

# 11

## Gender Diversity in the Boardroom: The Multiple Approaches Beyond Quota Regulations

Patricia Gabaldon, Heike Mensi-Klarbach,  
and Cathrine Seierstad

### Introduction

In writing and editing *Gender Diversity in the Boardroom—Volume 1: The Use of Different Quota Regulations* and *Gender Diversity in the Boardroom—Volume 2: Multiple Approaches Beyond Quotas*, we aimed to

---

Since finalising this book: On 23 June 2017, Portugal approved the government proposal submitted in February with gender representation regulations (quotas) for both state-owned and listed companies.

P. Gabaldon (✉)

IE Business School, IE University, Madrid, Spain

H. Mensi-Klarbach

School of Economics and Management, Leibniz Universität Hannover,  
Hannover, Germany

C. Seierstad

School of Business and Management, Queen Mary University of London,  
London, UK

make sense of the European women-on-boards landscape in 16 different European countries. As there is a lot of public and scholarly debate about female representation on boards and the use of specific strategies to improve representation, we believe it is time for a comparative piece in order to better understand what is going on in European countries in this regard. This is particularly important as many European countries have introduced strategies ranging from soft initiatives to quotas. Furthermore, a Europe-wide solution to the underrepresentation of women on boards in the form of a quota law<sup>1</sup> at the European Union (EU) level (see Reding's Foreword) has been debated, yet has not received sufficient support from the EU member-states (this includes Sweden, Finland, Germany and the UK, all of whom initially opposed this initiative). One reason for this resistance, among others, is that countries often refer to their own particularities and the needs of their specific national context when designing adequate political strategies. Comparative corporate governance literature has also revealed that "the historical path dependence among country- and firm-level mechanisms has produced a variety of country- and organization-specific governance systems that tend to work well within the institutional environments in which they have evolved" (Schiehll and Castro Martins 2016, p. 182). Hence, when discussing women on boards and existing strategies, it is important to understand and take into account the historical and institutional environments in which national policies and initiatives have been developed.

Thus, in order to enrich the public and scholarly debate, information about how and why different approaches emerged to increase the share of women on corporate boards in different European countries is presented in the various chapters in both the edited volumes. We aim to take a holistic approach, focusing on history, corporate governance systems and enabling and hindering forces, in addition to a description of the actual strategies in place. Comparing the different policies within the 16 countries, it is apparent that they can be grouped into two broad types of policy approaches intended to increase female representation on boards. The first approach involves the introduction of a form of quota law for corporate boards. The second approach is of a more voluntary character, in which targets and suggestions are promoted, yet compulsory measures in the form of quotas are avoided. As a result, Volume 1 and Volume 2 are

separated accordingly. Volume 1 includes countries with quota laws, and Volume 2 consists of countries with multiple approaches beyond the use of quotas.

Despite similarities within the two groups of countries, we have also observed remarkable differences within each group of countries clustered together in the two volumes (the “quota” countries and the “voluntary initiative” countries). Even though we point to two main clusters, we must acknowledge and understand the differences between these countries as well. Therefore, the aim of this concluding chapter is to discuss and make sense of similarities and differences with regard to the approaches and regulations adopted within the eight countries in this volume: the UK, Portugal, Slovenia, Austria, Sweden, Denmark, Switzerland and Hungary. To date, none of the countries have introduced quota laws; nevertheless, in some countries, including Portugal, Slovenia and Austria, proposals for quota laws seem somewhat likely following current political discussions. We observe that there are also countries (e.g., Hungary) that do not have a discussion of the problems or potential solutions pertaining to female representation on corporate boards on the agenda at all. What is evident in this volume, just as we found with respect to the countries presented in Volume 1, is that elements such as corporate governance structures, Corporate Governance Codes, traditions and histories of equality or diversity initiatives cause significant variation in the approaches to the issue. We also observe different actors and enabling or hindering forces involved in the elaboration of voluntary measures, and, of course, in the prevention of quota regulations. In all countries except Hungary, the introduction of different types of strategies, often including the use of quotas, has been discussed, yet with varying levels of intensity. In some countries, the implementation of quotas was used as a threat to encourage companies to take care of the issue “voluntarily”, with variable success. In fact, we have in some cases observed similar paths as those taken by the countries discussed in Volume 1, where merely threatening companies with quota laws did not result in the desired change and consequently, quota regulations were eventually put in place (e.g., Norway). In addition, there are examples of countries (e.g., the UK) that seem to be successfully redressing the underrepresentation of women on boards by using voluntary targets, an initiative that fits the context of the country.

