

Gender Diversity in the Management of Hospitals in Czech Republic

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Abstract: The position of women has significantly changed in modern Western society over the last few decades. The original struggle focused on the fight for universal, equal and direct suffrage was gradually replaced by other emancipatory processes, largely supported by the feminist movement, which have resulted in a gradual codification of equal rights, access to education and the right to equal pay for women. On the other hand, irrespective of the emancipatory processes, stereotypes have persisted over the long term in the perception of the so-called male and female work roles. Wage discrimination is another significant problem women face coupled with inequality in filling more executive and supervisory positions in non-profit and profit making organizations. Women today commonly hold lower and middle management positions, while more prestigious and lucrative positions in top-management remain reserved predominantly for men. Gender diversity has widely been discussed in some sectors of the CEE countries, while there is a lack of more in-depth knowledge in some areas such as the present-day healthcare sector. It is generally presumed that the number of women in top management roles in companies are on the increase in the Czech Republic; however, at a slower rate than in comparison with the other countries of Western Europe/EU. Moreover, the Czech Republic was one of eight countries who opposed a proposed EU regulation from the European Commission in 2012 that set a 40% quota on the mandatory representation of women in the management structures of selected companies. Nevertheless, social changes after 1990 and the further transformation processes culminating in the 2005-2006 period, significantly transformed the internal and external environment in the health care system in the Czech Republic in particular. The gradual transformation of economic-legal forms of ownership involved most of the 190 Czech hospitals. These changes gradually affected the transition to the new model in terms of efficiency, but also the supervisory authorities of hospitals in the newly created companies. Logically, such changes brought new demands for both qualifications and specific managerial skills. A whole range of evidence supports the claim that the source of these managerial skills is provided by women. Gender diversity in general brings more openness and trust, empathetic communication and a less competitive atmosphere to a team. Thus, more quality teamwork is provided with women working in executive or supervisory roles of the companies, significantly contributing to the positive performance of the entire company. The aim of this contribution is to map the representation of women in top management of health care facilities in the Czech Republic and verify whether there is a spontaneous growth in their representation. To serve this purpose, the gender composition of executive and supervisory bodies for 89 hospitals in 2006 and for 118 hospitals in 2012 was ascertained. A generalized linear model for repeated measurements was used for the analysis. However, despite the general trend of rising gender diversity, a statistically significant increase in the proportion of women has been demonstrated only in the case of executive directors.

Keywords: management, gender, health care sector, hospitals, affirmative action

1. Introduction

The Czech Healthcare system presents an attractive, common, and current aim of research in the field of healthcare management and health policy. One of the reasons for this is the current context of the healthcare system, in which the Czech Republic “spends” approximately 7.5% of GDP on health care annually. The vast majority of health services (85%) are paid for by the public resources, whether they be public health insurance or the state budget, with the around half of these expenditures being represented by hospital care provided by a system of 188 both public and private hospitals operating in a liberalized system of entities (IHIS CR, 2014). With the exception of a group of teaching hospitals (10 facilities) directly controlled by the state, most of the inpatient facilities have gone through a gradual transformation after 2003, involving a change in the economic

and legal status of the hospitals from subsidized (semi-budgetary) to commercial companies, among other things.

Among other factors, the issue of management is distinctive in that in addition to economic considerations, managers must also take into account ethical, social and political issues. The interdisciplinary nature of management and the need to tackle a series of often inconsistent goals in practice are generally the cause of different approaches to the management and governance of the organization. During a process called the "Managerial revolution" of the 1950s, managerial positions were separated from the position of the owner, gradually giving rise to a new concept of corporate governance, which can identify several models of managing and administrating companies. Specific settings for these models are mostly due to historical circumstances, the national mentality or other factors, and in practice are reflected in the organizational architecture of the real structure of top corporate bodies.

To simplify the issue of corporate governance, a basic division into two models can be used: a single-level, where decision-making skills are concentrated in the hands of top management / CEO, and a two-tier model, in which competencies are shifted from senior management to the hands of the owners and is more based on the concept of ownership concentration.

