

Research Article

DIVERSITY AND CORPORATE GOVERNANCE : CONTRIBUTION TO THE QUESTION OF THE REPRESENTATIVENESS OF WOMEN IN GOVERNANCE BODIES AND ITS CHALLENGES

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ABSTRACT

This reflection on the determinants and challenges of gender diversity in the composition of corporate governance bodies aims to contribute to the debate on the feminization dimension, putting into perspective the ongoing discussions on the economic challenges of gender diversity. In light of current and older theoretical reflections on the role and composition of the administration in the value creation process, this article addresses the dimensions relating to the contribution of skills, the organizational learning process and the capacity for creation. The results obtained on the basis of documentary research show that the feminization of governance bodies in Côte d'Ivoire is responsible for economic and managerial issues. They emphasize that feminization brings distinctive skills to the administration, then contributes advantageously to the good governance of the country, bringing competitive advantages, and that the financial market must encourage the integration of women in businesses.

Keywords: Corporate governance, Board of directors, Women's representation, Governance body, Issues, Diversity.

INTRODUCTION

The issue of gender equality and the empowerment of women is at the heart of the priorities of the United Nations Sustainable Development Goals and the concerns of the African Union through the 2030 and 2063 agendas. Also, achieving inclusiveness in the development process cannot be achieved without taking into account gender and particularly the issues of women's representation in corporate governance bodies. In Côte d'Ivoire, changes in both the legal and institutional framework (Law No. 98-750 of December 23, 1998 relating to rural land (amended by Law No. 2004-412 of August 14, 2004) allowing access to and control of land for all Ivorians without restriction of gender. Law No. 2019-870 of October 14, 2019 promoting the representation of women in elected assemblies; and Decree No. 2019-592 of July 3, 2019 on the creation, organization and operation of the National Observatory for Equity and Gender) contribute to laying the foundations for the contribution of female skills, the organizational learning process and creative capacity.

We may therefore ask ourselves what are the managerial challenges and their economic and financial implications of women's representation in companies, in light of the ethical and moral considerations linked to the demands of building a more modern and equitable society without any form of discrimination ?

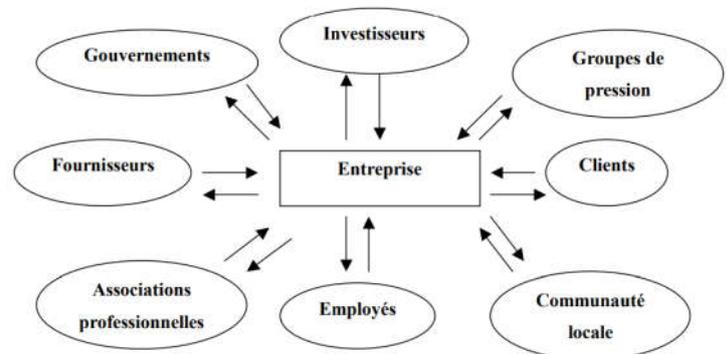
This research explores the economic and financial challenges of women's participation in business. We study the factors that integrate women into companies and analyze the expected benefits of their participation in terms of economic and financial performance and good governance. We examine the contributions of specific skills likely to inject new dynamics into the practice of corporate governance, with repercussions on short- and long-term performance.

Stakeholder Theory at the Heart of Responsible Governance

Based on a literature review based on existing empirical research on the integration of women in business, this study demonstrates the induced effects of integrating women into governance on organizational effectiveness.

The analysis was conducted based on stakeholder theory. According to S. Mercier (1999), stakeholders consist of "all the agents for whom the development and health of the company are important issues." Stakeholder theory aims to study the nature of the relationships that connect the organization with its various components (Damak-Ayadi 2003, 5). It also stipulates that the nature of the stakeholders, their value, and their relative impact on the company's decisions are factors that influence the firm's value (Frooman, 1999).

