



WOMEN PARTICIPATION IN SENIOR MANAGEMENT POSITIONS IN LICENSED COMMERCIAL BANKS IN SRI LANKA

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Abstract

The following research study has been designed in order to investigate an important issue, “Glass Ceiling effect” which still prevails in many organizations in Sri Lanka. The banking sector which is a very vibrant industry in Sri Lanka has been selected to conduct the analysis. The core objective of this study is to identify the barriers which prevail and have an impact on women participation in senior management positions in licensed commercial banks in relationship with organizational performance.

The research has been conducted by taking into account nine domestic licensed commercial banks in Sri Lanka. Thus both secondary as well as a primary research has been conducted in order to critically analyze the “Glass Ceiling Effect” in the banking sector in Sri Lanka. Secondary data analysis has addressed two objectives: to identify the challenges in acquiring skills and challenges in women participating in upper management. The research findings showed that there are 9% of females in director boards, 16% females in corporate management and 13% females in the management team. In overall perspective, the research highlighted that there are 13% of female participants in the managerial positions in banks. According to the primary research which was conducted, the level of women participation was identified in terms of organizational performance. Thus questionnaire findings showed a moderate level of perception about women participation in the banking sector. Finally a series of quality solutions were recommended in order to eliminate the “Glass Ceiling Effects” in the banking industry.

Introduction

Sri Lanka which has an eastern culture mostly exhibits a male dominated society. But regionwise Sri Lanka has a more women empowering environment than its immediate neighbours India, Bangladesh, and Pakistan. Sri Lanka had the first female prime minister in the world. Still according to the national culture of the country which influences organizational culture, there are obstacles to female career advancement compared males. The common term used to describe this phenomenon is “**glass ceiling effect**” which means there is a limit upto which advancement can go and which is not visible or acknowledged in any organization. This occurs in a business



environment where men are conferred with power, in upper positions and are well-established, and women find it almost impossible to break the norm and acquire such positions solely based on their gender. Many researchers have defined the glass ceiling effect. The term glass ceiling was coined by Morrison et al (1987 cited in Catherine and Ray 2003) to describe the difficulties women face in climbing to the top of the corporate ladder.

This research tries to understand the barriers faced by women in their career advancement in licensed commercial banks, which is a vibrant sector in Sri Lanka. This research also tries to ascertain if such barriers exist and how it may impact the corporate performance exhibited by such female individuals. In western cultures this effect is not as pronounced as in eastern cultures. Yet in the local subsidiary, this effect might or might not be seen due to the influence of the local culture.

Literature review

This section of the report gives a critical overview of the previous literature which has been gathered on the subject of the glass ceiling related to organizational performance which prevents women from advancing in their career. Various articles have been analyzed and a summarized description has been presented in order to identify the challenges.

“Glass ceiling” is a term that signifies a diversity of barriers that prevent qualified females from advancing higher in their organizations. The existence of barriers which affect the participation of women in senior management positions and its relationship with organizational performance have been separately and clearly evaluated.

◆ Relationship between age of females and organizational performance

Altman and Simpson (1999) in their study of the glass ceiling regarding younger and older women suggested that the ‘glass ceiling is time bound’ simply because of the interaction between age and seniority as young women managers, outpace their male counterparts in career progression. Younger women are found to be more successful while older women are at disadvantage. Howard (1998 cited in Altman and Simpson 1999) said young women may be not so much blocked by the glass ceiling but in fact are ascending the ‘glass elevator’ to career success. Researchers call this phenomena the ‘punctured glass ceiling’ in which the ceiling exists but takes a different form, allowing some women (younger) to pass through. Ibarra (1993 cited in Altman and Simpson 1999) researched and found friendship patterns of men and women differ and disadvantage older women, because the nature of male friendships is clearly associated with career success and job satisfaction than female friendship circles. . In the same research which was conducted in the UK, the older women experienced barriers that are attitudinal. e.g. family commitments, prejudice of colleagues, social pressure and men’s club as career barriers.