The relevant statutory regulation of corporate governance (Business Corporations Act) in the European Union requires companies to be either a single-level model (8 countries) or a two-level model (10 countries) in its pure form. In other countries (9 countries) some sort of a hybrid system is used, in which a commercial company can choose its own management model (EC, 2013a). This two-level system is the norm in the Czech Republic – a so-called dual or two-tier board system, characterized by the existence of the supervisory board and the directors (the executive board), and which is applied in most hospitals in accordance with national legislation.

In addition to the highly anticipated improvement in economic efficiency of hospital management, this transformation has also brought about a new form of management (corporate governance), especially in order to expand the level of executive and supervisory bodies of the newly formed healthcare companies (Pirozek et. al, 2015). Of course, such a substantial change in the structure of hospitals stressed the importance of quality human resources and logically has led to a higher demand for a new generation of managers with appropriate skills, managerial skills and knowledge of the specific environment.

Furthermore, if it is assumed that the representation (proportion) of women plays a positive role in corporate governance in terms of enhancing the perception of the credibility of the board, which also carries the confidence of the owners (shareholders) of the company itself (Perrault, 2015), an opportunity that has suddenly opened for a newly significant gender group of neglected managers. Historically, it is the important role women play in the context of the work process.

The position of women in contemporary Western society has changed significantly in recent decades. The primitive struggle for universal, equal and direct suffrage has gradually given way to other emancipatory processes, mostly supported by the feminist movement, resulting in the gradual codification of equal rights, access to education or the right to equal pay for women.

On the other hand, regardless of the above-mentioned emancipatory processes, there have remained some stereotypes in companies over the long term - for example, in understanding the significance of so-called male and female labour or discrimination in terms of salary. Another important challenge that women still face is the inequality in filling executive and supervisory positions in both non-profit and for-profit organizations. Women nowadays routinely occupy the lower and middle management positions, while prestigious and lucrative positions in top management remain largely reserved for men.

Theoretical background

Significant penetration of women in leading positions and organizational structure has been an issue over the last decade. In many countries, the question of representation of women in executive or supervisory bodies of companies, together with the effects on the production rate of these companies gradually has become a key topic of public discussion, but also a subject of current research, which is confirmed by a series of articles published over the last two years, for example. (Allemand and Barbe, 2014; Chapple and Humphrey 2014; Terjesen et al, 2015; Kaczmarek et al, 2014)

Various methods taken by different countries of the EU have also approached a solution. The avant-garde in this area has traditionally represented the long-term support of Scandinavian countries to equal opportunities policy, and in the meantime adopted specific institutional arrangements to regulate quotas for women in the system of corporate governance. (Dale-Olsen, 2013)

Nevertheless, to change the current status quo in the wider European context is very difficult, despite the fact that Vice-President (the EU's Justice Commissioner) Viviane Reding already proposed a directive to increase gender diversity in 2012. Subsequently, in November 2013 the European Parliament approved the proposal of the European Commission, according to which women must represent at least 40% of supervisory boards of companies listed on the stock exchange by 2020. The 40 percent limit is set for 2018 for state-owned companies. According to Brussels, the directive should cover a total of about 5,000 companies.

On the other hand, opponents of the quota system argue that the compulsory reservation of a certain number of positions for women is an insult to their intelligence or education from a societal point of view. They note that women are not significantly better or worse in managerial practice, or even in the area of leadership (Kakabadse, 2015) and go on to add that the form of this enforced gender diversity can be a source of conflict or to a lesser degree to cooperation in the workplace, thus ultimately having a negative influence on the economic production rate companies. Forcing quotas may also potentially threaten the economy, which involves traditionally lower interest on the part of women candidates. (Cook and Glass, 2015; Vernos, 2013)

In any case, regardless of the struggle for gender equality, substantial differences still remain between men and women in the European labour market. Men (as opposed to women) are disproportionately assigned to professional and managerial occupations. Dominance of men in the governing and administrative bodies of companies in the EU is confirmed by statistics published by the European Commission (EC, 2012), according to which the proportion of women represented in executive boards is 9% and 15% in the non-executive board. The absence of women in upper-level management is often explained by discrimination, preference differences for child rearing or ability differences. Niederle et al. (2008) mentioned the reason to be *“that women are more reluctant to put themselves in a position where they have to compete against others”*.