Figure 1: The Components of Stakeholders in Business



Source: MERCIER S., 2001, p. 4

According to Charreaux (2000), stakeholders will only truly contribute to the value process if they "achieve residual creditor status, allowing them to share the rent with shareholders and become, in a less narrow definition than that of traditional legal ownership, owners." This requires an extension of decision-making rights and the

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distribution of value created to all stakeholders at the nexus of the contract in order to encourage them to increase their contribution to the company's success. Therefore, women, who are key stakeholders in the life of any enterprising organization, cannot be marginalized. From this perspective, the aim was to analyze the consideration of women in organizational management, and particularly the challenges of their representation in decision-making bodies regarding organizational governance.

Responsible governance based on gender diversity

Corporate governance is defined as "the set of organizational mechanisms designed to delineate powers and influence decisions, particularly those related to financing and investment, by managers. In other words, those that govern their conduct and define their discretionary scope" (Charreaux and Desbrières, 1997). It follows that governance systems are primarily organized around mechanisms and principles of control and incentives whose goal is to ensure a balance of power within the company in order to maximize value. The scope of corporate governance covers issues related to the distribution of power and its effects on value creation, encompassing all the relationships maintained by the company's various stakeholders. Diversity is therefore one of the essential factors of responsible governance. For Singh and Point "Diversity statements are important because of their role in the social construction of diversity, through their discourses helping to shape how differences are to be considered, valued and managed in companies and the business world" (TOE, 2012, P.12).

The issue of diversity envisages the conception of cognitive differences relating to the perception of individuals that can affect the efficiency of the group regarding creativity, innovation and the quality of decisions (Westphal and Milton, 2000). On the one hand, it can therefore be understood in terms of demographic attributes, or visible diversity, such as gender, age, ethnic origin and cognitive or non-visible diversity, in terms of professional experience, knowledge and perception (Wiersema and Bantel, 1992). On the other hand, gender diversity can be a source of performance by contributing to broadening one's perspectives on complex strategic issues (McInerney-Lacombe *et al.*, 2008). Thus, for the International Organization of Employers (2023), "Equality between men and women in the workplace is understood as equal treatment and access of female and male employees to opportunities, such as participation in economic and commercial life and decision-making."

Professional equality, for its part, presupposes the availability of a pool of qualified candidates. If we also accept that knowledge of the company's sector is a basis for recruiting directors, it is reasonable to think that the availability of candidates is associated with the demographic composition of employees in the sector and the emergence of women in positions of responsibility within this sector. Moreover, given their rarity (Farrell and Hersch, 2005), women have considerable room for maneuver in their sectoral choices. In this regard, it is not impossible that they favor certain sectors to the detriment of others.

In line with the logic of better representation of all of the company's stakeholders in decision-making bodies, with a view to better taking into account their aspirations, we also expect a differentiated representation of women according to the orientation of production. Also, companies whose production is directly intended for final consumption, target more women (Brammer *et al.*, 2007). The female population represents more than half of the population and has a significant influence on household consumption decisions. According to a study by Crush (2004), women are directly involved in 85% of

purchases in the USA. According to the McKinsey report (2007), in Europe, they influence more than 70% of household purchases, although they only represent 51% of the population. Proximity to households and women can influence their presence in company decision-making bodies. Subsequently, it would be wrong to minimize the importance of the issue of gender diversity in corporate governance. The potential economic and financial stakes of this gender diversity are today a source of questioning and make the representativeness of women a subject of study.