According to Schor (1990) ‘Dual career women, who deals with responsibilities both



at home and work, find it difficult to balance both professional and personal lives, and find it difficult to be successful in both arenas. Younger women who are less likely to be married or have children face this dilemma in lower levels than older women. The preferences for hiring younger females who are 'fresh' also act as a threat to older women. Organizations' tendency to mold younger executives will cause a higher number of younger women to climb the corporate ladder than senior women. On the other hand, Japanese firms according to Ruduan (2007) determined they prefer older male managers who are experienced with good communication skills for senior positions. Such tendencies block the career advancement for females in general.

◆ **Relationship between education of females and organizational performance**

Research conducted has clearly shown that established social or cultural attitudes and gender inequality in education, training and recruitment cause vertical and horizontal occupational sex segregation, and that this is the principal reason for the persistent gaps between men and women's earnings. (International Labor Office, Geneva, 2004) Researchers have also argued that irrespective of policy, the differential ability of women to benefit arise because, for instance, they had different and lesser educational opportunities than men. (Cornelius and Skinner 2005). According to Bonjour and Gerfin 2001 (cited in Verzat and Wolff 2006) found that at low wages, an over-proportional part of the wage gap may be explained by low education. As Verzat and Wolff (2006) say men and women do not face the same qualification pattern. Low levels of education are more feminine. According to Mostafa (2004) female employment in the Arab world has also increased, but at 32 per cent it remains the lowest in the world even with the relatively young age of the female population and their educational level.

◆ **Relationship between wage inequality and organizational performance**

Albrecht et al (2003) cited in Booth (2009) show that in Sweden the gender pay gap is increasing across the wage distribution. As stated in OECD (2004) wage inequality has been increasing in many industrialized countries over the past decades. In Dr Jha's (2004) research, preliminary evidence suggests that trade and growth have drawn a significant proportion of women into paid work for the first time and wages for women are lower than for men.

Chenevert and Trwmbly 2002 (cited in Cornelius and Skinner, 2005) also argue that although female managers have high levels of education and a desire to progress in their careers, it remains the case that few achieve the same status or salary as their male counterparts.



◆ Relationship between organizational culture and organizational performance

According to Tlaiss and Kauser (2010) study in women's perceptions about career advancement, it was found that female managers attributed negative attitude, perceptions and stereotypes for discriminatory cultures which are unsupportive towards women. The study which was conducted in Lebanon also concluded that the discriminatory nature of the organizational culture and practices seems to be a problem with an international facet in Arab countries as well as Western cultures. Most research in the area is consistent with the idea that barriers for female advancement are due to cultural and social traditions rather than females capabilities. Creating a culture that values female contribution as well as a "gender-free culture" (Tlaiss and Kauser 2010) will increase the females' performance and productivity. According to (Maclaran et al, n.d) research regarding female marketing managers it was found in order to succeed they had to adapt to gender related culture. Morrison (1992 cited in Maclaran et al, n.d) describes several organizational barriers which constitute the glass ceiling effect in organizations. These include non-supportive work environment exclusion from group activities and lack of organizational insider knowledge.

◆ Women participation in licensed commercial banks in Sri Lanka

The number of female employees in the private banking sector in Sri Lanka have been falling by percentage during the past few years. According to the Women's Affairs Ministry females form about 53.8% of the total population in Sri Lanka. In spite of this the private banking sector progressively decreases the number of female employees according to statistics (Gunatilleke, 2003) According to Gunatilleke, (2004) and many Scholars and Professionals, taking maternity leave, concentrating more on family affairs and issues after getting married, being unable to work on long shifts are a few of the main causes for the new trend.

In 2000 the percentage of female employees in the bank was 39%. It decreased to 38% in 2001. In 2002 the percentage further decreased to 37%. According to this year's statistics the percentage has gone down to 35%.

