JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL
JÖNKÖPING UNIVERSITY

Gender Balance on Corporate Boards

The Development Amongst the European Member States

Civilekonom Thesis within Business Administration

Authors: Moa Landfors & Viktoria Berglund

Jönköping May 2015

JÖNKÖPING INTERNATIONAL
BUSINESS SCHOOL
JÖNKÖPING UNIVERSITY

Acknowledgements

We would like to express our sincere gratitude to the people at Jönköpings International Business School that have participated in our journey of finalizing this Master Thesis.

Foremost we want to thank our supervisor who has advised and supported us throughout the entire process.

We would also like to show our appreciation to the students within our seminar group for their constructive feedback and engagement.

Moa Landfors

Viktoria Berglund

Civilekonom Thesis within Business Administration

Title:	Gender Balance on Corporate Boards The Development Amongst the European Member States
Authors:	Moa Landfors & Viktoria Berglund
Date:	2015-05-08
Subject terms:	gender balance, women on corporate boards, gender quotas, gender balance regulations, gender balance development, corporate boards within EU

Abstract

Purpose – The purpose of this study is to examine the situation of women on corporate boards in the European Union, focusing on the development towards gender balance, with respect to if any regulations of women on corporate boards apply within the different European member states.

Research design – Data regarding gender distribution and regulations of women on corporate boards in the European member states was collected, available on the European Commission website. Corporate governance codes published within the countries have also been scrutinized for recommendations concerning board composition, in terms of gender. To enable comparison, the member states were divided into panels with respect to what regulation that applies in the countries respectively, in form of countries with quotas without sanctions (1), countries with quotas with sanctions (2), countries with corporate governance codes (3) and countries without regulations applicable (4). The research focuses on the years 2010 to 2014 and concerns the largest listed companies in the European member states.

Findings – This study confirms that women are underrepresented on corporate boards in all the European member states, however progress is visible in a majority of the countries. France, Italy and Belgium substantiated the highest development towards gender balance on boards, the only member states where gender quotas with sanctions applies. The findings indicate that gender balance regulations are necessary to generate a stable progress towards gender balance on corporate boards in the European Union.

Contribution – This research contributes with insight on the development towards gender balance in the European member states. Furthermore, value is added to the debated subject of gender balance, foremost within the European Union, but also to the discussion of gender balance on corporate boards worldwide.

Table of Contents

Figures

Tables

Appendix

Abbreviations

EC	European Commission
EU	European Union
EU28	European Union member states

1 Background

In the last decades gender diversity has been a widely debated subject, especially within the corporate sphere and on corporate boardrooms (Francis & Lublin, 2014). Arguments are frequently stating that gender diversity is a key to enhance firm performance and that gender equality and gender balance within organizations is essential to ensure economic growth (Almond, 2013). Gender balance and gender equality may be perceived as equivalent, however to separate the two terms remains crucial throughout this thesis. The European Commission (EC) defines gender equality as "the result of the absence of discrimination on the basis of a person's sex in opportunities and the allocation of resources or benefits or in access to services" (EC, 2013a, webpage). Gender balance, on the other hand, is considered as when both men and women are represented and answer to at least 40 % respectively (EC, 2012a). Gender balance on corporate boards embodies the centre of this thesis, where the quantifiable measures of gender is in focus.

During the execution of this study, a clear change regarding women's status when it comes to education and qualifications in the working life is visible. According to Almond (2013), women have never been in such a strong position to lead as during the 21st century. However, despite that general opinions tend to be in favour for women in key decision-making positions, the issue seem to be of lacking priority. Thoughts of stereotypes are suggested to prevent organizations to meet their goals of numbers of women in key positions, and further promotion is needed in countries throughout the world, to deal with the problem of unbalanced boards in terms of gender (Player, 2013).

Recent studies indicate that the U.S. and countries within the European Union (EU) are the ones showing highest progress in terms of female representation on corporate boards. Although in 2014 their proportions of women still only embodied approximately 20% respectively (MSCI, 2014). If further excluding the EU, the U.S., Australia and Canada, corporate boards tend to include less than 10% women. In 2014, the average board size within EU is suggested to be a number of 13.5 board members, with an average of 2.7 women per board[1] (Egon Zehnder International, 2014), illustrating that the issue needs further endorsement.

