The state of gender representation on corporate boards around the world

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Although women have increasingly achieved equality in some domains, there are vast differences in their participation at the highest echelons of the corporate world: boards of directors. In the EU, women hold 17.8 percent of board directorships; in the US, they represent 19.2 percent of S&P 500 board directors. Recently, several countries have taken proactive steps to introduce quotas (hard law) that stipulate the gender representation on corporate boards, while other countries have enacted voluntary 'comply or explain' legislation (soft law) requiring firms to document their consideration of gender in the director selection process.

The first quota was introduced in Norway in November 2002, which mandated 40 percent representation from any gender. Subsequently, 14 countries have introduced quotas, and 16 added comply-or-explain legislation. The list of countries is as follows (updated from our research published in the *Journal of Business Ethics*):

Countries with gender quotas
(PTF = publicly traded firm; SOE = state-owned enterprise)

Country	Quotas	PTFs	SOEs	Passage date	Compliance date	Sanctions
Norway	40%	Yes	Yes	December 19, 2003	2006: SOEs; 2008: PTFs (40%)	Refuse to register board; dissolve company; fines until compliance
Spain	40%	Yes	No	March 22, 2007	March 1, 2015; PTFs (40%) with 250+ employees	Lack of gender diversity will impact consideration for public subsidies and state contracts
Finland	40%	Yes	Yes	April 15, 2005	June 1, 2005	None
Quebec (Canada)	50%	No	Yes	December 1, 2006	December 14, 2011	None
Israel	50%/1FBD	Yes	Yes	March 11, 2007; SOEs; April 19, 1999; PTFs	2010: SOEs; None for PTFs	None
Iceland	40%	Yes	Yes	March 4, 2010	September 1, 2013; 40% for firms with 50+ employees	None
Kenya	33%	No	Yes	August 28, 2010	August 28, 2010	None
France	40%	Yes	No	January 13, 2011	January 1, 2017: 500+ employees or €50m revenues	Fees will not be paid to directors

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Italy	33%	Yes	No	June 28, 2011	Interim 20% by 2012	Fines; directors lose office
Belgium	33%	Yes	Yes	June 30, 2011	2011-2: SOEs; 2017-8: PTFs	Void the appointment of any directors who do not conform to board quota targets; suspend director benefits
India	1FBD*	Yes	Yes	August, 2013	August 1, 2015	Fines
UAE	1FBD	Yes	Yes	December, 2012	Not specified	None
Greenland (Denmark)	50%	Yes	Yes	2013	January 2014	
Germany	30%**	Yes		December, 2014	2016	Director seat must be left vacant

This table is updated from our paper. * At least one woman director is required to be on the board for publicly traded and every other public company (August 2013); ** Applies to supervisory boards only. Countries with 'comply or explain' legislation for certain sets of firms include Sweden, Ireland, Luxembourg, Malawi, Netherlands, Nigeria, Malaysia, South Africa, Denmark, Austria, the United Kingdom, Germany, Poland, Australia, and the United States.

As can be seen, the quotas are not uniform: they range from 33 to 50 percent gender representation, and include vastly different periods of implementation (usually three to five years) as well as penalties for non-compliance. Many other countries' leaders and policy groups are debating, developing, and approving legislation around gender quotas in boards, for example in Ireland, Slovenia, Sweden, the United Kingdom, and the United States.

There is a large literature on women on boards (see review) which indicates that women board members take active roles on boards, challenging issues and asking difficult questions, and bring a deep understanding of markets and consumers. A recent meta-analysis of women board members and performance suggests that female board representation is positively related to profitability in certain country contexts.

Scholars are beginning to examine the phenomenon of gender quotas for corporate boards and comply-or-explain legislation. Early research by Morten Huse, Maria González Menèndez, and others on the impact of quotas in Spain and Norway indicates that post-quota female directors are usually younger than their pre-quota counterparts, have less CEO experience, are less likely to be owners/partners or self-employed, are more likely to have backgrounds in finance and economics and have higher levels of education, especially in law or general Masters qualifications. Post-quota female directors' social capital increases at almost twice as much as men – indicating that female directors occupy an important role as knowledge brokers across firms. The research on the immediate impact of the quotas on firm performance is mixed across studies, and so far inconclusive. There is a need for greater research on the outcomes, at individual, board, firm, industry, and country levels, on the quota and comply-or-explain legislation.

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Note: This article gives the views of the author, and not the position of LSE Business Review or the London School *of Economics.*

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