FACTORS FOR THE INTEGRATION OF WOMEN INTO CORPORATE GOVERNANCE BODIES

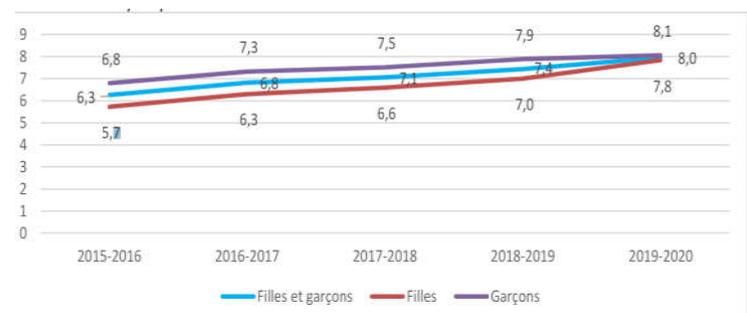
a. Education

Education is a basic indicator of an individual's skills and knowledge (Hambrick and Mason, 1984). It constitutes an essential source of intellectual capital formation (Grimm and Smith, 1991). The level of education is generally seen as a reflection of a man's capital potential, representing the investments made to acquire specialization or expertise in a given field (Judge Hilman *et al.*, 2002). The level of education and the reputation of the training institution are essential elements in determining the level of compensation, promotion, and responsibility within companies (Judge *et al.*, 1995). It therefore denotes the degree of knowledge and expertise. Having a school or student level, for example, proclaims the acquisition of the basics, but the more one advances in diploma, the more one reinforces credibility and the degree of expertise. Some researchers consider that the level of education has positive impacts on the cognitive bases of individuals (Rajagopalan, 2003; Simsek *et al.*, 2005) and on the performance of a group.

In Côte d'Ivoire, with the aim of ensuring equity and equal opportunity in the republican school system and achieving universal education in accordance with the recommendations of the MDGs, Law No. 2015-635 of September 17, 2015, amending Law No. 95-639 of September 7, 1995, on Education, was adopted. This law establishes compulsory education for all children of both sexes aged 6 to 16 and enshrines the inclusive nature of education. It requires the provision of care for all children, including those with special needs, namely children with disabilities of any nature or severity.

In accordance with SDG ¹Target 4.1, between 2015 and 2020, there was a reduction in the enrollment gap between boys and girls in terms of the number of years of schooling.

Chart 1: Number of years of schooling between 2015 and 2019



Source : INS, 2022

¹By 2030, ensure that all girls and boys complete free, quality primary and secondary education on an equal footing, providing them with learning outcomes.

In principle, the traditional process for accessing senior corporate management positions (the target population for boards of directors) is the promotion mechanism. But while men benefit greatly from this mechanism, it appears to benefit women less.

The traditional director recruitment process appears to be an obstacle for women who wish to access corporate boards of directors. For women, their level of education then becomes one of the key mechanisms for reaching senior corporate levels (Hilman *et al.*, 2002). Through their level of education, women are able to escape the preconceptions and stereotypes that limit their normal advancement, as their level of education publicly displays their abilities and expertise (Kanter, 1989).

The status-characteristics approach can be used to understand the effect of education on the presence of women on boards of directors. The approach consists of explaining how status differences between interacting actors determine the emergence and structure of power and prestige in work groups (Simpson and Walker, 2002). This theoretical approach assumes that the standards² for assessing the abilities and skills required of people from minorities are always higher than those usually used for assessing mainstream groups.

b. Skills Construction

Building skills means developing human capital. According to the OECD (2021), human capital is "the set of knowledge, qualifications, skills, and individual characteristics that facilitate the creation of personal, social, and economic well-being." It involves developing the knowledge, know-how, and soft skills necessary for the integration and development of an individual's capabilities in a given field of activity. Given that the labor market is constantly changing, it is clear that building skills cannot be static. It is therefore up to organizations to put in place mechanisms and instruments to adapt the skills of their employees.

Côte d'Ivoire, with a view to providing the labor market with the skills necessary for its economic development, established the Vocational Training Development Fund (FDFP) in 1991 as part of the Human Resources Development Program (PVRH). The FDFP's missions relate to the financing, monitoring, and evaluation of training plans and projects. As such, in conjunction with a network of approved private providers, it drives and implements the continuing vocational training and apprenticeship policy in Côte d'Ivoire. The FDFP has two essential levers for ensuring continuing training for the benefit of approved companies and ensuring training in technical training centers. These are the Apprenticeship Tax (TAP) (0.4% of the payroll) and the Additional Tax for Continuing Professional Training (TFPC) (1.2% of the payroll). These two taxes are employer contributions. How do these instruments contribute to the development of women's skills?

Generally, competence is understood "as levels of performance deemed necessary to conclude that a person is competent or corresponds to types of behavior sought in relation to morality" (Foschi, 2000:22). The problem of the underrepresentation of women in company management bodies is very often attributed to a difficult match between qualification and function (Marshall, 2000). Côte d'Ivoire is not immune to this trend. Indeed, in 2021, the percentage of women in apprenticeships at the Vocational Training level is estimated at 41.69% of the workforce in Côte d'Ivoire. Over the same period, women represent 24.63% of learners in retraining (Ministry of

Women, Family and Children - Directorate of Planning, Studies and Documentation, 2022, 23).