Thus, this chapter will compare two of the key themes from the individual country-specific cases: the corporate governance systems and the key enabling or hindering forces. We will also discuss the different initiatives and comment on the extent to which they have resulted in the desired change. The chapter is structured as follows. First, we present the different national corporate governance structures and codes, outlining similarities and differences between them. Next, we provide a comparative analysis of the different initiatives aiming to increase the share of women on boards already in place in the different countries, including gender-related regulations, Corporate Governance Codes and further voluntary measures. We compare different rationales used to make sense of quota versus non-quota strategies. Then, we present a brief description of hindering and enabling forces in the different countries discussed in this volume. Finally, we will present the key findings and lessons learned from this edited volume and indicate important areas for further research.

## Corporate Governance Structures

Corporate governance is important in any discussion of corporate boards. Corporate governance includes knowledge about how the rights and responsibilities of stakeholders to a firm are structured and divided (Aoki 2001). The primary goal of good corporate governance is protecting, generating and distributing wealth vested in the firm, and thereby securing its long-term survival (Aguilera et al. 2008). Corporate governance is influenced and restricted by many legal prescriptions, including those governing the relationship between the principals (i.e., shareholders) and agents (i.e., managers), or the duties and discretion of executive and supervisory bodies. Legal prescriptions, and thus corporate governance, differs from country to country. Yet, there seems to exist a “universal notion of best practice, which often needs to be adapted to the local contexts of firms or translated across diverse national institutional settings” (Aguilera et al. 2008, p. 475). Thus, we believe it is indispensable to take differences and commonalities of corporate governance structures, legal prescriptions and good Corporate Governance Codes into account

when making sense of the issue of women on boards and the use of strategies across European countries.

Usually, corporate governance literature distinguishes between one- and two-tier, or monolithic and dualistic, corporate systems. One-tier systems are considered typical for the Anglo-Saxon countries, where executive and non-executive boards constitute one joint board. The dualistic board structure is typical for continental Europe (e.g., Germany). In two-tier systems, the executive and the non-executive boards are strictly separated. Looking at the different chapters within the two edited volumes, we see that there is a need for a more nuanced picture of corporate governance structure in Europe. As an example, Gregoric and Lau Hansen (Chap. 7) state that “the dichotomy is not apt, and causes considerable confusion, in the debate over whether the Danish (and thereby Nordic) system should be labeled two-tier because it consists of two company organs or one-tier because there is effectively only one administrative organ, even though it is functionally divided into an upper and a lower level”. They conclude that due to these inconsistencies with either category, the Nordic corporate governance system might be a system *sui generis*, in which the entire board is engaged in governance and business decision-making. In addition, Casaca (Chap. 3) defines the Portuguese system as a “Latin one-tier” system pointing to its particularities. Villeseche and Sinani (Chap. 8) explain that the Swiss system could be categorized as a one-tier system, yet they argue that “it is also common for day-to-day management to be transferred to the CEO and/or a senior management team, resulting in a de facto two-tier board structure ...”. However, the board still has the right to interfere more intensively with governance issues than, for instance, in the “two-tier” country of Austria. It is thus apparent that it is not that easy to distinguish between one- and two-tier systems, but one needs to take a closer look at national corporate governance in order to understand the different responsibilities, powers and duties of board directors (Table 11.1).

**Table 11.1** Corporate governance structure according to the authors Vol. 1 (white) and Vol. 2 (grey)

Country	One-tier	Two-tier	Mixed Model
<i>UK</i>	common		
<i>Portugal</i>	Latin one-tier	also possible	
<i>Slovenia</i>	also possible	common	
<i>Austria</i>	also possible	common	
<i>Sweden</i>			Nordic system
<i>Denmark</i>			Nordic system
<i>Switzerland</i>	common	de facto two-tier	
<i>Hungary</i>	common	common	
<i>Norway</i>			Nordic system
<i>Spain</i>	common		
<i>Iceland</i>		common	
<i>France</i>	common	also possible	
<i>Italy</i>		common	
<i>Belgium</i>	common		
<i>The Netherlands</i>	common	common	
<i>Germany</i>		common	

## Nomination Processes

Differences within the corporate governance systems not only concern the responsibilities and duties of executive and non-executive board members but also the election and nomination procedures. In all of the countries presented in this volume, supervisory (or non-executive) board members are elected by the shareholders at the Annual General Meeting (AGM). In some countries, the board can decide to elect an executive board to handle day-to-day business and thus delegate this duty, as in Switzerland or Portugal. In other countries, the supervisory board is obliged to elect executives, as in the UK, Sweden, Denmark and Austria. However, the power to influence nomination processes also varies greatly across countries. In Denmark, for instance, the shareholders have quite a strong and influential position. As Gregoric and Lau Hansen illustrate (Chap. 7), in Denmark, shareholders may appoint and dismiss the majority if not the

