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# THE ROLE OF WOMEN IN INTERNATIONAL BUSINESS WORLD AND IN THE CZECH REPUBLIC

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## 1. Introduction

Global competition is forcing companies to realize that their success is widely depending on talented people of any nationality, age, race, and gender. In this article I will focus on the role of women in the corporate world, because women represent half of the population and nearly half of the active workforce. Their role in the international business world, however, is still insignificant. Although we can see some improvement over the past 20-30 years, top corporate positions are still dominated by men.

Method: I use an analysis based on secondary research data from both internationally and nationally respected researchers and institutions.

## 2. Women at the Top

The world is becoming more favorable to women in leading positions – both state and corporate ones. “Of the 47 women who have served in their country’s highest political leadership position – as either president or prime minister – more than two-thirds have come into office in just the last decade, and all but seven are the first woman their country has ever selected.” (Adler, 2002)

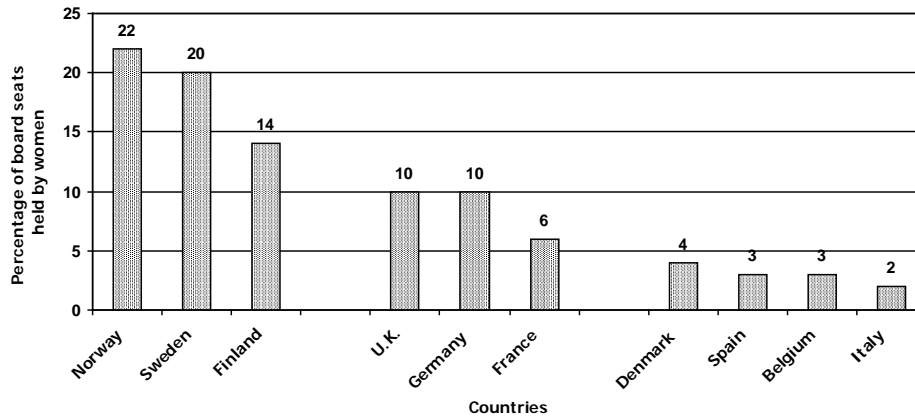
When considering women’s influence on the international business world, we have to look where women are present in strong and influential positions. The role of women is becoming stronger. “Women in the 90’s hold less than 3 per cent of the most senior management positions in major corporations in the US and less than 2 per cent of all senior management positions in Europe.” (Adler, 2002)

Recent research shows that 8% of Board seats on average are held by women across Europe (European Professionals Women’s Network, 2004).

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**Figure 1**  
Average numbers of women on boards in Europe

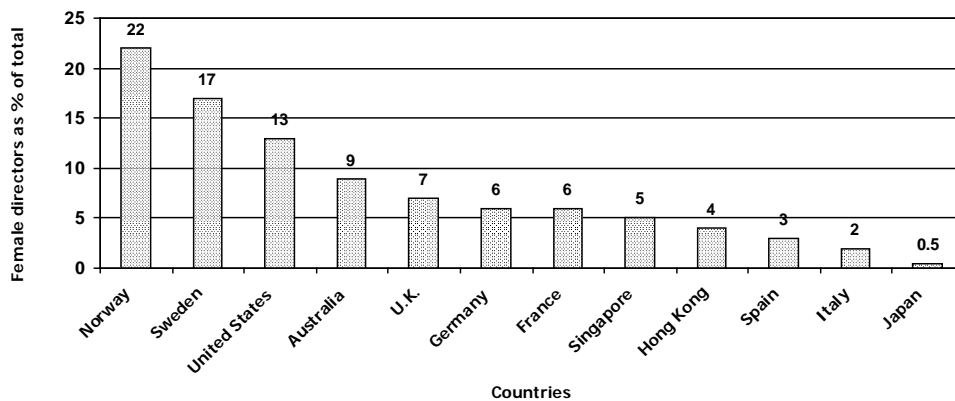


Source: European Professionals Women's Network, "Launch of 1<sup>st</sup> EWPN European Board Women Monitor", 2004.

There are significant differences across countries. The strongest presence of women on Boards is in Scandinavia, with 22% of women on Boards in Norway, 20% in Sweden, and 14% in Finland. The United Kingdom and Germany follow with 10% of women.

Another global survey shows similar results even for Directors' positions. Again Scandinavia leads, with 22% of female Directors in Norway and 17% in Sweden. Anglo-Saxon countries follow closely, with 13% of female Directors in the USA, 9% in Australia and 7% in the UK (Ethical Investment Research Service, 2004).

**Figure 2**  
Female directors in the world



Source: Ethical Investment Research Service, March 2004.

Other research gives similar results. There have been only 8 women CEOs in the Fortune 500 companies, and women hold only 7.9% of positions at the level of executive vice president or higher in the USA in 2002 (Catalyst, 2002).