[1] The study covered the 350 largest companies across 17 of the European member states

The need to promote women representatives on corporate boards within the EU became highlighted by the EC in 2010, when initiatives to increase women in decision-making positions were encouraged within the member states. Until then, improvements of gender balance had been clearly evident across the 28 European Union member states (EU28)[2], except when it came to corporate boardrooms. In the year of 2012, the EC made an evaluation concerning the progress of women on boards in terms of the self-regulations. The findings indicated that corporate boards still accounted for a clear underrepresentation of women. Due to the slow progress, in spite of a successful debate and voluntary measures by several of the EU28, the EC decided to undertake further actions to improve female representation on boardrooms. A proposal for a legislative gender quota was introduced, which is now under discussion within the European Council (EC, 2015a).

1.1 Problem

Initiatives regarding legislations to promote women on corporate boards have been a debated subject on the political agenda, where both positive and negative aspects of its implementation have been discussed (Szydlo, 2013; Walby, 2013). However, when introducing the proposal of a gender quota, as the choice of corrective action, the EC referred to the fact that countries with legislative initiatives were the ones showing highest progress during their assessment in 2012 (EC, 2012b).

In terms of the narrow timeframe of account, it has been discussed if the progress report by the EC is an accurate foundation for a decision of a legislative quota (Szydlo, 2013). In 2015, the average number of female directors continues to increase in absence of the directive and progress has been visible in 23 of the EU28 (EC, 2015a). The countries with legislative measures still encompass significant improvements. However, studies show that progress is visible in a number of other countries with absence of legislation, where for example Sweden with self-regulatory measures is in the top (MSCI, 2014).

No additional assessment has been published by the EC since 2012, regarding the development of gender balance within the EU28. Hence, no further report is available considering what initiatives that have been implemented within the EU, since the *Strategy for Equality Between Women and Men* in 2010. Consequently, questions are raised concerning what countries that have substantiated the highest development towards gender balance, and further

[2] The 28 European Union member states are henceforth referred to as the EU28

if countries with legislative gender quotas actually perform a greater development, in comparison with countries without such regulation (Dauer, 2014).

1.2 Purpose

The purpose of this study is to examine the situation of women on corporate boards in the EU, focusing on the development towards gender balance, with respect to if any regulation of women on corporate boards applies within the different EU28.

This study focuses on the development of the five-year period 2010 to 2014, covering large publicly listed companies in each of the EU28.

1.3 Outline of Thesis

Chapter 2 presents pervious literature and previous research connected to gender balance on corporate boards, focusing on the situation in the EU. The EC proposal of a legislative gender quota and current gender balance regulations in the EU28 are examined.

Chapter 3 outlines the theoretical framework acting as guidance to the resolution of the thesis purpose. Legitimacy theory, theory of tokenism and the female capital are assessed to engender insight of the situation on corporate boards and the development towards gender balance.

Chapter 4 presents the methodology for this specific research and designates how the study is performed. The data collection and the sample are described in detail.

Chapter 5 provides the empirical findings of the study. Data is presented concerning the representation of women on corporate boards for the largest listed companies in each of the EU28, as well as how gender balance is regulated is the countries respectively.

Chapter 6 aims to analyse the development towards gender balance on boards seen within the EU28, by comparing the results with respect to respective measures undertaken. Furthermore, the findings are linked to the questions of legitimacy, tokenism and the female capital. The justification of the EC proposal, considering a legislative gender quota on boardrooms within the EU28, is also evaluated.

Chapter 7 summarizes the most important aspects and findings of this study and presents the conclusions of the research, answering to the purpose of this thesis.

Chapter 8 covers a further discussion of the research where additional aspects of importance are outlined. Ultimately, limitations of the study and recommendations for future research are discussed, topics of which could engender deeper insight on gender balance on boards.

2 The Current Situation and Debate in the EU

The interest of faster development towards gender balance on boards is driven by a number of stakeholders such as national governments, politicians and shareholders (Terjesen, Sealy & Singh, 2009). In September 2010 the EC implemented the *Strategy for Equality Between Women and Men*, encouraging voluntary measures within the EU28 (EC, 2012a). Together with other issues concerning equality between genders, the strategy made a statement that promotion of women in decision-making positions should be emphasized (EC, 2010). In 2011 the vice-president of the EC and EU commissioner for Justice, Vivian Reding, further launched the *Women on Board Pledge for Europe* (EC, 2012a). The initiative was introduced to encourage public listed companies within the EU to a voluntary agreement of targets to increase women representation in the boardrooms to 30% by 2015 and 40% by 2020. The initiative was supported by several member states where national listed companies where encouraged to sign the voluntary commitment.