whole board of directors within the AGM, without giving reasons. This results in a situation where dominant shareholders—and Denmark has a strong ownership concentration—are very actively engaged in governing the company. As a result, a major concern, according to the authors, is not so much directors' independence from shareholders, but, conversely, responsibility to the shareholders. In the case of Sweden, we also observe far-reaching powers of the shareholders because of high ownership concentration, yet the nomination procedure for boards is a bit different from other European countries—the nomination committee consists of shareholders and externally selected shareholder representatives (see Chap. 6). The nomination process in Austria, on the other hand, is quite different. The shareholders elect the supervisory board members within the AGM, but the nomination of candidates for the election is performed by the supervisory board or an internal nomination committee consisting of board members only. In the case of the UK, executive search firms play a key role in selecting candidates for non-executive directorship positions, and the independence of non-executive directors is deemed crucial. Studies have revealed that these headhunting firms contribute to the reproduction of homogenous boards in the UK, and as a result, a code of conduct was released for executive search firms (see Chap. 2). Thus, it is evident that the degree of direct power exerted by shareholders and the nomination procedures vary from country to country, and as a result, different actors exert different forms of power on the actual nomination of board directors.

## **The Mentioning of (Gender) Diversity Within Legislation and Corporate Governance Codes**

All of the countries studied in this volume have introduced Corporate Governance Codes, and all of them include prescriptions about the board nomination processes. Corporate Governance Codes can be understood as codified best practice for corporate governance, and thus consist of recommendations to improve practices. Areas of action include not only securing transparency and accountability but also the functioning

of boards and board composition. The overall purpose of these codes is to improve the actual practice and also to restore the damaged reputation and trust in corporate governance (Cuomo et al. 2016).

In all but one country (Hungary), code recommendations for board composition, and in particular, board composition in relation to gender diversity, were included. Recommendations are mainly stipulated in general terms, such as that the presence of both genders should be ensured (Slovenia, Denmark and Switzerland), or diversity should be represented appropriately (Austria). The UK recommends that diversity, and especially gender diversity, should be considered in the search for and eventual appointment of candidates. The Portuguese Corporate Governance Code recommends that the appointment of highly qualified women should be fostered.

Some codes entail specific targets in relation to gender balance; others leave it open to the companies to decide on the desired target themselves. The UK, for instance, proposes in the Lord Davies Report the target of 25 percent of each gender on boards by 2015, and 33 percent by 2020 for the FTSE100 companies (see Chap. 2). Portugal, on the other hand, has proposed a target of 33.3 percent by 2020, and for Portuguese state-owned corporations, the gender balance of a minimum of 33.3 percent should be achieved by 2018 (see Chap. 3). The Swiss Code of Best Practice recommends 30 percent women on boards of directors, and 20 percent of each gender in senior management, yet without any deadline (see Chap. 8). In Slovenia, it is not the Corporate Governance Code, but the Managers' Association of Slovenia's Manual which provides suggestions for a gender balance of 30 percent by 2015 and 40 percent by 2017 (see Chap. 4). In Austria and Sweden, there are no targets for gender balance for private corporations, yet both countries have quotas for state-owned companies. Austria prescribes 25 percent by 2013 and 35 percent by 2018 (see Chap. 5), while Sweden recommends a minimum representation of 40 percent but without setting a deadline (see Chap. 6).

The different Corporate Governance Codes include several further interesting elements. The Swedish code, for instance, recommends diversity not only for boards of directors, but also for nomination committees. The Danish and UK codes expect companies to report on their diversity



policies, gender-related objectives and the progress they make. In Austria, Sweden and Denmark there is a legal prescription to report on gender policies and measures taken to promote gender diversity. Another interesting feature is that the Portuguese code recommends companies to set specific targets to attain gender balance by 2020. Since 2013, it has been expected that the chair of the board of directors of the regulatory body, the Comissão do Mercado de Valores Mobiliários (CMVM), should alternate between men and women, and guarantee a minimum representation of 33 percent of each sex in its executive board. The UK code furthermore includes the recommendation that companies use executive search firms for board searches and the publicizing of vacant positions. The Slovenian code contains less specific targets, but suggests that companies adopt initiatives regarding gender diversity and appropriate measures.

Most codes in the country-specific cases discussed in this volume are designed as “comply-or-explain” measures. Yet, there are no sanctions for non-compliance, and furthermore nobody is responsible for requiring and evaluating explanations for non-compliance. Thus, the efficacy of these measures has been criticized. The Austrian case study (Chap. 5), for instance, mentions critiques calling the Austrian approach a “toothless” tiger.

## **Making Sense of Regulatory Versus Voluntary Approaches**

All of the countries treated in this volume have so far opted not to introduce quota laws to increase the share of women on boards. Yet, in all countries apart from Hungary, the use of quotas has at least been discussed. It is remarkable that the five countries studied in this volume have adopted gender diversity regulations for the boards of state-owned companies, with certain levels of success: Portugal, Slovenia, Austria, Denmark and Sweden.