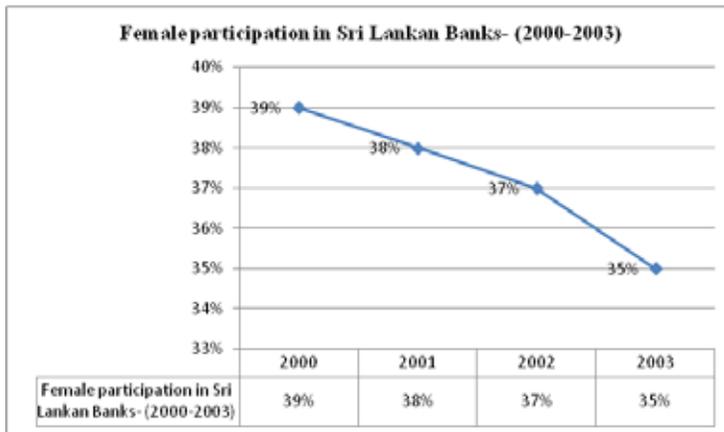


Figure 1: Female participation in Sri Lankan Banks- (2000-2003)

According to Gunatilleke, (2003), Sampath Bank Human Resource Division managed to retain their female employees at 34% during the last few years. This is far less than the required percentage when taking into consideration the female ratio of the total population of Sri Lanka. According to the Commercial Bank Human Resource Division female employees ratio of the bank is one female to two males (1:2) (Gunatilleke, 2003). By comparing with the population this is not satisfactory because women represent 53.8% of Sri Lanka's total population.

According to statistics by the Seylan Bank Human Resource Division the percentage of their female employees has been progressively decreased during the past few years (Seylan Bank Annual Report, 2010; Gunatilleke, 2003)

Methodology

The population of this research comprises the licensed commercial banks in Sri Lanka in order to investigate the female participation in higher management positions and to analyze barriers faced by women who strive to advance their careers. The commercial banks with local and foreign origin are included from which a sample will be selected. The Central Bank of Sri Lanka annual report has been used to derive the list of licensed commercial banks. The population is further divided by the ranks of specialized licensed banks and non-specialized licensed banks. Accordingly the females who are in the senior management position are taken in to focus to identify the barriers and conducted the study.



Bank	Board of Directors				Corporate Management Team				Senior Management Team			
	Female		Male		Female		Male		Female		Male	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Commercial Bank	3	30.0	7	70.0	2	9.5	19	90.5	3	7.3	38	
National Development Bank (NDB)	0	0.0	10	100	3	21.4	11	78.6	2	6.3	30	
Hatton National Bank (HNB)	2	22.2	7	77.8	4	20.0	16	80.0	4	11.4	31	
Nations Trust Bank (NTB)	1	9.1	10	90.9	3	23.1	10	76.9	5	13.2	33	
Union Bank	0	0.0	13	100	0	0.0	10	100	0	0.0	13	
Sampath Bank	0	0.0	13	100	2	14.3	12	85.7	4	20	16	
Seylan Bank	0	0.0	10	100	3	16.7	15	83.3	6	15.8	32	
Pan Asia Bank	2	20	8	80	1	16.7	5	83.3	1	6.7	14	
DFCC bank	1	9.1	10	90.9	2	25	6	75	12	26.7	33	
Total	9	9.3	88	90.7	20	16.1	104	83.9	37	13.4	240	

Table 1: Women Participation in top management positions in Sri Lankan banks

Source: Commercial Bank Annual Report, 2009; HNB Annual Report, 2009; NTB Annual Report, 2009; Union Bank Annual Report, 2007; Sampath Bank Annual Report, 2009; Seylan Bank Annual Report, 2010; Pan Asia Bank Annual Report, 2009; DFCC Bank Annual Report, 2009; NDB Bank Annual Report, 2009;

