

Gender board quotas increase female representation on boards but not at the executive level

Submitted by: BlueSky Education

Tuesday, 16 April 2024

Gender-focused quotas, aimed at ensuring stronger gender balance on boards, are positively resulting in more female appointments to the board level. However, they do not increase the number of women appointed to the executive suite - the level below the boards - according to new research by Vlerick Business School.

However, the research found when a woman with authority such as an executive director is present on a board, the careers of women at lower levels are advanced to a higher degree, presumably because executive director positions are more powerful than non-executive positions on boards, and explicitly include recruitment of senior management as a job responsibility.

This study focuses on gender board quotas in the context of India, the first developing country to implement such a policy, where publicly listed firms are mandated to include at least one woman on their board. Though the policy is having the desired effect of improving gender balance on boards, the research clearly finds it is having adverse effects elsewhere for women in business.

These findings come from research by Esha Mendiratta, an Assistant Professor of International Business at Vlerick Business School, who wanted to explore the impact that gender board quotas were having on senior women in management.

To do so, Professor Mendiratta analysed data on 184 of the largest publicly-listed firms in India between 2007-2017. The regulation requiring at least one female board member was announced in 2013, and enforced on all publicly listed firms from 2015.

Professor Mendiratta studied the number of female appointments by these firms over the select period, both to the board as well as to the senior executive team. She found an upward trend in board-level appointments, but a downward trend in executive-level appointments.

Interestingly, these findings in the context of India differentiate from those in the European, developed-country context, where studies of gender board quotas in Norway and Italy show that they are not having any significant impact on female appointments to all levels of senior management. However, in India, these policies are regressing gender balance at the below management level.

“Increasingly, poor representation of women in senior management positions has attracted significant attention from policymakers, who have intervened politically by putting in place controversial, mandatory board gender quotas.” says Professor Mendiratta. “Though there have certainly been positive impacts of doing so, there is still some way to go to see vast improvements in gender board balance in India – and these policies certainly still need some tweaking to ensure little negative spillover effects”.

Professor Mendiratta says that these findings offer food for thought for countries looking to implement similar policies, and that perhaps there should be a greater focus on women at all levels of senior management, not just on the board. However, Professor Mendiratta says it is still early days in the

context of India, and it takes longer to see the full spectrum of results from these policies – with at least some positives to take in terms of female board member numbers.

If you would be interested in receiving the full research paper, or speaking with Professor Mendiratta, please contact Peter Remon at BlueSky Education – peter@bluesky-pr.com +44 (0) 77 235 228 30.