What is striking in the country-specific cases presented in this volume is that there have been different arguments and rationales in the debates about the use of specific strategies like quotas for private and state-owned

companies. In particular, the rationale for any intervention within the public sphere is often described in the chapters as being mainly an issue of social justice, fairness and equality, and as such legitimate only because it applies to companies where the state is the key owner. Similarly, we saw from the case of Norway, discussed in Volume 1, that the fact that the state is a major owner of public limited companies (plcs) made it easier to legitimize the implementation of a quota regulation using the rhetoric of fairness and social justice, in addition to business cases and utility logic. In contrast, the majority of the countries discussed in this volume reveal that for private companies the freedom of shareholders to elect their own board was sacrosanct, and thus state interference has often been regarded as illegitimate. Interestingly, in a lot of the countries, the state is not a major owner in listed companies, indicating that it is important to acknowledge the peculiarities of the different countries when making sense of the women-on-boards debate.

Furthermore, we also saw that different stakeholders—and particularly those representing private owners—explicitly reject any political or legal approach to dealing with the lack of women on boards. For example, male Swedish CEOs see little problem with having few women on boards (see Chap. 6), but do see problems with state interventions, as the Swedish plcs are characterized by highly concentrated family ownership. We observed similar rhetoric when the president of the Federation of Austrian Industries said in early 2017 that in his opinion, there were enough women on Austrian boards, and thus there was no need to intervene (see Chap. 5). In the UK, where there has been a little tradition of state intervention in the private sector (and a neoliberal approach), we see little to no reference to justice and fairness in the debate about strategies to increase the share of women on boards, but a wide range of rationales based in utility.

In fact, throughout most of the chapters presented in this volume, there is a rationale used to explain the scarce female representation on boards which views the system as accurate, but the women themselves as deficient (see chapters on Austria, Sweden, Denmark, Switzerland and Hungary). Specific lines of argument include the assumption that there are few women in the pipeline and that women lack the necessary skills (see chapters on Slovenia, Austria, Sweden, Denmark, Switzerland and

Hungary), and the perception that women opt out of corporate careers due to family reasons (see chapters on Slovenia and Switzerland). Another line of argument used to make sense of the lack of women on boards can be found in the chapter on Switzerland. This line of argument proposed that women are less visible than men and often lack powerful networks. Such arguments might be important factors explaining why these countries have rather opted for softer initiatives, i.e., corporate governance recommendations that companies can follow or not. The UK Financial Reporting Council (FRC), for example, points to the positive side of flexible regulations: “The Code is part of legislation, regulation and best practice standards which aims to deliver high quality corporate governance with in-built flexibility for companies to adapt their practices to take into account their particular circumstances” (FRC 2014; see also Chap. 2). The common “comply-or-explain” approach is thought to promote flexible adaptation while encouraging companies to do their best to conform to the standards.

## Measures Beyond Corporate Governance Codes

It is clear that the countries presented in this edited volume have, as a result of the multiple explanations presented to explain the low share of women on boards, introduced a wide range of different initiatives. These range from raising public awareness (as found in the UK, Portugal, Sweden and Switzerland) and compiling information about women on boards and databases of “board-ready women” (as found in Austria and Switzerland) to awards given to companies that champion women on boards (as found in Slovenia and Portugal) or management training particularly for women (as found in Austria, Denmark, Switzerland and Sweden). Other widespread initiatives are the development of women’s networks and mentoring programs for women (as found in the UK, Sweden, Denmark, Switzerland and Austria). In addition, in the case of the UK, the focus is not only on boards themselves but also on the nomination processes and the multiple actors involved in this process. As discussed by Doldor (Chap. 2), the role of headhunters in reproducing homogeneity has been challenged, resulting in a code of conduct for

executive search firms. In the other countries discussed in this volume, we find evidence of some recommendations regarding the nomination process and the adequately diverse composition of boards. Most of these recommendations are defined within Corporate Governance Codes.

However, it is evident that in several of the country-specific cases discussed in this volume, including the UK, Austria and Sweden, the authors challenge these commonly used explanations and rationales for the lack of women on boards. In fact, Doldor (Chap. 2), Mensi-Klarbach (Chap. 5) and Holgersson and Wahl (Chap. 6) demonstrate that gendered nomination practices and power structures within companies are, in fact, major hindrances to women getting board positions in the UK, Austria and Sweden.

## Enabling and Hindering Forces

Throughout this edited volume, we have discussed the role of enabling and hindering forces, considering them in relation to the different types of strategies introduced to increase the share of women on boards. While we acknowledge that this represents the subjective understanding of the different authors, and that the consideration of specific factors, events and actors is a subjective choice, we still believe we can observe interesting similarities and differences between the eight European country-specific cases presented in this edited volume. Below we present the key enabling and hindering forces from the different countries.

