives of the study. It has two sections. The first section deals with respondents' demographic information; the second section includes questions ('Yes' or 'No') relating to corporate governance in order to understand women's perspectives on the responsibility & practices of board of directors, diversity at the board level, and the reasons behind the low representation of women at the board level. In order to test the significance of the result, we have done a one-way chi-square test (Table-1). A Fisher exact test was also done when frequencies in the cells were relatively smaller. The results were found significant with a 95 percent confidence interval. We then performed a cross tabulation of frequencies to analyze responses by level of management.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency (N=130)</th>
<th>Percentage (%)</th>
<th>Top management (%)</th>
<th>Middle management (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-29</td>
<td>38</td>
<td>29.23</td>
<td>12.50</td>
<td>45.61</td>
</tr>
<tr>
<td>30-39</td>
<td>50</td>
<td>38.46</td>
<td>43.75</td>
<td>43.86</td>
</tr>
<tr>
<td>40-49</td>
<td>32</td>
<td>24.61</td>
<td>37.50</td>
<td>8.77</td>
</tr>
<tr>
<td>50+</td>
<td>10</td>
<td>7.70</td>
<td>6.25</td>
<td>1.86</td>
</tr>
<tr>
<td>Education Level</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Masters/PhD</td>
<td>3</td>
<td>2.30</td>
<td>12.50</td>
<td>1.74</td>
</tr>
<tr>
<td>Bachelor</td>
<td>103</td>
<td>79.23</td>
<td>68.75</td>
<td>52.64</td>
</tr>
<tr>
<td>High school</td>
<td>24</td>
<td>18.47</td>
<td>18.75</td>
<td>45.61</td>
</tr>
<tr>
<td>Level of management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top level</td>
<td>16</td>
<td>22.31</td>
<td>12.50</td>
<td></td>
</tr>
<tr>
<td>Middle level</td>
<td>114</td>
<td>87.69</td>
<td>38.00</td>
<td></td>
</tr>
<tr>
<td>Tenure:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 10 years</td>
<td>4</td>
<td>3.08</td>
<td>12.50</td>
<td>1.75</td>
</tr>
<tr>
<td>More than ten years</td>
<td>126</td>
<td>96.92</td>
<td>38.00</td>
<td>97.37</td>
</tr>
<tr>
<td>Total year of work experience:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 10</td>
<td>4</td>
<td>3.08</td>
<td>12.50</td>
<td></td>
</tr>
<tr>
<td>10-20</td>
<td>65</td>
<td>50.00</td>
<td>43.75</td>
<td>49.13</td>
</tr>
<tr>
<td>20-30</td>
<td>50</td>
<td>38.46</td>
<td>25.00</td>
<td>41.23</td>
</tr>
<tr>
<td>30+</td>
<td>11</td>
<td>8.46</td>
<td>18.75</td>
<td>7.89</td>
</tr>
</tbody>
</table>

**FINDING AND ANALYSIS**

The findings from the questionnaire survey are discussed within the following categories:

**Women Participation in Board and Improvement in Board Performance**

In order to understand the perceptions of women managers in terms of board performance of their companies, we have developed three questions as suggested by Jamali et al., 2007. This has illustrated in Table 2. The study reveals that 79.40 percent of the women managers consider current board processes as “predominantly rubber-stamp to management”. On the other hand, significant majority (87.40 percent) opinions that board diversity gives in better performance. Moreover, 51.25 percent of the women considered their contributions to the board positively. The typical statement cited in the survey by a woman manager is as follows: “many of us (women) already managing our organisation, making decision and we are already doing fine, so why not we would contribute in the board of directors” (Manager 121). This is in line with the study results done previously. For example, Singh et al. (2008) on his study concluded that women directors are more inclined to get the work done compare to male directors who may behave more politically. Examining the board room culture of engineering and high technology based organisation he suggested that inclusion of women directors in board room tempered the whole environment in a positive way. They also suggest that female directors for their natural instinct pick-up on more detail on a particular issue that male counterpart can miss. There is also moderating
effect in male director’s behaviour in terms of using language at female director’s presence. Overall, we can infer that the inclusion of women in board directorship would contribute in corporate governance culture which is the key to corporation’s success.

<table>
<thead>
<tr>
<th>Survey questions</th>
<th>Yes (%)</th>
<th>No (%)</th>
<th>significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you agree that board diversity in terms of including women gives more creativity to board processes and decision-making?</td>
<td>87.40</td>
<td>1.30</td>
<td>P&lt;0.0001</td>
</tr>
<tr>
<td>How do you evaluate the board decision-making process? (Yes= rubber-stamp to management and No= independent of management)</td>
<td>79.40</td>
<td>21.60</td>
<td>P&lt;0.0001</td>
</tr>
<tr>
<td>If you were a board member, would you perceive women’s contributions positively and why?</td>
<td>51.25</td>
<td>49.75</td>
<td>P&lt;0.574</td>
</tr>
</tbody>
</table>

Women as Board Member Candidates and Recognition of Responsibility to Wider Stakeholder Groups.