In 1995, women had 45.7% of America's jobs and more than half of master's degrees being awarded. Yet 95% of senior managers were men, and female managers' earnings were on average a mere 68% of those of their male counterparts. In 2005 women accounted for 46.5% of America's workforce and for less than 8% of its top managers. Female managers' earnings now average 72% of those of their male colleagues (Economist, 2005).

In the UK, the number of female executive directors in the FTSE100 companies rose from 11 in 2000 to 17 in 2004, according to Cranfield, a business school — 17 women against almost 400 men (Economist, 2005).

In Japan until 20-30 years ago, it was generally unacceptable for women to stay in the office after 5pm. One ambitious employee of a foreign multinational dared to hide in the ladies' room until the men had left before returning to her desk to finish her work. There has been some progress since. This year two women have been appointed to head big Japanese companies (Economist, 2005).

When trying to answer the question what causes these huge differences, I focused on an analysis of national cultures and their influences on the numbers of women in powerful corporate positions.

### **3. Culture Definitions**

There are many definitions of culture out of which we can cite the following. Culture is „art, literature, music and other intellectual expressions of a particular society or time” or „the customs, arts, social institutions, etc. of a particular group or nation“ (Oxford Advanced Learners Dictionary, 1995), or „the way people organize themselves in history, in order to solve the problems in their lives“ or „the way people communicate with each other, and develop their knowledge”.

### **4. Hofstede and His Five Dimensions**

Prof. Geert Hofstede conducted perhaps the most comprehensive study of how values in the workplace are influenced by culture. He introduces five cultural dimensions – Power Distance Index (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance Index (UAI), and Long-term Orientation (LTO) (Hofstede, 2007),

Power Distance Index (PDI) focuses on the degree of equality, or inequality, between people in a country's society. A High Power Distance ranking indicates that inequalities in power and wealth have been allowed to grow within the society. These societies are more likely to follow a caste system that does not allow significant upward mobility of its citizens. A Low Power Distance ranking indicates the society de-emphasizes the differences between the citizen's power and wealth. Equality and opportunity for everyone are stressed in these societies.

Individualism (IDV) focuses on the degree to which a society reinforces individual or collective achievement and interpersonal relationships. A High Individualism ranking indicates that individuality and individual rights are paramount within the society. Individuals in these societies may tend to form a larger number of looser relationships. A Low Individualism ranking typifies societies of a more collectivist nature with close ties between individuals. These cultures reinforce extended families and collectives where everyone takes responsibility for fellow members of their group.

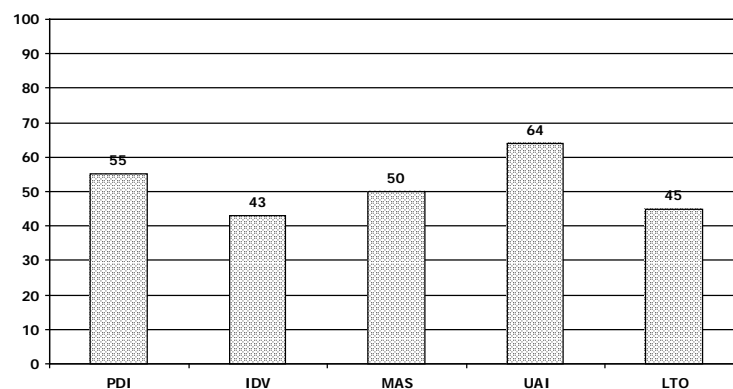
Masculinity (MAS) focuses on the degree to which a society reinforces, or does not reinforce, the traditional masculine work role model of male achievement, control, and power. A High Masculinity ranking indicates that the country experiences a high degree of gender differentiation. In these cultures, males dominate a significant portion of the society and power structure, with females being controlled by male domination. A Low Masculinity ranking indicates that the country has a low level of differentiation and discrimination between genders. In these cultures, females are treated equally to males in all aspects of the society.

Uncertainty Avoidance Index (UAI) focuses on the level of tolerance towards uncertainty and ambiguity within a society - i.e., unstructured situations. A High Uncertainty Avoidance ranking indicates that the country has a low tolerance towards uncertainty and ambiguity. This creates a rule-oriented society that institutes laws, rules, regulations, and controls in order to reduce the amount of uncertainty. A Low Uncertainty Avoidance ranking indicates that the country has less concern about ambiguity and uncertainty and has more tolerance for a variety of opinions. This is reflected in a society that is less rule-oriented, more readily accepts change, and takes more and greater risks.