### UK

The topic of (the lack of) women on boards has been on the agenda in the UK since the 1990s, mostly due to academic work highlighting the topic; therefore, an enabling force is the long tradition of focusing on the issue. Nevertheless, it is also important to acknowledge that when the women-on-boards debate flourished in Europe, the discussion got more momentum in the UK as well and a wider range of actors got involved. These actors included women's networks, business leaders, academics and

politicians. Doldor (Chap. 2) argues that the multistakeholder approach, involving a wide range of actors, has been important for the UK in introducing and actually reaching the target set in the Lord Davies Report. Interestingly, in comparison with most other countries in this volume and in Volume 1, the debate about women on boards and the use of strategies in the UK has centered on setting targets, monitoring progress and introducing other initiatives, such as networking events. In fact, the use of quotas has to a certain extent been missing from debates in the UK. Doldor highlights how in the UK, in particular, Corporate Governance Codes and the approaches taken to social inequality issues are characterized by voluntarism, expectation of compliance, individualistic logic, and the business case and utility discourse, with little support for direct state involvement in businesses' life. The approach of increasing the representation of women on boards by using targets fits with this tradition.

In terms of key actors in the UK, Doldor highlights the importance of the multi-stakeholder approach, through which several politicians have actively championed and supported research and business collaborations on the topic of women on boards. Their roles as actors might have been underplayed. It is evident that organizational ideas and initiatives based around the business case have been important in the UK, and social justice logic seems to have been missing. Taken together, the approach to the problem of women on boards in the UK based on voluntarism, antiregulatory sentiment, the expectation to comply (as expressed in the Corporate Governance Codes), and business case logic is very much in line with the history and context of the country. As highlighted by Doldor, the danger of this reliance on key actors to continue with monitoring and public scrutiny, and to act as change agents without a legally binding foundation to build on, is that it remains to be seen whether or not the voluntary approach is able to maintain momentum.

## Portugal

In the case of Portugal, it is evident that there has been, and continues to be, a high level of female participation in the labor force, and a wide range

of workplace-equality strategies have been in place for decades. Nevertheless, the approaches pertaining specifically to women on boards have, to date, relied on awareness-raising initiatives and soft measures. According to Casaca (Chap. 3), the case of Portugal is characterized by relatively few actors really engaging in the debate about female representation on boards and about the use of strategies and initiatives. In particular, what is evident is that some political leaders from the previous and current government, left-leaning political parties, a few academics, and occasionally the media are among the key actors, while there has been a lack of broad support and attention both politically and socially. In fact, Casaca argues that there has been little evidence of grassroots or business initiatives pushing for the use of quotas. She argues that the discourse among the actors in Portugal indicates that social justice and equality are important. Portugal is one of the countries in which the quota debate is very much on the political agenda, and it is expected that this will result in an initiative shortly. In particular, the current government (in place since 2015) and the Secretary of State for Citizenship and Equality have drafted quota regulations for a wide range of companies (state-owned, listed companies, public administration, supervisory boards and universities). It is yet to be seen if sufficient support will be received for this. Nevertheless, Casaca argues that institutional factors, such as a left-leaning government, a relatively high female employment rate, a history of using equality initiatives and a population with positive attitudes to gender balance in management positions provide a foundation on which a quota law for board positions could be introduced, and she expects no major hindering forces to block this progressive route.

## Slovenia

The case of Slovenia illustrates how a history of being a relatively gender-egalitarian country that scores high in international equality rankings has acted as both an enabling and hindering force as it pertains to the use of strategies to increase the share of women on boards. As illustrated by Kanjuo Mrčela (Chap. 4), on the one hand, there is an expectation that the problem of gender imbalance in senior positions in the private sector

will sort itself out with time, while on the other hand, the history of comprehensive equality and welfare initiatives provides a foundation for achieving more. A quota regulation is currently being drafted in Slovenia. According to Kanjuo Mrčela, there is a wide range of actors pushing for the law, including women from the academic, political and business spheres playing a key role. International pressure and lessons learned from other countries are also very present in the Slovenian women-on-boards debate. The primary motivation among several of the key actors in Slovenia rests on the ideas of social justice, but it is evident that the subject is also presented using business case logic to gain wider support. There are some actors from the private sector, particularly the Managers' Association, that have been very important in putting the lack of women in senior positions in the private sector on the agenda, and parts of the organization are supportive of a quota law. However, from the business sector in general, there are very few actors pushing for a quota law, and the support is rather fragmented. Within the general population, the support for gender equality is mixed. While the majority of the population in Slovenia support ideas of equality and independence for women, it is also evident that there is a strong support for more traditional divisions of labor and duties in relation to childcare and family life. Nevertheless, as illustrated by Kanjuo Mrčela, over the last few years, a potential quota law has gained considerable political and public support, and Slovenia is one of the countries expected to be closest to introducing a quota law. Kanjuo Mrčela argues that there is considerable potential for this next step, and it remains to be seen whether this enabling context, with several key actors working hard for the introduction of a quota law in a country ranked high on gender equality, is enough to motivate political and social change in the Slovenian context.

