

Women's Executive Leadership in the Public Corporation:

Long Run, Present Challenges, Future Pathways

Wednesday 18 January 2023

SYNOPSIS / ANALYSIS OF ROUNDTABLE

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Women’s Executive Leadership in Historical and Contemporary Perspective

Scholars of long-run economic development have recently been focusing on “upper-tail human capital” - how the quality and competence of workers in the top few percent of the distribution of the labour force matter more to technological advances than the capabilities of the average worker. Therefore, our focus is on women’s “long run” evolution in leadership.

Scholarly evidence suggests that the contribution of the increased human capital of women to economic growth after 1945 is substantially underestimated. Research suggests that a lot of economic growth is being ‘left on the table’ because of the underrepresentation of women and minorities in key occupations – as much as 25% of US GDP growth between 1960 and 2010 can be explained by the declining barriers to the entry of white women, black men and black women in occupations where they were previously underrepresented.¹ Yet, women remain underrepresented in the upper part of the earnings distribution. “An economy that’s tapping into a limited pool (men) to find its leaders,” Marianne Bertrand notes, “must be operating inside the efficiency frontier.” That’s another way of saying we have a way to go to understand and address the challenge of women’s place in leadership and entrepreneurship.

A recent highly notable contribution from economic and social historians is *Career and Family: Women’s Century-Long Journey toward Equity* (2021), where Claudia Goldin explores why the way those primed for leadership ‘careers’ in business work, in a culture of long hours and dedication to corporate culture, affects gender equality in leadership and couple equity. Essentially society’s lack of value for household stewardship and care of children pushes the time required for care onto couples, where, in order to preserve a standard of living, one partner must sacrifice ‘career’ because the long hours and dedication required in corporate culture will not allow senior executives to have household care responsibilities.

The subject of this roundtable encourages us to ask whether it was ever thus? We want to intersect women’s leadership and the critical role that human capital has on innovation and technological advancement.

This roundtable has been organized to achieve three main objectives:

¹ Bertrand, Marianne. “Coase Lecture – The Glass Ceiling.” *Economica* 85, no. 338 (April 1, 2018): 205–31. doi:10.1111/ecca.12264.

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- 1) **To examine the evolution, development and trajectory of women’s participation in leadership and innovation in the economy with a historical perspective.** To give depth, and fresh dimension to the discussion on women’s executive leadership and entrepreneurship we will analyse and discuss a long-run historical view of women’s economic activity and use this to inform and focus on the contemporary problem. Our emphasis on leadership and entrepreneurs within societies of the past will allow us to focus on a key strategic challenge – the ‘upper tail’ of human capital and the executive suite, informing a bedrock understanding of how everything connects – women, career, family, society, ideas, cultural practices, etc.
- 2) **To create a unique forum for dialogue on this topic** by bringing together historical subject-matter expertise and the contemporary personal, professional and organizational expertise of women leaders and decision-makers in corporate and public policy settings.
- 3) **To create actionable insight for decision-makers** by providing deep, accessible content, bringing together the most informed people, creating a serious forum for dialogue. We will achieve this by linking analysis of the past (pattern recognition) with the experience of leaders and decision-makers in the present (what leaders are concerned about today, what they want to solve for).

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History doesn’t get into the boardroom much. The meeting began with the express hope that the knowledge that historical research can give us can be as helpful to business practice and strategy as any management theory or economic analysis.

The Roundtable began with individual introductions that highlighted diverse professional and personal perspectives that were brought to the proceedings that morning. The remarkable openness of the participants transformed this normally perfunctory beginning into a basis for understanding how corporate practices, social policies and our historical experience interact.

Some in corporate positions discussed how far organisations had come on the issue of representation and pay equity. And yet there have been varying degrees of progress – some things that worked, and others that did not.

Many in that introductory phase of the Roundtable drew back the veil on their own careers and challenges through some frequently male-dominated professions such as engineering and

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technology, and through there through change management and leadership. Some alluded to the balance and competing demands of career and family, as well as the competition or tension between childbearing and career (in terms of age) and childrearing, including childrearing under extraordinary challenges some kids face in the form of neurodiversity and autism. Others related their journeys through institutions and sectors from management consulting to the education sector – the opportunities afforded to them, the challenges besetting them, and the barriers enduring and broken. Many around the table agreed with one participant that there is a periodic reflection on the part of the gathered to measure success, progress, happiness in their capacity as senior leaders, spouses, daughters, mothers and sisters. Other participants pointed to the paradox of work life balance, preferring to use work-life integration and focusing on flexible working – something that would more readily fit potential woman leaders whose lives are multifaceted, in the context of a female-empowered marketplace and workplace, where women’s careers can advance and on terms that work for them. The consensus in this round connected to the importance of understanding the long-run experience as a ‘wonderful duty’ that is informing our future, in order to get it, yes, but in order to accelerate the pace of change also.

Presentations

Presentation One: Prof. Erickson

The first presentation by Prof. Erickson challenged participants by asking; if you don’t know the heritage of women as entrepreneurs, how can you feel like you have the credibility and right to be one now? Erickson has been working on eighteenth-century women-led enterprises for many years. Her presentation highlighted their experiences, their family pedigree, their financing, their training, their involvement in markets, and – surprisingly, their relatively elevated social status in a period where we don’t think of wealthy women working. Marriage seemed to make very little difference to their work lives. They very seldom worked for corporations or larger organizations but formed partnerships with kin and networks. Erickson estimates that 30% or more of major businesses in central London were female led and owned in the mid eighteenth century. Not knowing the experience of women entrepreneurs and innovators 300 years ago has a negative effect on women in business today, making them feel like they are always the outsider, the newcomer, rather than having strong heritage in the boardroom.