In the Czech Republic, although it is generally assumed that the number of women in senior management companies is increasing, it is at a slower pace than in comparison with the other countries of Western Europe / EU. Various sources also assess the level of representation of women in management and supervisory bodies of companies in the Czech Republic with different results: according to Cermak (2003), positions of legislators, senior officials and managers are held by only 25% of women, with men in the same positions earning 54% more in the Czech Republic.

According to the European Commission report (EC, 2013) in 2012 women occupied 16.7% of positions, or rather 6.3% in executive and 18% supervisory boards of the largest publicly traded companies in the Czech Republic. Surprisingly, no woman held the position of CEO. Between 2004 and 2012, the proportion of women on boards in the Czech Republic increased from 10.6% to 16.4%. It is obvious that women in the Czech Republic do not participate adequately in decision making, either in politics or in the field of business.

Currently there are no national measures to improve gender balance on boards in the Czech Republic and the Czech government also remains opposed to EU efforts (joined by other eight EU countries: Bulgaria, Estonia, Hungary, Latvia, Lithuania, Malta, the Netherlands and the United Kingdom) to impose gender quotas for the boards of state-owned and listed companies across the EU intended to speed up the implementation process of gender equality.

General economic arguments (EC, 2013b) cited in favour of greater gender diversity in the companies mention a wide range of convincing and compelling arguments: increased efficiency of corporate governance, improving performance in organizational and financial fields, a broader perspective of understanding consumer preferences and consumer behaviour, effective decision making, a greater degree of creativity and innovation, ethical behaviour of managers and, ultimately, better utilization of talented graduates. Experience from studies already carried out (Fitzsimmons et al, 2014; Upadhyay & Zeng, 2014; Nguyen, 2015) in companies with more women in top management further confirms this with reference to specific conclusions. Enterprises which have enough women in leadership, cope much better with the economic crises and mixed teams work better and more efficiently according to these studies.

Along with the arrival of women to senior management positions, significantly innovative management styles have also gradually appeared at the surface. Organizations can benefit from gender diversity, not only in the

economic sphere, but also in actual everyday managerial practice. Moreover the mere presence of women at the level of top management at a company already brings informational and social diversity to the management team, enriching the behaviour of managers across the company with new elements and thus motivating employees at the middle management level (Dezso and Ross, 2011).

Women are also more likely to mention the so-called "transformational leadership", as a specifically interactive management style, using specific skills often associated with success (Burke and Collins, 2001).

According to other authors, women in managerial positions in companies bring other benefits: female managers appear to be significantly more "intuitive" or display "visionary thinking" or as a "catalytic event" compared with men (Vinnicombe, 1999). Last but not least, it is also expected that women devote more attention to management and over-seeing risks from gender-balanced supervisory bodies (Caplan, 2013).

We have decided to study the more or less spontaneous change in the representation of women in top-management and supervisory boards of Czech hospitals by evaluating three following hypotheses:

H₁: The proportion of women as CEO increased over the years.

H₂: The proportion of women in executive board increased over the years.

H₃: The proportion of women in supervisory board increased over the years.

2. Data and methods

Because the transformation processes in Czech hospitals culminated in 2005 and the initial draft directive from the European Commission to establish a system of more or less mandatory quotas appeared in 2012, we decided to compare the gender diversity between 2006 and 2012, i.e. just after transformation and during the height of the discussion on mandatory gender quotas.

Given the representation of all possible economic and legal forms of companies (mostly joint stock companies, contribution-based organizations, limited liability companies) among the examined subjects and with regard to the incidence of single-level and two-level model of CG in the Czech Republic for analysis of gender diversity in the executive and supervisory authorities under the concept of "executive director" we included a whole group of powerful top-managers: director, chairman and executive director/manager.

