

Appointing Women to Boards: Is There a Cultural Bias?

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Appointing Women to Boards: Is There a Cultural Bias?

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Abstract Companies that are serious about corporate governance and business ethics are turning their attention to gender diversity at the most senior levels of business (Institute of Business Ethics, Business Ethics Briefing 21:1, 2011). Board gender diversity has been the subject of several studies carried out by international organizations such as Catalyst (Increasing gender diversity on boards: Current index of formal approaches, 2012), the World Economic Forum (Hausmann et al., The global gender gap report, 2010), and the European Board Diversity Analysis (Is it getting easier to find women on European boards? 2010). They all lead to reports confirming the overall relatively low proportion of women on boards and the slow pace at which more women are being appointed. Furthermore, the proportion of women on corporate boards varies much across countries. Based on institutional theory, this study hypothesizes and tests whether this variation can be

attributed to differences in cultural settings across countries. Our analysis of the representation of women on boards for 32 countries during 2010 reveals that two cultural characteristics are indeed associated with the observed differences. We use the cultural dimensions proposed by Hofstede (Culture's consequences: International differences in work-related values, 1980) to measure this construct. Results show that countries which have the greatest tolerance for inequalities in the distribution of power and those that tend to value the role of men generally exhibit lower representations of women on boards.

Keywords Culture · Board of directors · Gender · Gender diversity · Diversity · Cross-country · Corporate governance

Introduction

Board gender diversity is an important ethical issue for companies (Institute of Business Ethics 2011, p. 1) and is promoted in several countries' laws and national governance codes. There have been numerous national and international studies examining the factors influencing the composition of corporate boards of directors (e.g., Dalton et al. 1998) and the presence of women directors on boards (e.g., Terjesen et al. 2009). One strand of this research examines the presumed relationship between national culture and board structure (Hickson and Pugh 1995; House et al. 1999; Li and Harrison 2008; Semenov 2000). These studies focus on the level of independence of the directors. We wish to extend this line of research by focusing on whether cultural characteristics drive the appointment of women to corporate boards across countries.

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Catalyst (2011)¹ published the following statistics on the proportion of women on boards by country: Sweden (27.3 %); Finland (24.5 %); Denmark (13.9 %); United Kingdom (15 %); Belgium (7.7 %); Spain (9.3 %), and Italy (3.7 %). Concerned about this under-representation of women and the slow rate of progress in this regard, several European Union countries are trying to bridge the gap between genders in corporate governance by imposing objectives or quotas for listed companies. For instance, in 2003 Norway adopted a law requiring that 40 % of all publicly listed company board members be women by 2008, which explains why Norway has the highest rate of representation at 44.2 % (Catalyst 2008). Spain, France, and Belgium have passed similar laws, with compliance deadlines in 2015 (Spain equality law 2007), 2017, and 2018 (Catalyst 2011), respectively. Germany and Sweden have adopted a comply or explain approach (Catalyst 2011). In Britain, the Financial Reporting Council (2011) is considering amending the UK Corporate Governance Code to require listed companies to establish a policy concerning boardroom diversity, including measurable implementation objectives, and to annually disclose a summary of the measures adopted and of the progress made in achieving the objectives (Davies 2011). Eventually, adoption of such rules or guidelines may considerably reduce the differences between countries. However, in the meantime, the cross-country differences remain significant.

In light of the above statistics and reactions from governments, our research question is: Why does the level of female representation on corporate boards of directors differ so much from one country to another? More specifically, we wish to examine whether and to what extent the culture of a country may affect the level of female representation. Despite an extensive literature on the reasons why women should have better access to corporate boards and constitute a critical mass (Labelle et al. 2010; Haslam et al. 2010, Konrad et al. 2008; Kramer et al. 2006; Carter et al. 2003; Burgess and Tharenou 2002) and despite important differences in women's representation on boards of directors across countries, prior studies have not investigated the possible

¹ Several other prominent organizations confirm the imbalance of women on boards worldwide and the wide variation between countries. The Corporate Gender Gap Report of 2010, published by the World Economic Forum, presents the results of a survey of more than 3,400 companies including the 100 largest employers in each of the 30 member countries of the Organization for Economic Co-operation and Development (OECD), together with Brazil, Russia, and China. The 2010 European Board Diversity Analysis, prepared by Egon Zehnder International, analyzes data on 340 of the largest companies (market capitalization of more than EUR 4 billion) across 17 European countries. The report of Lord Davies of Abersoch, published on February 24, 2011 and commissioned by the United Kingdom government, examines the current situation of the FSTE 350 boards and gives its conclusion after wide consultation with various interested parties.

influence of national cultural dimensions on women's access to boards. Based on 6 case studies conducted in the contexts of four European countries (UK, Norway, Spain and the Netherlands), Sealy and Doldor (2009b) conclude that it is vital to consider the cultural and political context when examining board diversity.

Culture is defined as the set of values, beliefs, principles, and attitudes that are widely shared within a group of people (Hofstede 1980). Shared culture conditions individual behavior in the various spheres of everyday life and may thus help better understand these behaviors. It is on this basis that we use institutional theory to examine whether culture differently conditions the social roles assigned to men and women and even encourages gender stereotypes, which may influence firm's decisions to elect women to boards of directors.

Following the seminal work of Hofstede (1980), several studies have examined how corporate decision-making may be influenced by cultural dimensions (Gray, 1988; Salter and Niswander 1995; Ralston et al. 1993; Pedersen and Thomsen 1997; Semenov 2000; Stulz and Williamson 2003; Hope 2003; House et al. 2004; Guiso et al. 2006). We wish to contribute to this line of research by examining whether national cultural dimensions are associated with firms' decisions to appoint female directors.

We analyze the rate of representation of women on boards of directors of 7,302 publicly traded companies in 32 countries. Along with our variable of interest pertaining to the cultural dimensions of a country, we control for other factors likely to affect female board representation, such as board size, whether the Chair of the board is a woman, firm size, profitability and industrial sector, and the country's code of corporate governance. Our results show that two cultural characteristics, as measured by the Hofstede (1980) dimensions, are associated with variations observed in the level of female representation on corporate boards.

