

THE VALUE-IN-BOARD GENDER¹ DIVERSITY PROPOSITION²

INTRODUCTION

“Fifteen years into the 21st century, gender equality appears to be the forefront of the global humanitarian agenda” (Joshi, Neely, Emrich, Griffiths and George, 2015: 1459).

In accordance with international laws and conventions declaring that *“men and women have the same right to employment opportunities, promotion, and equal treatment in respect of work for equal value”*, most societies establish gender equality as an objective for their institutional settings; political, institutional and private organizations, as for the leadership of these organizations.

Issues around women in top management are getting increased attention, both in research and in practice (Terjesen, Sealy, and Singh, 2009; Vinnicombe, Singh, Burke, Bilimoria and Huse, 2008). In 2014, the United Nations recognized that women’s equal right to education and employment is not just a “women’s issue” but also a human rights issue (UN Women, 2014).

Women represent approximately half of the world’s population and 50% of the total human capital available. However, they are largely under-represented at the highest levels of organizations (Catalyst, 2011; UN Women, 2014). In general terms, it is considered unethical to exclude certain groups from elite positions based on gender or other individual traits or characteristics unrelated to their ability (Carver, 2002). In spite of this, women remain a small minority in corporate governance around the world and seem not to get the same access to directorships as men (Hillman, Shropshire and Cannella, 2007).

In order to improve gender diversity, politicians and legislators in some countries have instituted quotas that require corporate boards to include 30 to 50% women representatives. In 2013, EU Justice Commissioner Viviane Reding requested large

¹ Gender referring to biological sex: Men and Women.

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publicly held companies in Europe to voluntarily pledge to achieve a 30% level of women directors by 2015.

Table 1. Percentage of Women Directors on European Boards

Country	% of Women on Boards in European countries 2014	% of Women on Boards in European countries 2017
Belgium	16,7	26,6
Denmark	21,9	27,0
Finland	29,8	29,8
France	29,7	37,1
Germany	21,5	27,2
Great Britain	21,0	27,1
Holland	25,1	28,1
Italy	15,0	30,0
Norway	38,0	39,1
Spain	14,8	20,2
Sweden	26,5	36,1

Source: European Commision, Factsheet WOB

It can be concluded from this table that Norway represents a benchmark for gender diversity with the highest representation of women directors on boards worldwide. In 2003, Norway passed its controversial quota law, mandating that by 2008, all corporate boards of listed companies should have a representation of at least 40% of both men and women. The bill was backed by the threat of unlisting non-compliant firms from the Oslo Stock Exchange. At the expiry of the deadline, five years later, virtually all listed companies had complied with the law, resulting in 38% of all board members being female –figures increased fourfold over this period, from 6.8% to 38% in 5 years (SSB, 2012).

With respect to Spain, it was the second European country to pass a gender equality act; the Ley de Igualdad, 2007, with the objective of increasing women’s participation in all public and private organizations, establishing the objective of achieving a 40% women ratio by 2016, a significant jump from the 5% that prevailed in Spain at that time. This aspirational law was a watered-down imitation of the Norwegian and proved to be too ambitious for the Spanish context. In its January 2015 update, the Unified Code of Good Corporate Governance of Listed Companies approved by the CNMV (National Securities Markets Commission) included the objective of reaching a female representation of 30% by 2020.

WOMEN’S CONTRIBUTION TO CORPORATE GOVERNANCE

Board diversity is defined as the “variety in the composition of the members of the board” (Milliken and Martins, 1996), and it is broadly accepted that better corporate

governance is achievable via a wider and more varied range of experiences, perspectives, ideas, and opinions, basically attained through a diverse composition of the board members (Fondas and Sassalos, 2000). Within the general board diversity debate, gender diversity is receiving the principal attention.

The underlying proposal for gender diversity in corporate governance is that women directors differ from their male colleagues in many aspects ranging from personal and professional characteristics, perspectives, ideas, skills, and style, to their links and relations with stakeholders and society. In this way, literature proposes that gender diverse boards will outperform homogeneous boards by drawing on a broader range of resources. Furthermore, considering the complex, strategic, and knowledge-intensive nature of the boards' tasks, it is reasonable to believe that the resulting enhanced information-elaboration, creativity, and collaborative decision-making will impact final performance positively (van Knippenberg, De Dreu, and Homan, 2004a).

Women contribute different cognitive resources that can be classified according to the following:

1. Contribution of task-relevant information to the decision-making process
2. Contribution through behavior and leadership style
3. Contribution to internal work-processes
4. Contribution to board's functions

Contribution of task-relevant information to the decision-making process

When referring to women's contribution to the information-elaboration and decision-making processes, one typically refers to the information, knowledge, perspectives, opinions, and ideas, all contributing to the diversity of viewpoints, broader vision, and enhanced creativity necessary to examine complex issues (Hillman, Cannella, and Harris, 2002, Milliken and Martins, 1996). Gender is in this way associated not only with demographic differences, but also with informational differences (Tsui, Egan, and O'Reilly, 1992).

Cognitive resources are typically classified in three typologies;

- Characteristics
- Human capital
- Social capital

Characteristics

Many studies involve the mapping of the specific characteristics of women directors, some of which are exhibited in Table 2. In general, women directors are younger than male directors, more independent (outside directors), have a higher level of academic preparation, and more non-traditional backgrounds (Singh, Terjesen, and Vinnicombe, 2008). They are more likely to come from non-business backgrounds (Hillman et al., 2002), they rarely hold executive positions (Ruigrok, Peck, and Tacheva, 2007), and