Table 3 and Table 4 provide evidence that Qatari managers perceive women as good as male counterpart in terms of candidature for the board members and their contribution towards recognising wider stakeholder.

Fourty-five per cent of Qatari women managers perceive their professional experience, qualification and expertise are sufficient enough for being included in boardroom (Table-3). They described their expertise in especially in the areas of financial accounting, management or human resources. Most importantly, they opine that their inclusion in boardroom would contribute in improving the board-process and decision making and thus would potentially benefit the company they work for. (Table 3). Moreover, Qatari women respondents also believe that a greater participation of women on boards would help better target/meet a wider array of customers’ and investors’ needs.

The large majority of the sample (80.75%) in our study perceives board members responsibility as to serve and promote the interests of a wide array of stakeholders including investors, customers, employees and creditors. They also suggest that women director would be more sensible to the interests of a wider circle of stakeholders, compared to their male counterpart which is consistent with other research findings (Webb, 2004; Williams, 2003). Webb (2004) observes that socially responsible firms have more women directors on the board. Williams (2003) observed that firms having more women directorship are inclined more to philanthropy activities.

<table>
<thead>
<tr>
<th>Survey questions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members have the legal responsibility to service and protect?</td>
<td>7.70</td>
</tr>
<tr>
<td>The management and the CEO?</td>
<td>11.54</td>
</tr>
<tr>
<td>All stakeholders</td>
<td>80.76</td>
</tr>
</tbody>
</table>

Women on Boards Helps Advancing Women Development in Qatari in Line with Government Policy.

Table 5 summarizes Qatari women manager’s perceptions regarding the role of women on boards towards increasing organisation’s performance.

As illustrated in Table 5, 65 percent of the respondents considered that the absence of women from board rooms is a barrier to Qatar government’s policy of women’s advancement. Majority of managers (69 percent) also see the barrier in term of having no women representation in the board. There is a strong opinion that the women director on boards would bring women’s issues to the agenda (Table-5). A significant percentage (73 percent) of manager firmly suggested that they have the commitment to promote women issues further if they have been included in the board. Overall, women managers in our sample believed that their representation on boards can reflect positively on
the advancement of women in the workplace and thus can contribute in overall performance. In this regard, no significant differences in opinion were found between the responses between middle level and top level management. It seemed that women managers overall assumed their responsibility to leveling the playing field for women at work once they had been included in the boardroom.

<table>
<thead>
<tr>
<th>Survey questions</th>
<th>Yes (%)</th>
<th>No (%)</th>
<th>significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you consider that the absence of women from board rooms constitutes a byer to organisation's advancement?</td>
<td>65.38</td>
<td>34.61</td>
<td>P&lt;0.0001</td>
</tr>
<tr>
<td>If you are a board member, do you consider bringing women's issues to the boardroom's agenda as the responsibility of the women on boards?</td>
<td>69.23</td>
<td>30.76</td>
<td>P&lt;0.0002</td>
</tr>
<tr>
<td>Do you think that women on boards are committed to bringing women's issues to the attention of the board?</td>
<td>73.07</td>
<td>26.93</td>
<td>P&lt;0.001</td>
</tr>
</tbody>
</table>

This is in line with current research findings. Various authors have advocated that there is a positive link between the representation of women on corporate boards and the overall status of women in their organisations (Al-shammari and Al-Saidi, 2014; Burke, 1993, 1994; Mattis, 1993). The Qatari female perceptions echoed on the survey argued in favour of inclusion women managers in board room which potentially will increase the board performance and firm’s overall performance. They see women in the board as modest force for change in the boardroom culture and their inclusion is necessary especially for raising and addressing women issues at work.

CONCLUSION

It has been evident from the study that Qatari women are concerned and believe that women can contribute a significant effort to the board if they are included in the corporate board which is an essential agenda to be implemented by Qatari government. Current literatures also support this assumption. HH the Emir and his heir apparent plays a major role in supporting women to attain their rights and improve their status and role in the work place and in Qatari society. Her Highness has given prominence to the role of Qatari women and created an environment that encourages them to meet their social obligations and participate in public life. This is high time for Qatar government to think further policy changes through which corporations will be encouraged to welcome Qatari women managers in corporate board.

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