Figure 2-1 Regulatory Actions Regarding Gender Balance

Quotas without sanctions	Quotas with sanctions	Corporate Governance Codes	No regulation

The promotion by the EC gave rise to actions to improve women's representation on corporate boardrooms in several of the EU28, where diverse initiatives based on voluntary measures or legislation was implemented (EC, 2015a). Regulatory actions taken regarding gender balance can be divided into the following categories; countries with quotas without sanctions, countries with quotas with sanctions, countries with corporate governance codes and countries where no regulations are applicable, illustrated by *Figure 2-1*. However despite the initiatives undertaken, insufficient efforts by the member states in terms of the self-regulation called for options of a legislative quota, in March 2012 (EC, 2012a). Since the implementation of the *Strategy for Equality Between Women and Men* in September 2010, until an assessment by the EC in January 2012, the representation by women on boardrooms increased by 1.9 percentage to an average of 13.7%, (an average increase of 1.5 percentage per year). However, it is suggested that the average progress by the member states is highly dependent on the performance of some individual countries (Lansing & Chandra, 2012). Furthermore, even though the rise of women on corporate boards was greater than if looking at the long term average of 0.6 percentage per year since 2003, the numbers did still account for underrepresentation of women (EC, 2012a). The findings of the assessment implied that corporate boards within almost a third of the member states were composed exclusively with men, and only five member states had more than half of their boards containing at least two female members. Additionally, women in the position as chairperson or president had fallen. At the rate of progress seen between 2010 and 2012, it would take around 40 years to get balanced boards within the EU (Lansing & Chandra, 2012).

In November 2012 the EC introduced proposal 2012/0299 (COD), *Directive of the European Parliament and of the Council on Improving the Gender Balance among Non-executive Directors of Companies Listed on Stock Exchanges and Related Measures*. The proposal consider a directive with the intention of reaching a 40% objective of women within non-executive positions on boards of large public listed companies within the EU by 2020 (EC, 2012b). Further, executive positions should be connected to self-regulatory targets for each individual organization affected by the proposal, where the progress should be reported annually. The EC specifies that there are around 7.500 publicly listed and EU-registered companies in the EU and that about a third of these are small and medium-sized enterprises (with less than 250 employees), which means that the legislative proposal is likely to affect approximately 5.000 listed companies within the EU. Furthermore, companies failing to achieve the quota objective would face corrective measures. Meaning that companies with unbalanced boards would be required to use a comparative analysis during the appointments of non-executive positions, where women should be prioritised if equally qualified as male candidates.

In November 2013 the European Parliament approved the proposal by the EC on its first reading with a strong majority voting in favour for the directive (EC, 2013b). Furthermore, a majority of the member states are supporting the proposed legislation of a gender quota on corporate boardrooms, which is now under discussion within the European Council (EC, 2015a).

2.1 Consequences of a Gender Quota

When proposing a legislative gender quota, the EC (2015a) stated that countries with legislative initiatives showed the highest progress within the EU during its assessment in 2012. Furthermore, the implementation of a legislative gender quota can be motivated on many different grounds, such as the business case of women, suggesting that gender balance increases board and firm performance (Walby, 2013). Although, the empirical findings from related studies are not united. Previous research show that women on boards can have differing impact on firm performance, varying between positive, neutral and negative influence (Adams & Ferreira, 2009; Farrell & Hersch, 2005; Nielsen & Huse, 2010).

Moreover, it is suggested that the worldwide debate of gender diversity have influenced the implementation of quotas only to give attention to gender balance in terms of numbers of women and men (Fitzsimmons, 2012; Hamdani & Buckely, 2011). The number of women is further perceived as the goal or final outcome alone, without considering other aspects, in form of gender equality. Hence, to force firms to put women on boards could cause pressure to quickly identify and promote female representatives, and firms might appoint women only because of their gender, instead of people with unique experiences or skills (Fitzsimmons, 2012; Terjesen, Aguilera & Lorenz, 2015). Furthermore, Carter, D'Souza, Simkins and Simpson (2010) found that organizations facing pressure to appoint women on boardrooms did not obtain the benefits of incorporating female representatives, to the same extent as where no such pressure was present.