Our article is structured as follows. Cultural factors and the theoretical framework on which we base our study are set forth in "Theoretical Framework Linking Culture and Board Gender Diversity" section. We develop our hypotheses in "Hypotheses" section. "Methodology" section describes the methodology. The results of our descriptive, univariate, and multivariate analyses are presented and interpreted in "Results and Analyses" section, followed by a robustness analysis. Finally, "Conclusions" section presents a discussion of the results and conclusions.

Theoretical Framework Linking Culture and Board Gender Diversity

There is no agreement within social sciences on a definition of the concept of culture. In general, culture refers to a set

of parameters that significantly differentiates one group from another. For Hofstede (1980), culture is considered as the collective social program that determines the set of values, beliefs, principles, and attitudes shared by members of a specific social community. House et al. (2004) suggest that culture serves as the reference frame that makes possible the interpretation and meaning of significant common events experienced by the members of a community; such experiences are very important and passed down through the generations. The fundamental characteristic of culture is that it is a social design that conditions the majority of social practices and processes. Therefore, a great deal of social behavior can be understood through the prevailing culture or social norms. With regard to the object of this study, the gender perspective in one country can be affected by culture, i.e., the mental structure through which individuals think about their social world, generating gender stereotypes or roles associated with women that could influence the presence of women on boards (Nelson and Levesque 2007).

The notion of gender is in itself a cultural construct created to refer to differences between men and women in society in terms of attitude, mental structures, and expectations. Gender as a notion goes beyond biological differences. Social beliefs about the roles of men and women surface in notions such as gender equality or discrimination. Some societies seem to ignore these differences when assigning roles; others seem to maximize them (House et al. 1999).

Several studies examine the different roles assigned to men and women in society on the basis of variables such as economic development (Moore and Shackman 1996; Nuss and Majka 1983), or political systems (Clark and Carvalho 1996; Paxton 1997). Results show that a difference in economic development does not create new roles for women. However, there are indications that political systems fulfill an important function when determining women's role in society and, above all, their access to positions of responsibility traditionally reserved for men.

Pioneering studies, like Friedland and Alford (1990), Hofstede (1991), and Hickson and Pugh (1995), conclude that the cultural and social characteristics of a country have a great influence on the structure of corporate management. Aguilera and Jackson (2003) and Lubatkin et al. (2005, 2007) examine the influence of the institutional context on corporate control mechanisms. These authors recognize the importance of institutional differences, such as legal and cultural factors, in conditioning corporate practices.

Institutional theory assumes that organizations are subject to the institutional environment, which includes the culture in which they operate, and that corporate models are based on the institutional norms present in a specific society (Meyer and Rowan 1977). Such norms can be

simply assumed, endorsed by public opinion, or enforced by law (Starbuck 1976). Therefore, these norms inevitably involve normative obligations, but also the shared values and beliefs that contribute to the culture of a society.

In order to survive in competitive environments and acquire legitimacy, organizations must design their organizational structure in line with the set of rules and belief systems that prevail in the country in which they operate. The legal foundation on which every society is based, involves a set of regulatory obligations, as well as values and beliefs that are shared by all members of a society and determine their expected social behavior (DiMaggio and Powell 1983; Scott 1987). Thus, conformity to social expectations is considered key to the survival of a company. Companies are therefore social entities embedded in an institutional order set. They tend to shape their organizational structures to fit the established social order and gain legitimacy. Since culture, as a set of beliefs and values, is one of the institutional forces of any society, the way in which organizational structure are set up may be strongly influenced by cultural values that prevail in a society. Indeed, authors such as Aguilera and Jackson (2003) or Lubatkin et al. (2007) indicate how differences in the institutional environment are the basis for divergences in corporate governance structures.

Li and Harrison (2008) also use institutional theory to develop hypotheses related to the composition and structure of multinational company boards by using the Hofstede framework and data; their definition of board composition is limited to the percentage of outside, or non-management, directors. The results of their study show that culture exerts a significant influence on the structure of boards of directors. Institutional theory has also been used to explore the presence of women on corporate boards in relation to other parameters, such as their representation at other levels of the companies (Bilimoria 2006), their participation as political representatives (Terjesen and Singh 2008), or gender stereotypes and/or discrimination in the labor market (Nelson and Levesque 2007). Given this background, we consider that institutional theory provides a suitable framework to examine which dimensions of the cultural environment are related to the observed between country variations in female representation on boards.

In summary, several reasons justify the use of the cultural dimensions of a country as an explanatory factor. First, comparative studies show that not only is the proportion of women on boards generally low, except in Norway where a quota was adopted, but also this proportion varies between countries. Second, research shows that institutional theory provides a good framework to study the presumed relationship between national cultures and the structure of corporate boards. Thus, the objective of this paper is to relate both lines of research to analyze to what

extent the culture of a country may explain cross-country variations in terms of board gender diversity.

Several authors have proposed various cultural dimensions or values to describe cultural differences between countries. Hofstede (1980) proposes four cultural dimensions. This author was followed by others whose goal was to improve and extend his work. Work on cultural values by Schwartz (1992), Ingleharts (1977, 2001), Trompenaars (1993), and on the cultural framework proposed in the Global Leadership Organizational Behavior Effectiveness (GLOBE) program (House et al. 2004) have nourished the evolution of the concept. As pointed out by Robbins (2004), over the years the Hofstede cultural dimensions have become the basic theoretical framework to differentiate national cultures. Thus, to examine the relationship between culture, our variable of interest, and board gender diversity, we use the four cultural dimensions identified by Hofstede (1980).

