

Striking a balance in the boardroom

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Credit: AI-generated image ([disclaimer](#))

Companies have been very slow in recruiting more women board directors; but according to an EU report the period between October 2010 and January 2012 has seen the best progress in improving the gender balance on company boards. While figures are still remarkably low, this development signals a turning point and is seen to be linked to the intensified public debate initiated by the European Commission and the European Parliament in their calls for action. They were followed in

some Member States by concrete steps to accelerate the pace of change.

In particular the '[Women on the Board Pledge](#)' is seen as a [benchmark](#) in calling for publicly listed companies in Europe to sign a voluntary commitment to increase the presence of women on their corporate boards to 30 % by 2015 and up to 40 % by 2020. Currently, women only make up around 14 % of the boards of the EU's biggest publicly listed companies - compared with 12 % in 2010. If this rate were to continue, it would take 40 years before companies come close to a balance.

According to a [European Commission](#) progress report, Women in [economic decision](#)-making in the EU, in January 2012 the average number of female board members in the largest companies listed in the EU was 13.7 % compared to 11.8 % in 2010. Although these numbers are low, they do demonstrate an improvement.

Currently, the numbers vary greatly from country to country across Europe: in Italy, only 6 % of board members are women; in Spain and Belgium, the figure is 11 %, in Germany it is 16 % and in France it is 22 %.

The report outlines that recruiting more women to the boards provides diversity among employees and board members, which effectively boosts creativity and innovation by adding complementary knowledge, skills and experience. It is believed that a more diverse board of directors contributes to better performance compared to homogenous boards, because decisions are based on evaluating more alternatives.

Rowena Ironside, Chair of Women on Boards, in the United Kingdom, says, 'We all share a natural tendency to recruit in our own image, so given that 86 % of directors and 97 % of chairs are currently men (and that over 80 % of board roles go to people already known to the board - according to PwC research), there is a certain inevitability to the fact

that men are so often seen as the best candidates. What companies need to do to increase the transparency of the recruitment process, is to advertise board roles widely and challenge their own assumptions (and stereotypes) about the ideal candidate.'

The key indicator of gender representation on corporate boards in the EU shows that the proportion of women involved in top-level business decision-making remains very low, although there are small signs of progress. In January 2012, women occupied on average just 13.7 % of board seats of the largest publicly listed companies in EU Member States. Recent data show there is a wide gap between the proportion of employed women and those at board level in all EU Member States. Women occupy a quarter of the seats on boards of large listed companies in Latvia, Finland and Sweden and just over a fifth in France, yet there are less than 1 in 10 in Estonia, Ireland, Greece, Italy, Luxembourg, Hungary and Portugal, less than 1 in 20 in Cyprus, and around 1 in 30 in Malta.

However, Belgium, France and Italy have enacted fully fledged quota legislation for company boards that includes sanctions. These countries followed the example of Norway, which has become a pioneering country when it comes to setting binding gender targets for company boards. The country passed a law requiring all publicly listed companies to have at least 40 % of women as [board members](#). They were successful at meeting the 2008 target date, and since then the proportion of women on boards at Norwegian companies has risen to 44 %. The presence of more women on Norwegian boards has corresponded with a higher overall educational level on boards, and Norwegian scholars have found that the presence of more women on boards has led to more focused and strategic decision-making, increased communication and decreased conflict.

Other countries with more women on their corporate boards are Iceland

and Sweden. Laws mandating the increased presence of women on boards have been passed in Belgium, Iceland, Italy, the Netherlands and Spain. France has set a quota that requires 40 % female supervisory board membership by 2017; this will be applicable for all firms with more than 500 employees or with a yearly turnover of EUR 50 million or more. Similar quotas are under discussion in other European countries including Great Britain and Sweden.

More information: [ec.europa.eu/justice/gender-eq ... men-on-boards_en.pdf](http://ec.europa.eu/justice/gender-eq...men-on-boards_en.pdf)

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