Terjesen et al. (2015) suggests that gender quota legislations have two clear ethical aspects, in terms of a pre- and a post-legislation environment. In a pre-legislation environment, women may be underrepresented despite their equal competence, and in a post-quota legislation, women may be named directors of publicly traded enterprises even when they are not the most qualified candidates. Additionally, gender quotas as a legislative measure is suggested to intrude on shareholder rights, imply inflexibility for companies and even to have the opposite effect to the mean of motivating women to corporate boardrooms (Fitzsimmons, 2012).

Regarding the EC's proposal, a directive on improving gender balance by introducing quotas is argued to constitute an inappropriate legal solution for the problem of gender imbalance. The principles of proportionality and subsidiarity regulate the measures and entitlements of the EU institutions and what they are competent to legislate (EUR-lex, 2010).

According to Szydlo (2013) the proposed directive infringes the EU's principles, which designates that initiatives and regulations formed on EU-level should be motivated in relation to the possibilities that exists on national, regional or local level. Hence, Szydlo (2013) suggests that other instruments can be used instead of a compulsory gender quota in promoting women on boards, which have not yet been utilized. The proposal is also claimed to be disproportionate in respect to the aims mentioned in the proposal. Furthermore, Szydlo (2013) argues that a gender quota is harmonious with the EU principle of proportionality only if it is designed as a voluntary non-binding proposal.

2.2 Evidence from the Norwegian Gender Quota

Legislative gender quotas on corporate boards have been implemented in many countries around the globe, where Norway has worked as a role model, considering their 40% quota implementation in 2003 (Bøhren & Staubo, 2013). Essentially, the Norwegian quota was the starting point of using legislative measures to regulate gender balance on corporate boards, where the deadline in 2008 enables consequences and effects from the implementation to be evaluated. Hence the example of Norway is used as a reference when examining the effects of a gender quota implementation.

Table 2-1 Women on Boards in Largest Norwegian Listed Companies

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Norway	20%	22%	29%	35%	34%	43%	42%	39%	41%	44%	42%	38%

Quota implementation
Mandated in law
Quota deadline

During the five years, from the quota implementation in Norway in 2003 until its deadline in 2008, women on Norwegian boardrooms increased with 23 percentages, to an average of 43% (EC, 2015b), see *Table 2-1*. The results indicate a positive outcome of quotas, in terms of increased numbers of women on corporate boardrooms. Accordingly, boards within Norway have among the highest representation of women in the world (Sorokina, 2014; Wang & Kelan, 2013). However, during the first years after the quota implementation, no sanctions were applicable for organizations, if failing fulfilling the quota objective. Consequently, no significant increase of female representation was visible on Norwegian boards during this period, indicating non-compliance of organizations on a voluntary basis. Hence, the slow progress resulted in that the quota became binding with applicable sanctions in 2005, where non-compliance would imply forced liquidation for public limited liability companies (Nygaard, 2011). From 2005 to 2008 an increase of 21 percentage points of women on corporate boardrooms was recognized (EC, 2015b), accounting for essentially the entire progress from the implementation until the quota deadline, see *Table 2-1*. Correspondingly, evidential effects of legislative gender quotas have proven efficient with a higher progress than voluntary measures, in particular when there are sanctions involved (Pande & Ford, 2011; Suk, 2012; EC, 2015b). Pande and Ford (2011) Suggest that governments need to be willing to punish non-compliers if they want to increase the chance of generating higher female representation in the corporate sphere.

Despite the success of reaching gender balance on corporate boards within Norway, the gender quota has been criticised negatively for other causes. For instance, the pressure to alter the composition of gender on boardrooms is suggested to result in a situation where firms exit to organizational forms not exposed to the quota (Hoel, 2008). This was the case considering approximately half of the Norwegian firms after the implementation of the mandatory gender quota, when around 80 companies decided to reregister from the *Oslo Stock Exchange* into private limited companies in 2007 (Bøhren & Staubo, 2013). However, to change organizational form in order to maintain a voluntary board composition is argued to be a costly response, since it could result in a failure for firms to obtain the optimal organizational form. Hence, the design of the legislation, in terms of binding versus non-binding form, is argued to be of significant importance (Pande & Ford, 2011). Moreover, studies of Norwegian boards indicate that women possessed significantly more multiple directorships than men after the quota implementation (Hoel, 2008). Consequently, out of the 868 female-held board seats, in the registered companies on the *Oslo Stock Exchange*, 75 women occupied 200-250 seats. This demonstrates that the gender quota resulted in that same women were appointed to multiple boards, which is not as common amongst the other gender (Terjesen, Sing & Vinnicombe, 2008).