Hypotheses

Hofstede's cultural model posits that there are cultural differences between countries. This would explain why different countries respond in different ways to the same social phenomenon. These national cultural dimensions were empirically derived through a questionnaire administered to IBM employees from 40 countries in two time periods, namely 1967–1968 and 1971–1973. The aggregation of individual responses by country allowed Hofstede to identify four cultural dimensions that are determinants of a country's culture namely power distance, individualism–collectivism, masculinity and uncertainty avoidance

Power distance refers to the degree to which a society accepts an unequal distribution of power in its institutions and organizations. A high value for this variable indicates that inequalities in power and wealth are more widely accepted. It is a well known fact that women participate less than men in the power structure of organizations such as the board of directors. We therefore expect that countries that manifest a high power distance value, as measured by Hofstede (2000), are more tolerant to the “old boys' club” syndrome and thus to a lower level of female representation on corporate boards. Sealy and Doldor (2009a, b) account for the lack of diversity on boards in part because women are assumed to lack the social capital (or power) to get onto boards. Progression to board-level positions relies on access to the organization's informal networks (old boys' club) in order to keep informed about opportunities beyond the formal channels and to gain support from powerful allies or mentors (mainly men). According to Sealy et al., developing sufficient social capital is crucial to being accepted as a potential board

director. We expect the difficulty to be compounded in countries or institutional settings exhibiting high power distance. This leads to our first hypothesis:

H1 The proportion of women on corporate boards is likely to be lower in countries exhibiting high power distance.

The variable *individualism* measures the degree to which individuals prefer to behave according to individual values rather than to those of the group to which they belong. This variable gages the degree to which a society appreciates individual characteristics such as autonomy, privacy, and the ability to set personal goals, as opposed to being loyal to a group, committing to its norms, and favoring social cohesion. A high value for this variable indicates a more individualistic society. In collective or non-individualistic societies there is often more sensitivity toward the representation of minorities in decision-making positions, so that the voice of a greater range of social groups is represented (Very et al. 1997; Schuler and Rogovsky 1998). These societies would tend to foster more female representation on corporate boards. On this basis, it is argued that high individualism values may be negatively related to the level of female representation on corporate boards. However, it may also be argued that traditional collective values could emphasize traditional gender-specific roles (as in masculinity) in which the boardroom is considered a male domain. Similarly, a high value on this dimension could reflect a commitment to individual human rights, which could include gender equality based on personal merit. Finally, it may be possible that “individualism” manifests in a desire to pursue one's preferences regardless of stereotypes, conventions, etc. That is, women in a country characterized by a relatively high degree of individualism may be more likely to seek to positions—such as board directorships—that they were conventionally denied? We therefore formulate a null hypothesis between PWOB and individualism:

H2 The proportion of women on corporate boards is not related to the individualism dimension of a country.

For Hofstede (2000), in a “masculine” society, social gender roles are clearly distinct. Men are expected to be assertive, tough, and focused on material success. Values such as performance, assertiveness, success and competitiveness prevail. On the other hand, women are expected to be modest, close to their emotions, and concerned with quality of life, personal relationships, and solidarity. Low levels of “masculinity” are found in societies where social gender roles overlap. Masculinity translates what Sealy et al. (2009a) refers to as persistent gender stereotypes—generalizations we make about men and women as groups or the characteristics we mentally associate with each gender group. This stereotype engenders a constant gender

bias in the appraisal of skill and merit in favor of men. Masculine societies define gender roles in a traditional and stereotyped way. In this regard, Konrad et al. (2000), Sealy et al. (2009a), and Oakley (2000) show empirical evidence that the attribution of stereotyped values to women can negatively bias their appointment to corporate boards. We therefore expect a negative association between the level of masculinity of a country and its level of female representation on corporate boards. The third hypothesis is:

H3 The proportion of women on corporate boards is likely to be lower in countries exhibiting high masculinity.

Uncertainty avoidance reflects that the citizens of a country prefer structured over non-structured situations. A high value of *uncertainty avoidance* indicates a low tolerance for uncertainty and ambiguity, favoring a society oriented toward rules, laws, and controls to reduce the level of uncertainty. Conversely, a low value indicates less concern toward uncertainty and ambiguity, a lesser need for regulations, and more openness to change. Countries with low *uncertainty avoidance* are more tolerant of diversity in opinions and alternative behaviors and are open to more and larger risks. In this sense, as noted in the literature (Schwartz 1986; Burke 1997; Zelechowski and Bilimoria 2004), women have different experiences than men in the workplace, market, public and community services, so that women bring a different perspective to the debate and decision-making (Billing and Alvesson 1989). As a result, one expects that firms operating in countries with a high capacity to confront change and adapt to new realities, as would be the case with allowing a larger number of women in the power structure of organizations, would show a higher level of female representation on corporate boards. Consequently, the expected relation between the *uncertainty avoidance* variable and the proportion of women on boards is negative as predicted in the last hypothesis:

H4 The representation of women on corporate boards is likely to be lower in countries exhibiting high uncertainty avoidance.

Methodology

In this section, we present the sample, the model and the variables.

Sample

The sample for this study is from the BoardEx² database which profiles the corporate boards and individual directors

² BoardEx is a business intelligence service providing data concerning the board of directors and senior management of public and large

of public firms across the world. Our initial sample consists of 8,033 firms for which we were able to collect individual board of directors' characteristics such as gender. We do not apply any other filters. Firms for which we could not get information about the variables relevant to the study were eliminated. This elimination process resulted in a sample comprising 7,302 boards from 32 countries which are presented in Table 2.

Model and Variables

We use an OLS regression model to test whether cross-cultural differences between countries have an impact on the proportion of female directors on corporate boards, while controlling for other factors known to affect board composition. The model is as follows:

$$\begin{aligned} \text{Proportion of Women on corporate boards} \\ = f(\text{country's culture, control variables}) \end{aligned}$$

In the above model, the dependent variable which is the *proportion of women on corporate boards (PWOB)* is measured as the number of female directors divided by the total number of board members. We use the Hofstede 2000 cultural dimensions discussed in the previous section to measure the main culture of the countries where the sampled firms operate. These dimensions are: *power distance*, *individualism*, *masculinity*, and *uncertainty avoidance*. Each variable can take a value of 1–100. Table 7 in Appendix shows the mean values of these cultural dimensions per country in our sample as per Hofstede 2000. To control for factors other than the cultural dimensions that have been found to affect the proportion of women on corporate boards, we introduce other variables into the model. The choice of control variables is mainly driven by their explanatory power in a variety of prior studies on women's access to boards of directors.