## **Austria**

In the Austrian case, Mensi-Klarbach (Chap. 5) describes how major stakeholders, including conservative political parties as also employee associations like the Federation of Austrian Industries and the Austrian Economic Chamber, are clearly against gender quotas. This might in part

be due to the dominance of block holdings, and thus family or single dominant owners. In addition, Austria consists of a large but decreasing state-owned sector. There seems to be a clear separation between what is thought of as legitimate for state-owned companies and what is legitimate for privately held companies, with a clear resistance to state interference in private companies. As a result, as in the Swedish case (see Chap. 6), voluntary measures as codified in the Corporate Governance Code have been put forward. Moreover, in the case of Austria, we have seen several measures and initiatives put in place to better prepare women for board positions. However, the managerial elite do not see any problem with gender inequality on boards. In fact, Mensi-Klarbach illustrates how the majority point to gendered roles, and hence work–family conflicts, as main reasons for the low female representation on boards. The business case argument is made in several ways, but it does not yet seem to have any influence on the perception held by the current managerial elite, who nominate people to boards. Thus, the topic has little support from powerful actors, and as a result, progress is slow in privately held companies. Recently, individual people and politicians, such as the former Minister Heinisch-Hosek, have striven to keep focus on the topic. When the former Minister put the use of quotas on the agenda in 2011, she ultimately had little support even in her own party. Interestingly and quite surprisingly, the two coalescing parties agreed on a new working program in February 2017, which includes a plan for a gender quota for supervisory boards. This came as a surprise, and triggered quite intense resistance from multiple actors, including the president of the Federation of Austrian Industries. A proposal is still to be made by July 2017, and it is to be hoped that the publication of this book might help place the issue back on the political agenda in Austria.

## Sweden

Although it is ranked among the most gender-equal countries in the world and has a long history of equality initiatives, Holgersson and Wahl (Chap. 6) explain that in the case of Sweden, meritocracy and non-intervention are paramount in the private sector. There have been



quota debates since the 1990s, but the dominant discourse resists quotas and favors freedom of choice for company owners to elect their boards. Businesses in Sweden were identified to be against quotas and thus proposed a voluntary Corporate Governance Code. Furthermore, Holgersson and Wahl illustrate how top managers do not consider the lack of women on boards to be problematic. The Confederation of Swedish Enterprise opposes the use of quotas and instead supports voluntary approaches to increase gender diversity. In spite of this, there have been ongoing suggestions to consider quotas from several individual actors, including the minister Margareta Winberg and the Minister of Finance Anders Borg. Right-wing members of parliament are against quota regulations, and the proposals have not been supported. The Minister of Justice will be presenting a new proposal in this regard in 2017.

Holgersson and Wahl also highlight how the media is playing a particular role in keeping the issue in the public's awareness. Researchers have frequently gone public with their work to make their academic knowledge about women on boards publicly accessible, but their knowledge and information has been contested and so-called gender science has not been taken seriously.

It is evident that there has been some movement from the Second Swedish National Pension Fund (AP2) and the AllBright Foundation, and the media is putting pressure on privately held companies to increase the number of women in top positions. Recently, in line with the dominant rationale in Sweden, the business case has pushed the topic forward. Overall, there is a long-standing tradition of non-interference of the state and a lack of legitimacy of social justice arguments within the private sector. Thus, big differences appear between the state-owned and private sectors in the case of Sweden.

## Denmark

Gregorič and Hansen (Chap. 7) have demonstrated that in Denmark, there is little information about relevant actors promoting the topic of women on boards or actively shaping the public discourse. Denmark is overall a rather gender-equal country with respect to the workforce and

businesses. However, there seems to be a strong rejection of political intervention to deal with the lack of women on boards.

The dominant discourse in Denmark involves a strong focus on meritocracy related to boards and board selection. As board size is rather small in Denmark (around five people), it is argued that each member needs to be an expert, ideally with executive experience. The discussions tend to focus on the lack of adequate qualifications among women, especially in relation to their executive experience. Hence, the main focus is on business case logic and meritocracy, and on the deficiencies of women.

The chapter also reveals, in line with the meritocracy argument, that the dominant shareholders seem not to be convinced of the value of nominating women into board positions. As shareholders are very powerful in nominating board members, a change in board compositions does not seem likely. Policymakers likewise do not seem willing to interfere by proposing legally binding gender quotas for board positions.

The discussions and aforementioned dominant rationale resulted in two legally prescribed, but voluntary, measures. Companies are asked to disclose their gender representation and recruitment and career planning policies. They are also asked to formulate targets and policies for the underrepresented gender. As there are no sanctions for non-compliance, it remains unclear how successful these measures are for increasing the number of women in Danish boards.