2.3 Regulation by Corporate Governance Codes

Many countries today favour implementation of gender quotas in local codes or law quotas with absence of sanctions (Bøhren & Staubo, 2013). Bøhren and Staubo (2013) state that gender balance regulations with a comply-or-explain approach or a system with softer sanctions than liquidation, are less costly than the mandatory approach with liquidation. Hence, instead of law quotas, corporate governance codes with the means of avoiding an inflexible "one size fits all" approach are frequently used within the EU, as a tool to regulate gender balance by promoting own initiatives and self-regulation by organizations (Siedl, Sanderson & Roberts, 2012). Corporate governance codes in form of recommendations are non-binding where companies can either comply with the code or provide an explanation of why they deviate (Siedl et al., 2012; Weil, Gotshal & Manges LLP, 2014). Moreover, the stakeholders decide if they accept the explanation, or otherwise companies are expected to face an "illegitimacy discount" (Siedl et al., 2012; Zuckerman, 1999), described as bad perceptions amongst society or their audience if an explanation is considered unpersuasive (Siedl et al., 2012).

Previous studies within Germany, The Netherlands and the UK do show that compliance with the provisions of the local codes tends to be generally high amongst organizations (Akkermans et al., 2007; Dahya, McConnell & Travlos, 2002; Dedman, 2002; Werder, Talaulicar & Kolat, 2005). Furthermore, research concerning organizations on the European level comes to similar conclusions (Berglöf & Pajuste, 2005; Renders, Gaeremynck & Sercu, 2010). Hence, even though codes within the EU28 usually are implemented on a voluntary basis, it is argued that corporate governance issues could be left as soft law (De Jong, De Jong, Mertens & Wasley, 2005; MacNeil & Li, 2006).

3 Theoretical Framework

3.1 Legitimacy Theory

When stipulating laws and recommendations, the issuers of the regulations need to consider requirements from international regulatory organizations as well as from society in terms of perceptions and values (Weil et al., 2014; Akkermans et al., 2007). Furthermore, since the perceptions amongst the audience are changing over time, regulations are in need of corresponding adjustments (Deegan, 2002). During the last decades gender balance on boards have been a highly debated subject within the EU, why the objective to achieve diversity in terms of gender, is argued to be a result from pressure created by the wider society (Akkermans et al., 2007).

Legitimacy itself can be explained as "a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity's legitimacy." (Lindblom, 1994, p.2). On national level, it is claimed that organizations usually respond to regulations in order to generate and maintain legitimacy. In other words, companies comply to keep favourable perceptions amongst their audience, such as shareholders, society and other stakeholders (Enrione, Mazza & Zerboni 2006, Siedl et al., 2012). However, Deegan (2002) points out that the legitimisation strategies, if employed, may vary from country to country and reactions thereof needs to be considered in relation to national, historical and cultural contexts. If local codes are applicable on a comply-or-explain basis, the one-size-fits all approach is avoided and organizations have an alternative to create legitimacy by providing explanations for non-compliance (Siedl et al., 2012; Weil et al., 2014).

3.2 Theory of Tokenism

According to Kanter (1977), the situation occurring when women are in minority can be explained by the theory of tokenism, which may engender insight to the prevalent situation on many corporate boards with few women. Women can be explained as tokens, meaning that they are more visible in a group, especially when being the only woman in a group dominated by men (Kanter, 1977; Konrad, Kramer & Erkut, 2008; Terjesen et al., 2009). It creates performance pressure, perchance resulting in worse performance compared to the numeric majority (Kanter, 1977). Tokenism designates that a token has low opportunity and also low power, compared to the rest of the group, the majority.

Further, two women in a group dominated by men, still encompass a case for tokenism (Kanter, 1977). Distance and competitiveness tends to be created between the two women instead of support, which is the consequence of them being paired and expected to perform the same. This tendency is shown by case studies performed on corporate boards, within the EU, with two women and the rest being men. Furthermore, it is suggested that a certain threshold or critical mass is reached when a board of directors comprise at least three women (Konrad, Kramer & Erkut, 2008). At that point, their representation becomes influential over board decisions and tokenism is avoided. The critical mass of three women on corporate boards creates "normalization" and the gender is no longer a barrier to communication (Terjesen et al., 2009). Further, it increases the activity of women, since they are more likely to feel comfortable and supported.