First, we control for the total number of directors on the board, *Board size*, as it was found to affect the level of representation by women on such boards (Carter et al. 2003; Coffey and Wang 1998; Erhardt et al. 2003; Hillman and Cannella 2007). Second, we control for situations where a woman is Chair of the board. Considering institutional theory (Bilimoria 2006; Strydom and Au Yong 2012; Palvia et al. 2012), this situation could influence the number of women appointed on the board. The variable

Footnote 2 continued

private companies. It is mainly used by institutional investors, wealth managers, and consultants but more and more as a source for academic research. The BoardEx database holds in-depth profiles of over 500,000 of the world's business leaders. BoardEx was established originally in 2001 by Management Diagnostics Ltd in the UK and has since grown to North America and Asia.

chairwoman is a dichotomous variable with a value of 1 when the Chair of the board is female and 0 otherwise. Third, we consider the possible effect that firm size might have on *PWOB*. Some studies have found that in small companies women have a greater chance of being promoted in the company's organizational structure (Andre 1995; Bertrand and Hallock 2001). This is largely due to the fact that in smaller companies it is easier to detect the potential of female candidates to serve as board directors. On the contrary, other studies find a positive relationship between the size of a firm and the presence of women on the board of directors (Catalyst 2001; Harrigan 1981; Heidrick and Struggles 1977). This might be explained by the fact that large companies are more likely to use formal evaluation and promotion processes to facilitate women's entry into high-level positions corresponding to their level of education and training. Thus, we do not predict the sign of the relationship between *Firm size* and the *PWOB* dependant variable. To proxy for firm size, several authors have used the corporate sales figures (Coffey and Wang 1998; Hambrick and Cannella 2004; Hillman and Cannella 2007; McCormick Hyland and Marcellino 2002; Sander and Boivie 2004), total assets (Carter et al. 2003; Erhardt et al. 2003; Peng 2004), or the total number of employees (Coffey and Wang 1998; Konrad and Mangel 2000; Smith 2007). We use the logarithm of sales to measure *Firm size* in order to avoid problems of scale in the distribution of this variable.

Fourth, our model controls for firm performance, labeled *profitability*, as prior studies conclude that pluralism including gender diversity on boards entails a variety of points of view that leads to better decision-making and performance (Ben Amar et al. 2013), and that financially successful firms may select more women directors (Carter et al. 2010). *Profitability* is computed as net profit divided by total equity as in other international studies (Adler 2001; Catalyst 2004; Carter et al. 2003).

Fifth, we control for the legislation or regulation adopted in various countries to increase female representation on corporate boards. The main tool used to promote gender equality policies is the national code of good governance. The dichotomous variable, *code*, takes the value 1 when the code of good governance of a country specifically refers to the promotion of more women on boards and 0 when such reference is not made. We use the code in force as of 2010 as some countries have amended their codes of good governance several times.

Finally, as Brewer (2001) and McDonald (2000) indicate, the type of business a company engages in may affect the opportunities for women to take on more responsibilities. Therefore, the sampled firms are classified into 10 sectors of activity: energy, materials, industrial, consumer discretionary, consumer staples, health care, financial,

information technology, telecommunication services, and utilities.

Results and Analyses

In this section, we first present and discuss descriptive statistics relative to women's participation on boards for our total sample. The statistics are also broken down by country. We then present and discuss the results of our multivariate analysis aimed at determining if there is a cultural bias in the appointment of female directors around the world.

Descriptive Analysis of Women's Participation on Corporate Boards

Table 1 presents data on the number of directors on boards, classified according to their gender. The average number of directors is 9.63, of which only 8 % are women. This figure is consistent with previous research, which reveals that women are scarcely represented in upper-level corporate positions.

Table 2 presents descriptive statistics about board size and gender representation by country. The proportion of female directors is higher than the 8 % average in Sweden (23 %), Finland (20 %), South Africa (17 %), Israel (15 %), Denmark, France, and Luxemburg (10 %), and Belgium and Spain (9 %). Most of these countries have imposed or are considering imposing quotas or other constraints on their public firms to promote gender diversity on boards. We specifically control for this effect of regulation in the multivariate analyses in "Multivariate Analysis" section. The following countries exhibit below-average women participation in corporate boards: Japan (2 %), New Zealand (4 %), Austria, India, Russia, and Switzerland (5 %), Australia, Brazil, China, Germany, Hong Kong, Italy, Portugal, Singapore, and the United Kingdom (6 %), and Greece, Holland, and Ireland (7 %).

Table 3 shows the level of female presence on corporate boards per country. As could be expected because of current or forthcoming regulation, countries like Denmark,

Table 1 Composition of the board of directors

Variable	Minimum	Maximum	Mean	Standard deviation
Size of the board	1	54	9.63	4.43
Men directors	1	51	8.76	3.92
Women directors	0	14	0.87	1.15
% women directors	0	75	8	9