## Switzerland

According to Villesèche and Sinani (Chap. 8), in Switzerland diversity is not generally acknowledged as a business-related issue. The representation of women on boards does not seem to be a pressing issue, either in the public awareness, among political actors, or within the business sphere.

Some of the hindering forces discussed in the case of Switzerland involve the lack of women with adequate qualifications, as in the other countries already presented. In addition, low visibility of eligible female candidates and a lack of powerful networks for women were mentioned. Again, these arguments focus on women's deficiencies but hardly ever critique the system. The chapter reveals that there have been several

attempts to put the topic on the political agenda though with little success. The government, mainly the left-wing party, has proposed different initiatives, all of which have been rejected. Other public institutions, such as unions and public-sector companies, have also pushed from their side. Some cantons have succeeded in implementing quotas to increase the presence of women on public-sector company boards. However, initiatives at the national level have until very recently lacked support and failed. Villesèche and Sinani argue that this is due to the fact that direct democracy is an important issue in Switzerland, and a potential quota law would need broad public support, which does not seem to be in sight. The solution of including the topic in the Swiss Code of Best Practice can be considered a compromise, and the fact that gender diversity is recommended in the non-binding part of the code reveals its minor relevance.

Overall the pressure to increase the number of women on boards seems to be low to moderate in the case of Switzerland, while the hindering forces seem to be rather stable and long-lasting. As a result, there is no sign that the number of women on boards in Switzerland will rapidly increase in the near future.

## Hungary

Hungary, as illustrated by Nagy, Primecz and Munkácsi (Chap. 9), is characterized by open resistance to any type of quota, as a rejection of anything that reflects the previous centralized regime. This resistance has come together with a revival of traditional female roles in society. Even more, the authors claim that there is a low level of gender awareness in society, as such awareness is “either considered to be unnatural from [the] West or unnatural from [the] communist past”. In this unsupportive scenario, despite some small civic initiatives and non-governmental organizations (NGOs), there is an absence of actors pushing for gender diversity on boards. Neither political and governmental actors nor companies are bringing this topic to their agendas. Multinational corporations and European Union institutions could be advocates for change, but they

are not yet strong enough to compensate for the overt social rejection of gender equality and diversity issues.

The combination of open resistance to gender equality and diversity and a traditional national gender culture has made the institutional framework gender blind. Consequently, Hungary does not have any specific regulation on gender diversity on boards, and companies do not even have obligation to disclose statistics or strategies in relation to gender balance. As there is no legal requirement for gender diversity, board members appear to be selected based on meritocratic reasons. As a result of this perception, the reduced number of women on boards is not considered a problem. Furthermore, it is considered the outcome of individual decisions that should not be interfered with.

The government perceives the potential issue of the lack of women on boards as something that will be solved over time. According to this approach, providing education, access to the labor market and making available affordable childcare will result in women having the same opportunities as men. According to Nagy, Primecz and Munkácsi, in Hungary, there is an expectation that women's representation on boards will increase as part of a generational change. However, this seems to be an illusion rather than the reality, looking at the current situation and rate of change.

## Women on Boards Beyond Europe

The use of strategies to improve representation, including quotas as well as other initiatives, is also visible globally. As described by Terjesen and Trombetta (Chap. 10), countries beyond Europe have adopted different initiatives to promote the presence of women on boards. Terjesen and Trombetta show that Israel was the first country to implement a numerical quota for women on boards (a minimum of one woman per board). Australia has followed the UK's path, and promotes the presence of women on boards by setting a clear target and openly supporting those companies increasing their gender diversity. In the USA, on the other hand, a free-market rationale (with minimum support for state interventions) is paramount, and implementing any strategy at the national level to increase the

share of women on boards seems consequently very unlikely. Nevertheless, despite the lack of hard initiatives such as quotas in the three countries presented in Chap. 10, a wide range of other countries beyond Europe have introduced some sort of quota regulations, including India, Malaysia and the UAE (see Terjesen and Sealy 2016). Hence, this illustrates the topical importance of women on boards and the use of strategies.

## Final Thoughts

In this book, we have shown that multiple countries have measures other than gender quotas in place in order to increase the number of women on corporate boards. Reading the different country-specific cases, it becomes clear that gender quotas often are thought of as the final step to be taken if all other measures fail. This is why gender quotas are often used as a threat to make companies engage voluntarily with promoting women into board positions. As can be seen in this book, some of the presented countries are about to propose quota laws because the voluntary approach did not deliver as promised. Of course, international best practice standards with successful gender quotas in place, and an international convergence in corporate governance practices, increase pressure on countries to react in one way or another. Besides the countries planning to propose quota laws in the near future, we find countries that reject quota regulations and stick to voluntary approaches. These countries are characterized by a strong business case logic and an individualistic approach, arguing that there is a lack of qualified and willing women to fill board positions. As a result, measures in these countries focus on fixing the women, and thus tackle the “infrastructure” by promoting childcare facilities, networking events for women and specific training for women.