Furthermore, in order to build and promote female skills, the initiative of establishing a compendium of female skills in Côte d'Ivoire should be highlighted. This instrument aims to: (i) strengthen the visibility, participation and leadership of women in the management of public and private affairs; (ii) provide useful information to the President of the Republic for recruitment, appointment or representation; (iii) identify sectors where women are underrepresented in order to encourage corrective measures to be taken in the direction of equity and social justice; (iv) promote networking among women.

Studies show that progress has been made in improving the representation of women in the upper echelons of corporate management. Overall, in Côte d'Ivoire, progress has been observed in terms of women's leadership and empowerment in business, culminating in the creation of the National Chamber of Women Business Leaders of Côte d'Ivoire on December 13, 2018. Indeed, according to government sources, between 2018 and 2023, the proportion of women-owned businesses increased by 25%, with more than 20% of formal businesses and more than a third of SMEs being run by women (Official Government Portal, 2022).

How can greater representation of women in the upper echelons of corporate management contribute to improving corporate governance?

c. Role and Place of Women in Corporate Decision-Making Bodies

"Whenever women reach positions of responsibility, in business, in the civil service, or in politics, analyses are better developed, more openly, decisions are made with greater awareness, they are better explained, better accepted, their implementation becomes easier, conflicts subside, and balance is restored," asserts His Excellency Alassane Ouattara³. But increasing their numbers in companies is one thing; allowing them to truly express their skills and talents is another. It therefore remains to be seen whether women in business make a real contribution and hold real responsibilities, or whether they are only in these bodies in a symbolic capacity for reasons of legitimacy (Graig and Philpot, 2007).

Consequently, in the current context, where legal constraints on equality between men and women are increasingly stringent, we are led to ask ourselves whether companies are actually able to derive competitive advantages from improving the position of women or whether they are recruited simply to enhance their image or to comply with legal or political constraints. The enormous imbalance between the very high proportion of companies with women on their boards and the low proportion of seats they occupy leads some authors, notably Burgess and Tharenou (2002), to conclude that their appointment is more about symbolism and morale than merit and the search for performance. The fear in this case is that they will be marginalized on boards and be unproductive, as they do not contribute effectively to the decision-making process. According to the results of the FP Analytics study, in collaboration with the Foundation for a Tobacco-Free World (companies with more women in management positions are 47% more profitable than those with the lowest percentage (FP Analytics, 2018, p.2). In addition, the same study found that in 2013 and 2018, companies with more gender-

³ HE Alassane OUATTARA has been the President of the Republic of Côte d'Ivoire since May 2011.

²Standards are norms defining the requirements for attributes..." (Foschi, 2000: 22)

diverse boards were 60% more likely to reduce their energy consumption than those whose composition was not as diverse (FP Analytics, 2018, p.1).

One way to answer this question is to analyze their presence on specialized committees. While it is true that the increasing attention paid to women in recent years is solely a response to a concern for improving the image and reputation of companies, it is unlikely that they are appointed to the most powerful and influential corporate governance committees (Kesner, 1988; Bilimoria and Piderit, 1994; Graig and Philpot 2007). Most board decisions are, in fact, first debated and matured within committees before being submitted to a vote by the board of directors. Almost all of the board's work is therefore based on the work of these committees. This is why committees increasingly represent an additional guarantee of good corporate governance. Researchers believe that delegating responsibilities to committees makes the board more effective, facilitates its operation and makes the most of the specific skills of directors.

CONCLUSION

This study, which focuses on diversity and corporate governance, contributes to the issue of women's representation in governance bodies and its challenges. It aims to contribute to the discussion on the feminization of governance bodies, enriching the state of knowledge and research on the need for gender diversity in senior corporate management bodies.

Numerous studies have been put forward to promote better representation of women in business, and empirical studies with controversial conclusions have been conducted on the subject. Beyond theoretical arguments, gender diversity is now embedded in a restrictive and powerful institutional context for the economic and financial management of companies. Gender diversity is also part of new trends in governance research based on a more complex and comprehensive conception of the role within companies.

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