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The discussion that ensued focused at various points on: how well women were represented in apprenticeship, which is how young people trained in any business, a kind of MBA of the eighteenth century ; how marriage, often seen as a ‘venture’ in the seventeenth and eighteenth century, was also often a risky one so that many women in these categories married later in life or not at all; household management, and management of children, particularly sending children out of London to the countryside; and, military conflict and its effects on labour markets, how it pulled women in in certain periods and pushed them out in other periods.

Some participants were astonished that they did not know more about the experience of the women Prof. Erickson discussed, and particularly surprised that in spite of this significant representation of women in the workforce and the economy, in our day female entrepreneurs attract 2% of funding or less in FinTech, financial services and technology, where it is more likely to be 1.5%. Therefore, some participants pointed out, the argument that there are simply fewer women entrepreneurs to attract capital – was and is bogus. This realization was a significant moment.

Presentation Two: Dr. Aston

The second half of the Roundtable moved to a question-and-answer session with Dr. Aston, an expert on the finance and strategies of nineteenth century businesswomen. The session continued to question the theme of women’s assumed exclusion from business. It was noted that complementarity, if not equality, characterised gender relations in the seventeenth and eighteenth centuries, and it was only in the Victorian era that ideas around morality, family, home and ‘traditional values’, begin to take root.

Dr. Aston’s specialisation in the experience of the nineteenth-century women emphasised the way that industrialization changed the way we work and the way women and men work in particular. Nevertheless, she was clear that women continued to be agents, protagonists, actors, merchants, very much involved in business.

Before industrialization, the home and place of work were the same to an important extent. This changed over time in the great industrializing cities of Great Britain. Yet, for example, in Manchester, there was a lot of economic equity between men and women because the women were comparatively well paid in the textile factories. Women were working in all trades, acquiring the skills to do so, irrespective of stereotypes of feminine and masculine traits that sometimes

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infuses the literature about this period. Dr. Aston examines the organizational processes in trades – marketing, services, etc. She referred in her remarks to a database of over 30,000 entries of women who traded in a 50-year period – resulting in a statistically based estimate that, again, 30% of businesses were female led. Aston also commented on how the legal framework changed for women, in the married women’s property acts; how cooperation in the family was emphasized, (particularly because that’s where the capital often came from). Aston noted that bank managers (in place only after the 1860s) were much more reluctant to lend to women than men, but that this is the first time she notes direct discrimination. The moral character of the woman applicants was assessed as well as their creditworthiness. From this period women did struggle to move beyond small-scale firms, and access to capital was more restricted.

The 30% figure popped up again as the group noted that 30% of investors in joint stock banks were women, in spite of the inherently riskier nature of the investment!

In the discussion that ensued, the question of bank loans initially topped the agenda – tout court, men were given money straight away, while women were not, and were held to a different standard. This continues today. There was considerable discussion about the evolution of family law in relation to marriage and divorce in the mid-nineteenth century. A man wanting to divorce his wife had to prove adultery. A woman wanting to divorce had to prove adultery plus another offence. Other discussion lines went towards the care of children and the relatively low cost of human labour – so it was affordable even for the middling middle classes to have somebody living in to look after your children and house.

There was also mention of the trend from 1850s to after the Great War, where there was a movement of women into clerical work and the subsequent deskilling of that work. It became seen as a woman’s occupation in order to deal with the challenge of ‘surplus women’, giving middle class unmarried women a path to white collar acceptable jobs.

The discussion then turned to the concept of greedy jobs, popularized by Claudia Goldin in her book *Career and Family* which formed part of the pre-reading for the Roundtable. Some participants drew a link between greedy jobs going hand-in-hand with post-Second World War globalization and the global corporation. We think about globalization as outsourcing and trade, but it’s a kind of macroeconomic system that allows corporations to become much bigger and project onto a global marketplace. The example was given of the drive within that of shareholder value which basically wants to push the cost of labour, and the cost of owning massive assets like real estate off the balance sheet of corporations so that labour can be sweated by paying them

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an efficiency wage. The comparison was made to indentured labour in the seventeenth century, or bondmen, where you sign up for great rewards – but what you get in between is indeterminate. Patriarchal systems don't suddenly spring into being – it is a slow process of institutional evolution.

The balance of the discussion connected explicitly to the contemporary context – past and present. The similarities between past women's work and today's gig economy and fragmenting skill base was discussed, as was the purpose-driven organization. Policies around maternity benefits, paternity benefits, and how you make it easier for people to enter and leave the workforce for life events without losing skills and networks matter. This is becoming especially poignant for senior men – the culture needs to change to accommodate more leave-taking. It was noted by all that men are not the enemy. The role of employers' policies is critical. Still, all acknowledged, there is stubbornness in the challenge of greedy work, corporate policies, performance measures, accommodation, culture and role models, 'default' settings in relationships, and the like.

The Roundtable concluded with an appreciation of the connections made - between the long run insights provided by our historians and our business reality today, and between peers and new colleagues and friends. Alas, the sands in the hourglass slipped through before we could get to the discussion of further connections and solutions, but the Roundtable organizers are planning to hold similar meetings and roundtables that will continue this unusual and meaningful set of ideas and conversations.

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