Additionally, Kanter (1977) finds that the change in the behaviour and treatment of women in token positions is strongly tied to shifting proportions. Therefore she suggests that outside intervention, such as quotas, is required to break the social composition of groups. A 30-40% target appears a sensible balance to achieve better representation without tokenism (Leblanc, Bankes, Kam, Fraser, Gryglewicz & Hill, 2011).

3.3 The Female Capital

When it comes to corporate boardrooms, women tend to represent a large pool of human capital that is accessible to corporations (Carter et al., 2010), where they are proposed to contribute by their backgrounds, personalities, and behaviours that are dissimilar from men (Terjesen, et al., 2009). Additionally, it is argued that female directors can add other opinions to debates and in decision-making, because of their different experiences of the workplace, marketplace, public services and community (Zelechowski & Bilimoria, 2004). Hence, innovation, problem solving and the ability to identify needs of different stakeholders will be heightened (DiStefano & Maznevski, 2000).

Theory of human capital examines the role of an individual's aggregated stock of education, skills and experience in enabling intellectual and productive capabilities that can benefit the organization of which he or she belongs (Becker, 1964). Traditionally, the investments in education by women have been lower than the one by men (Terjesen et al., 2009). However, according to the European Institute for Gender Equality (2013) this is no longer the case within the EU28, where the tertiary level education of women exceeded the one of men with one percentage in 2010. The proportion of both women and men within the EU who have attained tertiary level education is suggested to have increased significantly the last decade, where the gender gap is shifting in size and gender. The largest gaps are found in Estonia (36% for women and 22% for men) and Latvia (26% for women and 17% for men), with as much as 14 and 10 percentage higher average tertiary level educations amongst women.

However, although high educational level, it is argued that women may not encompass the proper kind of human capital (Terjesen et al., 2008). Terjesen et al. (2008) claim that women might lack in experience in key decision-making positions, although being competent in terms of education. Furthermore, studies show specifically that CEOs fear appointing women to boards due to anxiety of them being unqualified (Terjesen et al., 2009). According to Peterson & Philpot (2007) it is revealed that CEOs are concerned in appointing women to their board without directorship experience, but they do not hold the same attitude towards men in equivalent positions. Moreover, women generally need to provide more evidence of earning their positions than their male counterparts (Biernat & Kobrynowicz, 1997). Corresponding perceptions, regarding female human capital, kept in mind of the ones selecting the board members, are suggested to expose the barrier for women being appointed to corporate boards (Terjesen et al., 2009; Carter et al., 2010). Fitzsimmons (2012) argue that before the female capital can be utilized, one first needs to remove the barrier hindering women to first get access to representation on corporate boards.

.

4 Methodology

The purpose of this study is to examine the situation of women on corporate boards and the development towards gender balance of listed companies in the EU28, with respect to regulations within the respective countries. To facilitate a comparative research, the EU28 have been divided into four panels, where each panel represents similar approach of gender balance regulation on corporate boards. *Panel I* includes countries with a quota system without sanctions, *Panel II* represents countries where quotas with sanctions apply, *Panel III* covers countries where gender balance is regulated in local corporate governance codes and *Panel IV* comprises countries without regulations in terms of legislation or recommendations in codes. *Panel I* and *Panel II* both have gender quotas on boards implemented as law, but they are separated into two groups due to the importance to enable evaluation of the impact of sanctions if failing to fulfil the quota objective.

The performances by the panels are compared to evaluate what measures that generated the highest progress, in the five-year period 2010-2014. The period selected derives from the implementation of the *Strategy of Equality Between Women and Men* in 2010, as it was when initiatives first became emphasised, within the EU, in terms of self-regulatory measures, as discussed in *Chapter 2*. The differing average amounts of women in 2010 must be considered, as it has an impact on the countries potential total development for the five-year period. The average amount of women on boards in 2014 may therefore provide a more fair and correct measure, which also indicates how close the respective countries are to gender balanced corporate boards. However, both aspects are observed and evaluated in this research.

Other theories, assessed in the theoretical framework, are used to get a deeper understanding of the situation on corporate boards in the EU, in terms of legitimacy tactics, theory of tokenism and the female capital. It illustrates the situation on corporate boards, and enlightens the opportunities and obstacles for women in decision-making positions and in accessing such positions. Hence, the study is conducted with a deductive approach where earlier theory has deduced the research and guided the collection of relevant data (Bryman, 2012; Williamson, 2002). The aim is to provide a descriptive research where the outcome describes the relationship between the development of representation of women on corporate boards and respective initiatives undertaken by the countries. Furthermore this research has quantitative nature and is conducted by secondary data published by official institutions. The utilization of secondary data enables comparison over a longer period (Bryman 2012; Dang, Khuong & Linh-Chi, 2014), hence the concentration of the five-year period 2010-2014, engenders longitudinal influence to this research design.