The analysis is based on data from 118 (89) from 188 (191) hospitals registered in the Czech Republic at the end of the year 2012 (2006). Data from hospitals were obtained from publicly available sources such as hospital annual reports and the business register.

Given the fact that not all hospitals have undergone the aforementioned transformation, manifested by changing the structure of the governing bodies, there were 44 cases in 2012 (33 in 2006) where the executive is only one person - the hospital director and owner represented by the regional government or government authority which not only plays a supervisory role, but also assumes the executive powers in some cases.

Further, some hospitals do not use supervisory boards in some cases at all. Thus, we included only 56 (2006) and 74 (2012) hospitals in the analysis in the case of the executive board and 42 (2006) and 63 (2012) hospitals, respectively, in case of the supervisory board.

Table 1: The (relative) number of female executive directors

Executive director	2006	2012
Total	89	118
Women	11	24
Proportion	0.124	0.203

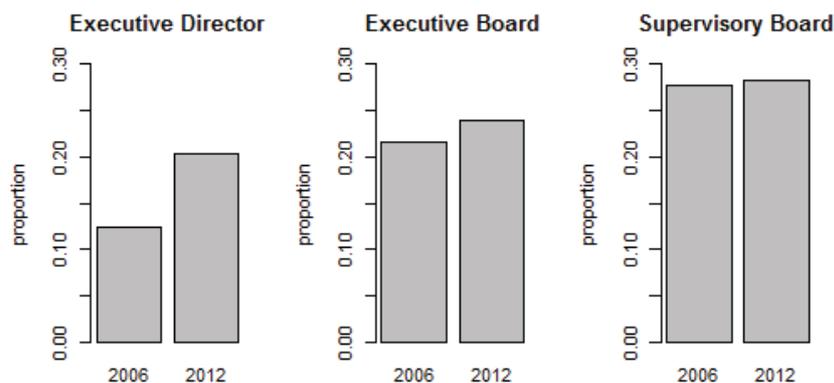


Figure 1: The empirical proportion of women in hospital management in the years 2006 and 2012

Table 2: The summary statistics (minimum, median, mean, maximum) for the number of members in the supervisory and the executive board

Board		2006				2012			
		min	med	mean	max	min	med	mean	max
Executive	Total	1	3.0	3.1	9	1	3	3.3	8
	Women	0	0.0	0.7	4	0	1	0.8	3
Supervisory	Total	3	5.5	5.4	10	3	6.0	6.3	12
	Women	0	1.0	1.5	5	0	2.0	1.8	5

For most hospitals, data are available for both years monitored, so we chose the corresponding method for dependent samples. Particularly, the proportion of women as an executive director was modelled by a logistic regression for repeated measures and estimated using a method of generalized estimating equation (GEE, Liang, Zeger, 1986). The proportion of women on a supervisory or executive board was modelled by a Poisson regression for repeated measures and an offset term corresponding the total size of the board and estimated using a GEE method. The whole statistical analysis was performed by the R software (R Core Team, 2014) using the geepack package (Hojsgaard et al., 2006).

3. Results

Women have 1.7 times higher odds (see Table 3) to become an executive director of hospital in 2012 compared to 2006 and this increase in odds is statistically significant ($p=0.046$ for $OR>1$).

Table 3: Results of a logistic regression for modelling proportion of women as executive managers

	Estimate For Proportions 2012 vs. 2006	Estimate for Odds Ratio (OR)	Lower bound of a one-sided 95% CI for OR	P-value (OR > 1)
Executive director	0.203 vs. 0.130	1.700	1.010	0.046

The estimated proportions of women in an executive board by the Poisson model were 0.237 for 2012 and 0.218 for 2006 (Table 4). The 8% increasing is not statistically significant ($p=0.304$ for $R>1$). The similar statistical insignificant result ($p=0.242$) we also obtain for the supervisory board, where the estimated ratio of women proportions between the years monitored is 1.09 (0.286 for 2012 vs. 0.262 for 2006).