One key question proposed in the women-on-boards debate internationally is what type of regulation is the most effective in increasing the share of women on boards. As we can see in this edited volume and in Volume 1, quotas, and in particular quotas with sanctions for non-compliance, are an effective way to reach a specific goal. However, they are not the only strategy. It becomes apparent that the efficacy of any measure, be it quota regulations or a voluntary measure, depends on how

it is formulated. Looking at the cases of the UK and Sweden, we see that initiatives beyond quotas have achieved the desired changes and results, more successfully than, for example, Spain (discussed in Volume 1). What this indicates is the importance of a nuanced understanding of the women-on-boards debate and the use of strategies intended to increase representation. In particular, this confirms our assumption that understanding specific country characteristics—including corporate governance systems, history in relation to equality legislation and other enabling and hindering forces and actors—is key for understanding both the introduction of specific policies and the chances of actually reaching the suggested changes and goals. A holistic approach including several key actors seems crucial. As is visible in the chapter on Belgium (Volume 1), there is a call for measures in addition to quotas to finally reach gender balance on boards. The example of Spain (Volume 1) also shows that gender quotas alone seem not to work, unless they come with sanctions and further measures addressing multiple stakeholders.

In the process of editing *Gender Diversity in the Boardroom—Volume 1: The Use of Different Quota Regulations* and *Gender Diversity in the Boardroom—Volume 2: Multiple Approaches Beyond Quotas*, we have identified numerous interesting areas for further research. In particular, we argue that the women-on-boards landscape in Europe and beyond is in an exciting moment in time. In Europe, we are currently witnessing increased focus from policymakers, both at the national and EU level, and several countries including Slovenia and Portugal are in the process of drafting quota regulations. Moreover, other countries with quota laws in place, such as Italy and the Netherlands, are coming to the end of the target quota period. Norway is increasingly looking at the wider effects of the quota law and to what extent the law has actually increased gender diversity beyond the plc boards affected by the quota law. However, what we witness is that in order to simplify, studies do in many cases use international statistics of the largest listed companies to compare the number of women on boards over time and internationally. We argue that this is problematic, as these are not always the companies, or indeed the only companies, affected by the specific initiative. Hence, in order to understand the effects and consequences of specific quota laws or targets,

this type of data might be misleading. Moreover, national data is usually presented as a country average, although regulations and other strategies are defined to make companies comply individually. This implies that national averages in some countries might be around the targeted figure, but this does not mean that all companies are actually complying. We believe there is a need for further and more accurate research in this area.

We have also shown that different actors are dominant in different countries, not only with respect to changing policies and pushing for quotas but also concerning the actual nomination practices. Whereas in some countries few shareholders are dominant, in others politicians or Ministers nominate most board members. Again, in certain other countries executive search companies play an important role in the nomination processes. However, as yet there are no systematic comparative studies on nomination practices and how they relate to potential strategies and their efficiency.

Taken together, we argue that there are numerous important areas for further research about women on boards, and we hope that the structured approach focusing on different countries in the European setting will fuel the ongoing debates further.

## Note

1. At both EU and the individual country levels, the terminology used about strategies to increase the share of women on boards varies. In particular, we find examples such as “gender representation regulation,” “gender balance laws,” “gender quota laws,” “gender laws,” etc. We will in this chapter refer to this as “quota laws” for consistency, but acknowledge that other terminologies are also often used.

## References

- Aguilera, R., Filatotchev, I., Gospel, H., & Jackson, G. (2008). An organizational approach to comparative corporate governance: Costs, contingencies, and complementarities. *Organization Science*, 19, 475–492. doi:[10.1287/orsc.1070.0322](https://doi.org/10.1287/orsc.1070.0322)

- Aoki, M. (2001). *Toward a comparative institutional analysis*. Cambridge, MA: MIT Press.
- Cuomo, F., Mallin, C., & Zattoni, A. (2016). Corporate governance codes: A review and research agenda. *Corporate Governance: An International Review*, 24, 222–241. doi:10.1111/corg.12148
- FRC (The Financial Reporting Council). (2014). *The UK Corporate Governance Code*. Retrieved March 3, 2017, from <https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-2014.pdf>
- Schiehll, E., & Castro Martins, H. (2016). Cross-national governance research: A systematic review and assessment. *Corporate Governance: An International Review*, 24, 181–199. doi:10.1111/corg.12158
- Terjesen, S., & Sealy, R. (2016). Board gender quotas: Exploring ethical tensions from a multi-theoretical perspective. *Business Ethics Quarterly*, 26(1), 23–65. doi:10.1017/beq.2016.7