4.1 Sample Description

In terms of the gender balance statistics for the five-year period 2010-2014, our sample includes publicly large listed companies in the EU28. We obtain data on women on corporate boards of listed companies from the EC and there are approximately 5.000 publicly large listed companies across the EU28 (EC, 2015b). The data presented by the EC, covers the largest publicly listed companies, members of the *Primary blue-chip index* (the same sample as used during the EC's assessment of diverse initiatives regarding gender balance in 2012). The *Primary blue-chip index* is maintained by the stock exchange covering the largest companies by market capitalisation and/or market trades, limited to a maximum of 50 companies within each country (EC, 2015b). Hence, this research is based on a sample ranging between 607 and 622 companies in the five-year period 2010-2014, dependent on the varying number of members in the *Primary blue-chip index*, specified in *Appendix 1*.

One has to be cautious about that the sample does not reflect the population of all listed companies precisely, since it only consists of companies in the *Primary blue-chip index*. A sampling bias, where members of a population have no chance of being part of the sample, will imply a distortion of the sample's representativeness (Bryman, 2012). Hence, the findings can only be generalized to the companies in question. However, it is close to impossible to ensure that no biases are present (Williamson, 2002).

4.2 Data Collection

Data for this research are collected in three diverse forms and procedures and all data are rounded off to integers, without digits. Firstly, data is obtained from a database of *Women and Men in Decision-Making* available on the EC's website, encompassing statistics on proportions of women on corporate boards, concerning both executives and non-executives, separated by country in the EU28 (EC, 2015b). The statistics by the EC are presented in an excel file[3] and has been conducted by information from listed company websites, stock-exchange websites and company annual reports, retrieved in September and October annually (EC, 2015b). Further, the data in the excel file is presented in tables on a yearly basis from 2003 to 2014 of which we have collected and processed the data to comprise statistics

[3] http://ec.europa.eu/justice/gender-equality/files/database/037_en.xls

relevant for this study. Subsequently, in terms of this research, the data was processed and conducted into tables, to only represent the proportions of women on corporate boards of the EU28 respectively of the period 2010-2014.

Secondly, information is gathered from separate fact sheets[4] of each of the EU28 regarding gender balance regulations, also available on the EC's website (EC, 2014). From these documents, data considering applicable regulations, the respective years of such implementation and applicable sanctions are assembled. The data was conducted into tables, later presented in the empirical findings. Hence, the EU28 where legislative requirements regarding gender balance were found in the fact sheets, encompass *Panel I* and *Panel II* within this research.

Thirdly, The European Corporate Governance Institute (2015) provides an index[5] of corporate governance codes in the world, of which we are investigating the ones within the EU28 where gender balance is regulated trough recommendations in local codes, from 2010 to 2014. The corporate governance codes compose one category of regulation in this research (*Panel III*), why the codes were examined and scrutinized for recommendations regarding gender in board compositions and appointments. Subsequently, the EU28 where no regulation was found, in terms of legislative quotas specified in the fact sheets or recommendations in corporate governance codes, henceforth cover *Panel IV*.

[4] http://ec.europa.eu/justice/newsroom/gender-equality/news/121114_en.htm

[5] http://www.ecgi.org/codes/all_codes.php

5 Empirical Findings

The findings are reported in this section and presented in tables. *Figure 5-1* presents the European member states incorporated in each panel, from *Panel I* to *Panel IV*, with respect to regulation regarding gender balance on corporate boards. Each panel represents similar approach of gender balance regulation, where *Panel I* includes countries with a quota system without sanctions, *Panel II* represents countries where quotas with sanctions apply, *Panel III* covers countries where women on boards are regulated in local corporate governance codes and *Panel IV* comprises countries without regulations.