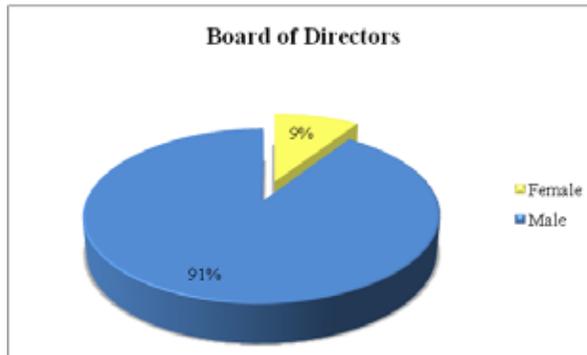


Figure 2: Gender distribution in board of directors in banks

The above diagram elaborates the secondary data pulled to gather from the annual reports of each bank individually with the comparisons of the male and female work force participation in the Board of Directors of the leading private commercial banks. Stepping foot in to it, out of 97 only 9 female employees could be found out at only five banks namely Commercial Bank, Hatton National Bank, Nations Trust Bank, Pan Asia Bank and DFCC Bank (rating to 55%) whereas four (rating to 44%) of the banks has no participation of the feminine. The relationships between the two genders are comparatively rocket-hiking.



Figure 3: Gender distribution in corporate management team

The annual reports of the above listed banks in table 01 adds up to 124 of total employees in the Corporate Management Team sector. The above diagram puts on show that 84% of the employees are male (120 staffs) and only 16% are females which rounds up to 20 employees with a very high comparison gap. The only bank which hasn't employed a female in the corporate management team out of the listed is Union Bank.

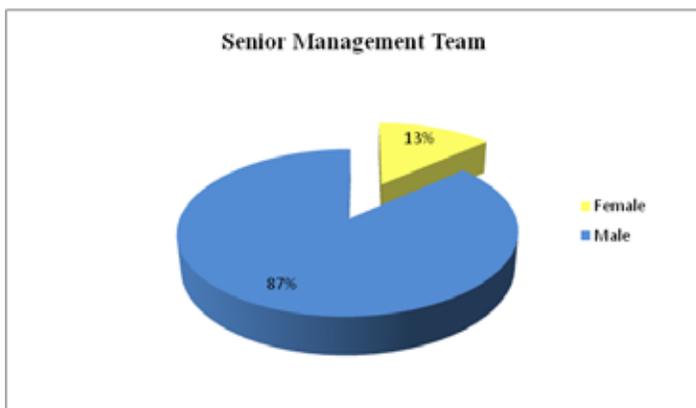


Figure 4: Gender Distribution in Senior management teams



The related secondary data was found at the annual reports of the listed banks above to analyze the association between the two genders. As to the data collected the majority of the banks have employed male employees with an astonishing percentage of 87%. 13% of the banks are still on the shaking bridge of employing females. Strategies to execute women's sequence to senior management positions require high-level obligation to change the obtainable culture within banks. It is also essential that women have access to management training and line experience to compete with men as well as access to formal and informal networks and channels of communication at work. By organizing sensitization programmes for all the levels of hierarchy can build a better psychological state. Equal employment opportunity policies for both female and male employees.

In banks it is difficult for both female and male employees to balance the long hours required of management employees with their family responsibilities. By introducing family – friendly policies such as child care facilities, flexible working hours, and parental leave for men and women will enhance a friendly working environment for female participants in banks. Thus by implementing these recommendations, the glass ceiling effect can be eliminated from organizations.

Conclusion

In conclusion, the purpose of this investigation project was to identify the barriers which prevail against the advancement of women in senior management positions in licensed commercial banks in Sri Lanka. Based on the previous literature, primary and secondary research findings the report was developed to examine the relationship between glass ceiling barriers and the organizational performance and career advancement.

The secondary analysis showed that there was only a 13.25% of female participation in the top management positions in nine commercial banks in Sri Lanka, based on the statistics from their annual reports of 2009. Therefore, it is evident that the Glass Ceiling Effect did exist in the local banking industry in 2009.

Although the Sri Lankan economy has evolved still the glass ceiling effect prevails within many organizations, preventing the career advancement of women or to further climb the corporate ladder. In Sri Lanka as this issue has not been well addressed in the corporate world, this research would add insights to reduce the glass ceiling effect and help women achieve career advancements based on their performance and skills without discrimination.



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