Table 2 Board size and gender representation by country

Country	Size of the board	Men directors	Women directors	% women directors
Australia	6.50	6.08	0.41	5.64
Austria	12.61	12.03	0.58	4.59
Belgium	8.74	7.98	0.75	8.58
Brazil	10.92	10.25	0.67	6.03
Canada	9.04	8.17	0.87	8.43
China	10.53	10.00	0.53	5.50
Denmark	10.48	9.48	1.00	9.78
Finland	10.29	8.06	2.23	19.88
France	10.69	9.64	1.05	10.25
Germany	13.55	12.60	0.95	5.95
Greece	9.46	8.79	0.67	7.31
Holland	8.75	8.06	0.69	6.59
Hong Kong	12.15	11.20	0.95	6.18
India	10.39	9.83	0.56	5.29
Ireland	9.15	8.61	0.54	6.55
Israel	7.66	6.58	1.08	15.40
Italy	11.78	11.10	0.67	6.28
Japan	12.71	12.50	0.21	2.08
Luxembourg	8.42	7.58	0.83	10.17
Malaysia	8.17	7.52	0.65	7.73
Mexico	17.12	15.76	1.35	7.87
New Zealand	7.22	6.89	0.33	4.21
Poland	12.54	11.46	1.08	8.30
Portugal	10.55	9.95	0.59	5.68
Russia	13.33	12.61	0.72	4.73
Singapore	10.20	9.60	0.60	6.09
South Africa	11.00	9.20	1.80	16.73
Spain	12.03	10.87	1.16	9.16
Sweden	9.97	7.70	2.27	23.25
Switzerland	9.30	8.70	0.59	5.11
United Kingdom	6.73	6.28	0.46	6.19
United States	10.17	9.22	0.95	8.04
Mean	10.38	9.51	0.87	8.24

Finland, France, Israel, South Africa, and Sweden exhibit a higher-than-average proportion of female directors. Further, when there is at least one female director, Finland, Sweden and Mexico have an average number of female directors which is close to the critical mass of 3 identified by Konrad et al. (2008). However, it is also worth noting that Germany, Mexico, Poland, and the United States which exhibits lower-than-average proportion of female representation on boards have an above average percentage of boards with at least one woman. Finally, Australia, Japan, New Zealand, and the United Kingdom have the highest percentage of boards with no female director. The case of Belgium stands out with a majority of corporate

boards (54.7 %) with no female director despite an above average proportion of female directors on boards with at least one female director.

Table 4 presents a contingent analysis of the existence or not of a national code of corporate governance encouraging the participation of women in corporate boards and other variables relative to the board. The existence of such codes is bound to affect board gender diversity. Seven countries in our sample have such a national code encouraging gender diversity: Denmark, Finland, Luxembourg, Holland, Ireland, Spain, and Sweden. Panel A indicates that 42.3 % of the firms (548) operating in these countries have at least one woman on their board. In the absence of a national code of corporate governance or when the code does not refer to gender diversity, the proportion of firms with at least one woman on board increases to 52.5 % (3,154 firms). This difference is statistically significant ($\chi^2 = 43,861$; $p < 0.001$). Therefore, contrary to our expectations, codes of governance do not appear to significantly influence the presence of women on corporate boards.

Furthermore, as can be seen in Panel B of Table 4, references to gender diversity in codes of governance do not result in greater overall female representation on corporate boards, as the percentage of women is the same in both cases (8 %). Finally, the average size of corporate boards, as well as the average number of women are significantly higher when there is no reference to gender diversity in the national code of governance.

Multivariate Analysis

Table 5 presents the results of the multivariate OLS regression models used to investigate the hypothesized relationship between culture, the variable of interest, and the proportion of female directors, while controlling for other variables that could affect this proportion. All coefficients are standardized which allows to compare them.

To better see the effect of culture in the subsequent models, model 1 only includes the control variables. The level of women's participation on corporate boards is significantly higher for companies whose boards are larger, for companies where the Chair is a woman and for companies that are larger as measured by sales. This evidence brings to light a series of important issues. First, with reference to the size of the board, we interpret its positive relationship with the PWOB as greater women representation being achieved by increasing the total number of directors.

Second, female representation on corporate boards is greater for those companies where the Chair of the board is a woman. Finally, there is a positive relation between firm size and PWOB. These empirical relationships are

Table 3 Female presence on corporate boards per country

Country	Boards with no women directors		Boards with at least one women director		Total number of women directors	Average number of women directors	Proportion of women directors
	Number	%	Number	%			
Australia	189	67	93	33	117	1.26	5.6
Austria	18	58.1	13	41.9	18	1.38	4.6
Belgium	29	54.7	24	45.3	40	1.67	8.6
Brazil	7	58.3	5	41.7	8	1.6	6.0
Canada	164	51.6	154	48.4	277	1.8	8.4
China	9	60	6	40	8	1.33	5.5
Denmark	5	23.8	16	76.2	21	1.31	9.8
Finland	4	12.9	27	87.1	69	2.56	19.9
France	81	35.2	149	64.8	241	1.62	10.3
Germany	77	48.7	81	51.3	150	1.85	6.0
Greece	14	58.3	10	41.7	16	1.6	7.3
Hong Kong	11	55	9	45	19	2.11	6.2
India	99	57.9	72	42.1	95	1.32	5.3
Ireland	22	53.7	19	46.3	22	1.16	6.6
Israel	8	8.2	99	91.8	105	1.18	15.4
Italy	34	50.7	33	49.3	45	1.36	6.3
Japan	29	85.3	5	14.7	7	1.4	2.1
Luxembourg	6	50	6	50	10	1.67	10.2
Malaysia	13	56.5	10	43.5	15	1.5	7.7
Mexico	8	47.1	9	52.9	23	2.56	7.9
Holland	37	56.9	28	43.1	45	1.61	6.6
New Zealand	6	66.7	3	33.3	3	1	4.2
Poland	2	15.4	11	84.6	14	1.27	8.3
Portugal	13	59.1	9	40.9	13	1.44	5.7
Russia	10	55.6	8	44.4	13	1.63	4.7
Singapore	11	55	9	45	12	1.33	6.1
South Africa	8	11.3	63	88.7	128	2.03	16.7
Spain	20	32.3	42	38.7	72	1.71	9.2
Sweden	4	4.3	89	95.7	211	2.37	23.3
Switzerland	37	57.8	27	42.2	38	1.41	5.1
United Kingdom	648	66.9	321	33.1	441	1.37	6.2
United States	1977	46.6	2262	53.4	4033	1.78	8.2
Mean	113	47.5	116	51.6	198	1.6	8.2

maintained in all estimated models and can therefore be considered robust. On the other hand, profitability and corporate governance codes do not appear to be related to gender diversity.