Table 4: Results of a Poisson regression for modelling proportion of women in executive and supervisory boards, respectively

Board	Estimate for Proportions 2012 vs. 2006	Estimate for Ratio	Lower bound of a one-sided 95% CI for Ratio	P-value (Ratio > 1)
Executive	0.237 vs. 0.218	1.080	0.836	0.304
Supervisory	0.286 vs. 0.262	1.090	0.891	0.242

In all three “bodies” of hospital management we recorded the increasing proportion of women after six years. Nevertheless, we demonstrated a statistically significant increase only in the case of executive managers. Thus, we confirm hypothesis H1 but cannot demonstrate the validity of hypotheses H2 and H3 at a 5% level.

4. Discussion and Conclusion

Due to ongoing globalization and integration, gender diversity at the top authorities is the subject of much debate in the countries of Central and Eastern Europe. However, in certain specific areas such as the health sector we lack deeper knowledge so far, at least as far as we know.

The issue of gender diversity research may be considered “preliminary”, not only in this country but in the whole of Central and Eastern Europe. However, on the basis of results from Western democracies and the USA (Cook & Glass, 2015) we can assume that diversity plays an important role in the workings of corporate internal governance systems and there are positive experiences with higher involvement of women in executive and supervisory bodies of the companies.

Despite the fact that affirmative action policies may ensure fairness, the main effect is to motivate talented women to enter the competition more frequently by reducing the so-called “gender gap” (Villevall, 2012) without causing reverse discrimination (the men being replaced by less able women).

This paper presents the issue of gender diversity and corporate governance in the hospitals in the Czech Republic with results demonstrating the increasing share of women in executive and supervisory bodies of Czech hospitals in accordance with trends being set and supported by the European Union.

In comparison with the data shown by the European Commission, the results of our study indicate the following conclusions. It confirms that the proportion of women in top bodies is an increasing trend. Our research demonstrates a statistically significant increase in women being represented in the position of Executive Director. Furthermore, it shows that regardless of the specifics of the health sector, women rather hold positions as members of supervisory bodies. Similar results are confirmed by other studies, which demonstrates the increasing trend of women in the executive bodies of companies (of percentage points). Nevertheless, it is interesting to find that they are often nominated from among the employees. (Holst and Kirsch, 2015)

This raises the question of the justification for this representation of women in the executive bodies. Given the scope of our research, we could consider economic reasons for including women in top institutions, in particular. However, we can assume that it can play a definite role as suggested by some research showing revenue growth in countries with stronger shareholder protection (Post and Byron, 2015).

While the spontaneous trend relating to gender diversity in the Czech Republic is positive, even when taken in comparison with the EU, it may be considered insufficient even when taking proposed quotas into consideration. This may be reflected in activities that comprise important activities in administrative or executive bodies such as increased mentoring, dampening down negative gender stereotypes, while possibly improving the business climate for employees, customers, suppliers and other stakeholders, especially in the area of health services (Skaggs et al, 2012).

In connection with the evaluation of women's quotas in the executive and supervisory boards, the impact on the economic results of hospitals is being occasionally contested. Unfortunately due to the small proportion of those hospitals with active gender policies (in the context of corporate governance), no definitive results can be assumed. However early research from other industries suggest positive correlation between gender diversity in the boardroom and company performance. (Adams and Ferreira, 2009). The true relation between gender diversity and company performance appears to be more complex. Anyway, it is just the gender diversity of executive and supervisory boards which may pose a potentially successful strategy for effective and efficient corporate governance in hospitals.

We are aware of certain limitations in terms of the generalization of the data collected and the processed data file. However, in both samples those entities that publish relevant data are represented, including hospitals, which in terms of the number of results carried out is among the most important in the Czech Republic, which ultimately reduces any possible distortion of the results presented. Another question that the research does not address remains the real reasons behind the current (unbalanced) ratio of women and men in the management of healthcare organizations, whether it is for reasons of motivation, personal qualifications, or even a persistent gender bias.

With regard to the finding that Czech hospitals provide a relevant sample for further research of gender diversity in connection to corporate governance, we would like to expand the research on issues related to gender diversity in education and the economic performance of hospitals.

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