Long-term Orientation (LTO) focuses on the degree to which the society embraces, or does not embrace, long-term devotion to traditional, forward thinking values. High Long-term Orientation ranking indicates that the country subscribes to the values of long-term commitments and respect for tradition. This is thought to support a strong work ethic where long-term rewards are expected as a result of today's hard work. However, business may take longer to develop in this society, particularly for an "outsider". A Low Long-term Orientation ranking indicates that the country does not reinforce the concept of long-term, traditional orientation. In this culture, change can occur more rapidly as long-term traditions and commitments do not become impediments to change.

World averages for Hofstede's dimensions are: PDI 55 – IDV 43 – MAS 50 – UAI 64 – LTO 45 (Hofstede, 2007).

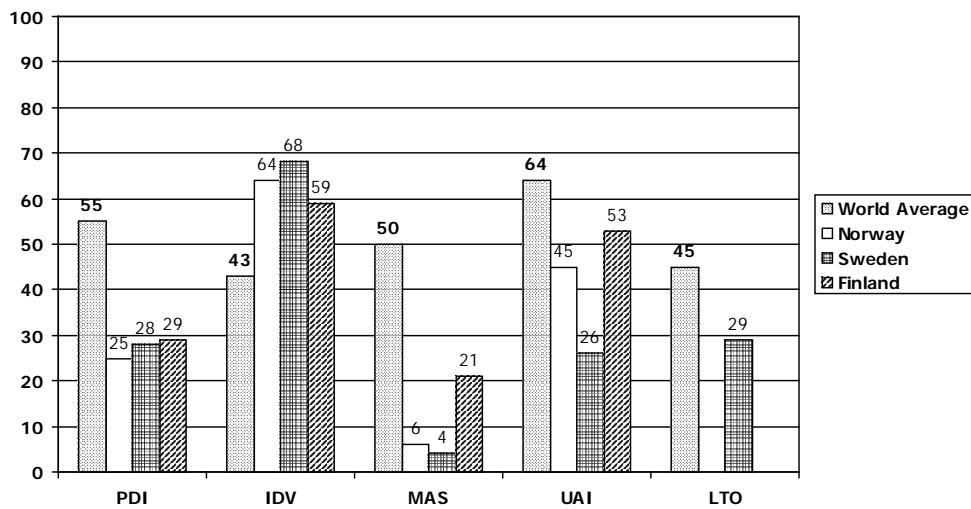
**Figure 3**  
**World averages for multicultural dimensions, Hofstede**



Source: [www.geert-hofstede.com](http://www.geert-hofstede.com), May 2007.

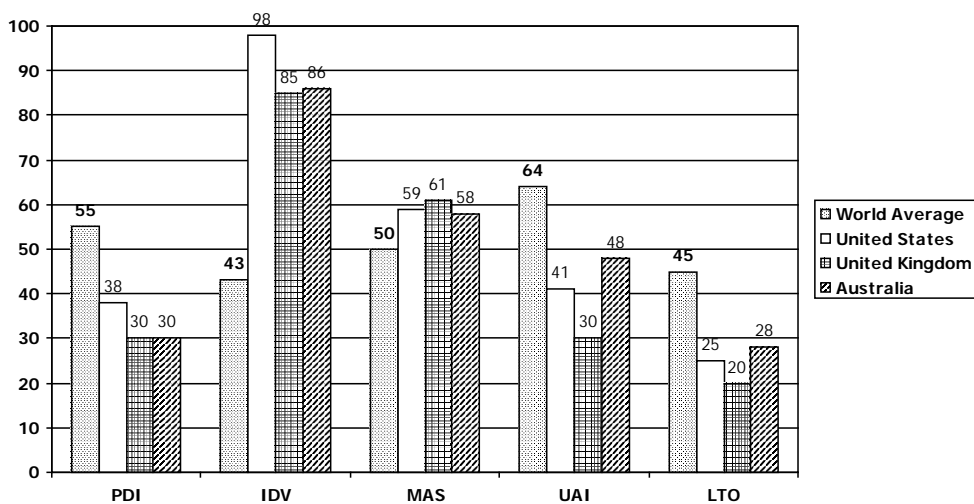
Values for Hofstede's dimensions for three Scandinavian countries, where the representation of women in top positions was the highest worldwide, are similar. Compared to the world average, PDI is lower, IDV is very high, MAS is extremely low, and UAI is lower in Scandinavia.

**Figure 4**  
**Hofstede's dimensions for Scandinavian countries**



Source: www.geert-hofstede.com, May 2007.

**Figure 5**  
**Hofstede's dimensions for Anglo-Saxon countries**



Source: www.geert-hofstede.com, May 2007.

Anglo-Saxon countries follow Scandinavia in women's representation on Boards and Directors' positions. When comparing Hofstede's dimensions for the world average with the Anglo-Saxon countries, they have a lower PDI (as well as Scandinavia), very high IDV (as well as Scandinavia), higher MAS, lower UAI (as well as Scandinavia), and lower LTO.