Models 2, 3, 4, and 5 introduce variables to reflect the various cultural dimensions characterizing the countries in which our sample firms operate. To measure these variables, we use the values that Hofstede (2000) assigns to different cultural dimensions. Model 6 integrates all cultural dimensions. Our hypotheses are confirmed for two of the three cultural dimensions for which we propose directional hypotheses: power distance and masculinity.

The sign of the coefficient for *power distance* is negative and significant in model 2 and model 6. As defined, the cultural dimension of *power distance* measures the extent to which the less powerful members of society expect and accept that power is distributed unequally. Hence, our results support Hypothesis 1, namely that the proportion of women on corporate boards is likely to be lower in countries where power distance is greater. In countries with high *power distance*, inequality between men and women is tolerated, therefore underrepresentations of women on boards is not considered a problem. This in turn fosters a considerable cultural barrier for women in the selection process of new directors.

Table 4 National corporate governance code encouraging gender equality

Variables	Existence		Total
	No	Yes	
Panel A: number of boards (%)			
Board with no woman	2,854 (47.5 %)	746 (57.7 %)	3,600
Board with at least one woman	3,154 (52.5 %)	548 (42.3 %)	3,702
Total	6,008	1,294	7,302
Panel B			T statistic (significance)
Size of the Board	10.08	7.56	18.972***
Women directors	0.91	0.69	6.140***
% women directors	0.08	0.08	0.135

*** $p < 0.01$

To test hypothesis 2, the variable *individualism* is introduced in models 3 and 6. As hypothesized, PWOB does not appear to be affected by the *individualism (collectivism)* cultural dimension.

Table 5 OLS analysis of the factors presumed to affect the proportion of women on corporate boards using Hofstede's cultural dimensions

Variable	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Board size	0.173 (0.00)***	0.161 (0.00)***	0.169 (0.00)***	0.182 (0.00)***	0.173 (0.00)***	0.167 (0.00)***
Chairwoman	0.237 (0.00)***	0.239 (0.00)***	0.238 (0.00)***	0.236 (0.00)***	0.237 (0.00)***	0.238 (0.00)***
Firm size	0.079 (0.00)***	0.110 (0.00)***	0.091 (0.00)***	0.051 (0.00)***	0.080 (0.00)***	0.089 (0.00)***
Profitability	0.002 (0.88)	0.004 (0.74)	0.002 (0.85)	0.003 (0.71)	0.002 (0.88)	0.006 (0.58)
Code	0.006 (0.44)	0.003 (0.65)	0.005 (0.46)	0.002 (0.72)	0.004 (0.57)	0.004 (0.77)
Power distance	–	–0.082 (0.00)***	–	–	–	–0.096 (0.00)***
Individualism	–	–	0.004 (0.32)	–	–	0.010 (0.32)
Masculinity	–	–	–	–0.129 (0.00)***	–	–0.147 (0.00)***
Uncertainty	–	–	–	–	–0.006 (0.73)	–0.010 (0.45)
Sector control	YES	YES	YES	YES	YES	YES
Adjusted R^2	0.106	0.111	0.105	0.121	0.105	0.140
F-Test	171.609	151.760	144.000	167.972	143.010	122.490
p value	(0.00)***	(0.00)***	(0.00)***	(0.00)***	(0.00)***	(0.00)***
Mean VIF	1.27	1.30	1.31	1.25	1.27	1.49

p values in parentheses:
*** $p < 0.01$

The *masculinity* dimension is introduced in models 4 and 6. The coefficient of *masculinity* is statistically and negatively related to PWOB which is in conformity with our third hypothesis stating that the PWOB is likely to be lower in countries where the masculinity dimension is greater. This dimension refers to the role division between genders. According to Hofstede (1980), in “masculine” societies, gender roles are more clearly differentiated, while in feminine societies there is more ambiguity regarding gender roles. Assuming that candidate women are as qualified and experienced as their male counterparts, in masculine societies, the assessment of skill and merit is biased. This bias is caused by persistent gender stereotypes—generalizations we make about men and women as groups. Hence similar behaviors are perceived and valued differently depending on whether they are displayed by men or women, and therefore the accumulation of these stereotype effects can create barriers for women to join boards.

The standardized coefficients for *masculinity* are larger than those of *power distance* which indicates that *masculinity* has a greater impact on PWOB. Furthermore, the absolute value of the impact of these variables on PWOB is not negligible. For instance, a 30 unit decrease in masculinity is associated with an increase of 4.41 % of the PWOB value. The coefficient of *masculinity* is greater than

Table 6 OLS analysis of the factors presumed to affect the proportion of women on corporate boards using GLOBE's cultural dimensions

Variable	Model 6,(b)
Board size	0.167 (0.000)***
Chairwoman	0.241 (0.000)***
Firm size	0.118 (0.000)***
Profitability	0.007 (0.524)
Code	0.006 (0.67)
Perfor	-0.748 (0.322)
Future	-0.609 (0.542)
Gender	4.443 (0,000)***
Asser	1.485 (0.137)
Instit	0.698 (0,234)
Ingroup	-6.381 (0,000)***
Power	-2,333 (0,020)**
Human	-1.995 (0,046)
Uncert	0,554 (0,432)
Sector control	YES
Adjusted R^2	0.150
F -Test	79.308
p -value	(0.00)***

p values in parentheses:
*** <0.01, ** <0.05

firm size and just slightly lower than *board size*, two variables that are known to be associated with PWOB (Heidrick and Struggles 1977; Harrigan 1981; Andre 1995; Coffey and Wang 1998; Bertrand and Hallock 2001, Catalyst 2001; Carter et al. 2003; Erhardt et al. 2003; Hillman and Cannella 2007). Although not as high, the coefficient of power distance is larger than that of firm size. In sum, in terms of magnitude, we conclude that these cultural dimensions do have a tangible impact on PWOB.

Finally, the variable *uncertainty avoidance* is introduced in models 5 and 6. We do not find support for hypothesis 4, according to which the proportion of women on boards would be lower in countries that tend to avoid uncertainties. As the power and masculinity dimensions tested in H1 and H3 happen to correspond to widely held stereotypes about gender differences, the stronger impact of these cultural dimensions than for the individualism-

collectivism (H2) and uncertainty avoidance (H4) ones are not overly surprising.

Robustness Analysis

To test the robustness of our results, we run a series of additional analyses. These include different measurements to define the cultural dimensions and the dependent variable and a reduced sample covering the European Union. The results, which are not all tabulated here for the sake of conciseness, are similar to those discussed in "Multivariate Analysis" with *masculinity* and *power distance* being the only two cultural dimensions associated with PWOB.

Hofstede's scores have been proven to be quite stable over decades, but the data were collected over 30 years ago. Hofstede (2001) highlights that the forces that cause cultures to shift tend to be global or continent-wide. This means that they affect many countries at the same time, so that if their cultures shift, they shift together, and their relative positions remain the same. We first test the robustness of this proxy by using the cultural dimensions developed in the study conducted by GLOBE (House et al. 2004). The GLOBE research program conducted a study whose main goal was to describe, understand, and predict the influence of cultural variables on leadership, management processes, and effectiveness around the world. This program began in 1993 and used data from 825 organizations from 62 countries. Nine dimensions were identified, namely: performance orientation, future orientation, gender egalitarianism, assertiveness, institutional collectivism, in-group collectivism, power distance, humane orientation, and uncertainty avoidance. Table 8 in Appendix shows the definition of these dimensions and the scores for the countries included in our sample.

The results obtained with this proxy (see Table 6) confirm the ones obtained using the Hofstede measure, namely that *power distance* and *gender egalitarianism*, a dimension similar to Hofstede's masculinity, are associated with PWOB.³

Second, as the ratio of women on board, *PWOB*, fluctuates to a great extent among countries and may be affected by increasing either the number of women or the size of the board (denominator), we replace *PWOB* by a more conservative dichotomous variable taking the value of 1 when the board includes at least one woman and 0 otherwise. Results are similar to the ones obtained with the continuous variable.

³ We used the same sample except for Belgium and Luxemburg which were removed because the GLOBE study did not cover these countries.

Third, we rerun the model 6, but only for companies with at least one woman on the board. One would assume that there would be more gender equality sensitivity within these companies. Results for this reduced sample are similar to the original results.

Fourth, we rerun model 6 while only considering countries that are members of the European Union (EU). This analysis allows us to examine the effect of culture on PWOB within the EU where the debate about female representation on boards is particularly intense as evidenced by the regulation being put in place by several of EU countries. Further, most of the cultures in the EU abide by the same legal and institutional guidelines. Again, the results obtained for EU country corporate boards reveal that power distance and masculinity explain the variations in women's access to corporate boards. Finally, we rerun the model while only keeping the following Anglo-Saxon countries (Australia, Canada, Ireland, New Zealand, United Kingdom, United States), which we deemed to belong to similar cultures. As expected, the results reaffirm that the power distance and masculinity cultural dimensions are associated with PWOB.

Conclusions

According to several sources, women are underrepresented in corporate boards worldwide. This represents an important ethical issue which many countries, especially in Europe, are trying to resolve by a variety of means, including legal quotas. Past research is not conclusive and does not thoroughly account for the determinants of the persistent bias in favor of the appointment of more men than women directors. Furthermore, it stands out from the past professional and academic literature as well as from our own analysis that the proportion of women on boards is far from being similar across countries. This leads us to investigate if there is a cultural effect given institutional isomorphism (DiMaggio and Powell 1983). The institutional environment of a country which includes its national culture determines the set of beliefs and values that, to greater or lesser degree, are shared by its citizens. These shared beliefs can specifically influence many social processes and engender the creation of stereotypes and roles associated with gender. In turn, these stereotypes might condition the professional progress of women.

As evidenced by numerous studies, there are important differences between the culture of different countries (Hofstede 1980; Schwartz 1992; Ingleharts 1977, 2001; Trompenaars 1993; House et al. 2004), and as supports institutional theory, these cultural differences are the basis for the differences in the structures of corporate governance at the international level (Aguilera and Jackson 2003; Lubatkin et al. 2007).

To explore this issue, our study compares the level of representation of women on corporate boards across 32 countries. Our analysis looks specifically into whether the prevailing culture of a country influences the ability of women to access boards' directorships.

To provide a specific and relatively objective evaluation of the culture of a country, we use the cultural dimensions proposed in the seminal work of Hofstede (1980), as those measures are still considered the best proxy for culture despite some critics. Our results indeed reveal that certain aspects of the culture of a country contribute to determine the level of representation of women on corporate boards of directors. Specifically, two of the four cultural dimensions suggested by Hofstede (1980) (or two of the three dimensions for which we propose directional hypotheses) stand out. The first refers to "power distance" according to which firms operating in countries where an unequal distribution of power in institutions and organizations is accepted, tend to have a lesser proportion of women represented on their corporate boards. The second cultural dimension termed "masculinity" indicates that when societal values associated with the masculine role prevail, the proportion of women on corporate boards is generally lower.

This study is subject to some caveats. Despite the extensive and conclusive use of Hofstede's cultural model in previous studies, it has been the subject of several critiques. First, the definitions of cultural dimension are extracted from only one company. Second, the culture of a country is a complex concept that may be very difficult to capture quantitatively in four dimensions. To alleviate those limits, we use other measures as robustness checks with similar results. Third, we have assumed that the effect of the cultural dimensions on female representation on corporate boards are independent of each other, but they may interact in a complex way that was not investigated in this study. Finally, although the *p* values are high, our models show low R squared. Future research should consider using more comprehensive models to increase the explanatory power. For instance, we assumed that the level of education and experience is the same for male and female directors in our sample.