Regarding the countries of Continental and Mediterranean Europe, I have found highly differing values for the respective dimensions.

The conclusion of the research shows that cultures with low PDI, high IDV and low MAS are the most favorable to women at the top, followed by those with low PDI and high IDV.

### **5. Situation in the Czech Republic**

The gender situation in top corporate positions is highly unbalanced in the Czech Republic. There are nearly three quarters of men in all managerial positions, though the numbers of women are increasing. Nearly half of the university graduates are women.

Based on the research, the key causes of the low presence of women in managerial positions are: current conditions on the labor market more favorable to men, mental model assuming little or no interest of women in managerial positions, and perception of impossibility to manage both career and motherhood.

Contrary to the development in many developed European countries, the employment of women has been historically high in the Czech Republic. We can see a slight decline in women's employment – women represented 43.9% of workforce in 1993, while it was only 43.3% in 2004. There have been few women in managerial positions historically, so we can see a steady increase in women in management. Women accounted for 28.1% of managerial positions in 2004, but they usually represented lower and middle management (Krause, 2005).

The average women's wage represents only 74% of men's (Fischlová, 2006); however, women in managerial positions receive only half the remuneration of their male colleagues. The widest gap opens in the highest positions of CEOs and Presidents of large corporations. The average salary for men is CZK 109,464, while women receive on average only CZK 41,367 when leading a large corporation (Fischlová, 2007).

### **6. Future Role of Women**

What will be the role of women in the international business world in the future? That is difficult to answer. It is unclear globally, but we have a couple of concrete examples from Norway, the UK, the USA, and the Czech Republic (Economist, 2005).

In Norway, legislation has been passed decreeing that by the end of 2006 (with a transition period until the end of 2008), all companies (big private and state-owned ones) must have at least two women on their boards. Norway already leads the world in the number of women on its company boards. The Confederation of Norwegian Business and Industry organizes development programs for women so that it is possible to fulfill the quota.

In the UK a group of businesswomen has set up an organization called WDOB, or Women Directors on Boards, whose aim is “to change the face of UK plc”. Jacey Graham, its director, hopes to see the almost static percentage of female executive directors in Britain more than double (to 10%) by 2010.

And last but not least, diversity pays. It has long been known that mixed groups are better at problem solving than like-minded ones. However, the benefits of diversity are greater than that. A survey by Catalyst, an American organization that aims to expand “opportunities for women and business”, found a strong correlation between the numbers of women in top executive positions and the financial performance among the Fortune 500 companies between 1996 and 2000 (Catalyst, 2003). Results of new research, again into Fortune 500, published in October 2007, show the same conclusion. Companies with three and more women on boards gave much better financial results than others, with fewer or no women on boards. Three criteria were monitored – return on equity, return on sales, and return on invested capital. Companies with the highest percentage of women on boards outperformed those with the fewest women by 53 percent in return on equity, by 42 percent in return on sales, and by 66 percent in return on invested capital (Catalyst, 2007).

And what will be the role of women in the Czech Republic? The situation seems to be promising for women in respected companies caring about their Public Relations. The existence of organizations focusing on gender studies also brings results. Which are the best companies to work for? The Competition for the Best Company with Equal Opportunities in the Czech Republic has shown the following winners: IBM Czech Republic, Mediatel, Microsoft, and Allianz Pojišťovna in 2007. In 2006, the winning companies were: AIR PRODUCTS spol. s r.o., IBM Česká republika spol. s r.o., Microsoft s.r.o., and Citibank a.s. In 2005, the winners were Hewlett-Packard, s.r.o., IBM, s.r.o., Oskar Mobil, a.s., and PricewaterhouseCoopers. There are other companies to be watched too, for example O2 (former CZECH TELECOM and Eurotel), which has launched a program called WOW - Winning Opportunities for Women, aiming at reaching a higher proportion of women in management, including in the highest positions (Sokačová, 2006).

What will be the role of women in the international business world in the future? It is clear that there are tendencies to strengthen the women’s positions in countries where they are already strong. “Given the dramatic changes taking place in society, the economy, and technology, 21<sup>st</sup> century organizations need to engage in new, more spontaneous, and more innovative ways of managing.” (Adler, 2006) We can see examples of companies that have realized the necessity to change their course from the “old-boys-club” to diverse management composition and really care for all talented people within the organization. Let us cross our fingers for these initiatives to succeed.

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**Abstract:** This article describes the presence of women in the top corporate positions in the developed countries of Europe, U.S.A. and the Czech republic. The article compares the women representation with the cultural dimensions of Geert Hofstede. The author also describes the situation in the Czech republic, naming companies with the most favorable programs of equal opportunities.

**Keywords:** women managers; management; leadership; organization; culture

**JEL Classification:** M12