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Appendix

See Tables 7, 8.

Table 7 Scores of cultural dimensions by country Hofstede (2000)

Country	Power distance	Individualism	Masculinity	Uncertainty avoidance
Australia	36	90	61	51
Austria	11	55	79	70
Belgium	65	75	54	94
Brazil	69	38	49	76
Canada	39	80	52	48
China	80	20	66	30
Denmark	18	74	16	23
Finland	33	63	26	59
France	68	71	43	86
Germany	35	67	66	65
Greece	60	35	57	112
Holland	38	80	14	53
Hong Kong	68	25	57	29
India	77	48	56	40
Ireland	28	70	68	35
Israel	13	54	47	81
Italy	50	76	70	75
Japan	54	46	95	92
Luxembourg	39.1	60.9	45.8	68
Malaysia	104	26	50	36
Mexico	81	30	69	82
New Zealand	22	79	58	49
Poland	68	60	64	93
Portugal	63	27	31	104
Russia	93	39	36	95
Singapore	74	20	48	8
South Africa	49	65	83	49
Spain	57	51	42	86
Sweden	31	71	5	29
Switzerland	34	68	70	58
United Kingdom	35	89	66	35
United States	40	91	62	46

Power distance the degree to which a society accepts an unequal distribution of power in its institutions and organizations

Individualism the degree to which individuals prefer to behave according to individual values rather than to those of the group to which they belong

Masculinity refers to the distribution of emotional roles between the genders

Uncertainty avoidance indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations

Table 8 GLOBE' scores of cultural dimensions by country

Country	Performance orientation	Future orientation	Gender egalitarianism	Assertiveness	Institutional collectivism	In-group collectivism	Power distance	Human orientation	Uncertainty avoidance
Australia	4.36	4.09	3.40	4.28	4.29	4.85	4.74	4.28	4.39
Austria	4.44	4.46	3.09	4.62	4.30	4.17	4.95	3.72	5.16
Brazil	4.04	3.81	3.31	4.20	3.83	5.18	5.33	5.66	3.60
Canada	4.49	4.44	3.70	4.05	4.38	4.26	4.82	4.49	4.58
China	4.45	3.75	3.05	3.76	4.77	5.80	5.04	4.36	4.94
Denmark	4.22	4.44	3.93	3.80	4.80	3.53	3.89	4.44	5.22
Finland	3.81	4.24	3.35	3.81	4.63	4.07	4.89	3.96	5.02
France	4.11	3.48	3.64	4.13	3.93	4.37	5.28	3.40	4.43
Germany	4.25	3.95	3.10	4.73	3.79	4.52	5.54	3.40	5.22
Greece	3.24	3.44	3.49	4.56	3.29	5.22	5.39	3.36	3.44
Hong Kong	4.80	4.03	3.47	4.67	4.13	5.32	4.96	3.90	4.32
India	4.25	4.19	2.90	3.73	4.38	5.92	5.47	4.57	4.15
Ireland	4.08	3.85	3.19	4.23	4.46	4.70	4.73	4.10	4.01
Italy	3.58	3.25	3.24	4.07	3.68	4.94	5.43	3.63	3.79
Japan	4.22	4.29	3.19	3.59	5.19	4.63	5.11	4.30	4.07
Malaysia	4.34	4.58	3.51	3.87	4.61	5.51	5.17	4.87	4.78
Mexico	4.10	3.87	3.64	4.45	4.06	5.71	5.22	3.98	4.18
Netherlands	4.32	4.61	3.50	4.32	4.46	3.70	4.11	3.86	4.70
New Zealand	4.72	3.47	3.22	3.42	4.81	3.67	4.89	4.32	4.75
Papua New Guinea	4.36	4.09	3.40	4.28	4.29	4.85	4.74	4.28	4.39
Poland	3.89	3.11	4.02	4.06	4.53	5.52	5.10	3.61	3.62
Portugal	3.60	3.71	3.66	3.65	3.92	5.51	5.44	3.91	3.91
Republic Of Ireland	4.36	3.98	3.21	3.92	4.63	5.14	5.15	4.96	4.30
Russian Federation	3.39	2.88	4.07	3.68	4.50	5.63	5.52	3.94	2.88
Singapore	4.90	5.07	3.70	4.17	4.90	5.64	4.99	3.49	5.31
South Africa	4.11	4.64	3.27	4.36	4.62	5.09	5.16	4.34	4.59
Spain	4.01	3.51	3.01	4.42	3.85	5.45	5.52	3.32	3.97
Sweden	3.72	4.39	3.84	3.38	5.22	3.66	4.85	4.10	5.32
Switzerland	4.94	4.73	3.42	4.51	4.22	3.97	4.90	3.93	5.37

Table 8 continued

Country	Performance orientation	Future orientation	Gender egalitarianism	Assertiveness	Institutional collectivism	In-group collectivism	Power distance	Human orientation	Uncertainty avoidance
United Kingdom	4.08	4.28	3.67	4.15	4.27	4.08	5.15	3.72	4.65
United States	4.49	4.50	3.34	4.55	4.20	4.25	4.88	4.17	4.15
Total	4.36	4.36	3.41	4.38	4.24	4.34	4.96	4.08	4.32

Performance orientation the extent to which a human community encourages and rewards setting challenging goals, innovation, high standards, and performance improvement

Future orientation the degree to which a collectivity encourages and rewards future-oriented behaviors such as planning and delaying gratification

Gender egalitarianism the way in which a collectivity minimizes gender inequality

Assertiveness the degree to which individuals are assertive, confrontational, and aggressive in their relationships with others

Institutional collectivism the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action

In-group collectivism the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families

Power distance the extent to which a community accepts and endorses authority, power differences, and status privileges

Humane orientation the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others

Uncertainty avoidance the extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate the unpredictability of future events

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