Figure 5-1 The EU28 Divided in Panel I-IV

PANEL I – Quotas without sanctions	**PANEL II – Quotas with Sanctions**	**PANEL III – Corporate Governance Code**	**PANEL IV – No regulation**
Spain	Belgium	Austria	Bulgaria
The Netherlands	France	Denmark	Croatia
	Italy	Finland	Cyprus
		Germany	Czech Republic
		Greece	Estonia
		Luxembourg	Hungary
		Poland	Ireland
		Sweden	Latvia
		United Kingdom	Lithuania
			Malta
			Portugal
			Romania
			Slovakia

Quotas
Quotas with sanctions
Corporate governance code
No regulation

Figure 5-2 Color Representation Discriptions

It is found that many countries have quotas applicable for other than listed companies, and such examples are Austria, Denmark, Finland and Ireland. However, only law quotas applicable to large listed companies are contemplated in this study. Furthermore, Germany has voted yes to quotas for listed companies and it will be a requirement of 30% from 2016 and forward, therefore still part of *Panel III*.

5.1 Gender Balance Development in the EU28

The total average development for the EU28 during the examined time period, as well as the total average number of women on corporate boards for each year during 2010 to 2014 is presented in *Table 5-1*. The table also covers data from all the EU28 for each year, as well as their respective total development during this period. By observing the colour representation descriptions in *Figure 5-2*, *Table 5-1* also indicates what type of regulation that existed each year for the EU28. The result demonstrates that the average amount of women on corporate boards in the EU have increased from 12% in 2010 up to 20% in 2014, which is an increase of 8 percentages. However, there are great variations in the development of gender balance between the EU28. *Appendix 3* arranges the countries from highest to lowest values in three different lists. The first list is sorted by the highest amount of women in 2010 (%), the second list is sorted by the highest amount of women in 2014 (%), and the third list is sorted by the highest total development in percentages. A low correspondence, between the sequences of the lists, is found.

As revealed by *Appendix 3*, there are variations and fluctuations found, both in the bottom and in the top, depending on what criteria that is observed. Finland and Sweden had the highest amounts of women in 2010, both with 26%, compared to the lowest amounts of 4%, 4% and 2% women, seen in Cyprus, Luxemburg and Malta. If observing the highest amounts of women in 2014, France, Latvia and Finland are in the top with 32%, 32% and 29%, whereas Malta is still in the bottom with 3% together with Czech Republic with 4%. If observing the total development over the five-year period, France, Italy and Belgium, are in the top with 20, 19 and 12 percentage points increase. All with legislative quotas with sanctions applicable. Romania, Czech Republic, Slovakia and Hungary are found in the bottom with negative development down to minus 10 percentages, with minus 10, 8, 4, and 2 percentage points respectively.

Table 5-1 Women on Corporate Boards

Country	2010	2011	2012	2013	2014	Total Development (percentage)
EU-28	**12%**	**14%**	**16%**	**18%**	**20%**	**8**
Austria	9%	11%	12%	13%	17%	8
Belgium	10%	11%	13%	17%	22%	12
Bulgaria	11%	15%	12%	17%	18%	7
Croatia	16%	19%	15%	15%	19%	3
Cyprus	4%	5%	8%	7%	9%	5
Czech Republic	12%	16%	16%	11%	4%	-8
Denmark	18%	16%	21%	23%	24%	6
Estonia	7%	7%	8%	7%	7%	0
Finland	26%	26%	29%	30%	29%	3
France	12%	22%	25%	30%	32%	20
Germany	13%	15%	18%	21%	24%	11
Greece	6%	6%	8%	8%	9%	3
Hungary	14%	5%	7%	11%	12%	-2
Ireland	8%	9%	9%	11%	11%	3
Italy	5%	6%	11%	15%	24%	19
Latvia	23%	27%	28%	29%	32%	9
Lithuania	13%	14%	18%	16%	17%	4
Luxembourg	4%	6%	10%	11%	12%	8
Malta	2%	2%	4%	2%	3%	1
Poland	12%	12%	12%	12%	15%	3
Portugal	5%	6%	7%	9%	9%	4
Romania	21%	10%	12%	8%	11%	-10
Slovakia	22%	15%	14%	24%	18%	-4
Slovenia	10%	14%	19%	22%	20%	10
Spain	10%	11%	12%	15%	17%	7
Sweden	26%	25%	26%	26%	28%	2
The Netherlands	15%	18%	22%	25%	25%	10
United Kingdom	13%	16%	19%	21%	24%	11

Table 5-2 Development by Panel I-IV

Regulation	2010	2011	2012	2013	2014	Total development (percentage)
Quotas	13%	15%	17%	20%	21%	9
Quotas with sanctions	12%	13%	16%	21%	26%	17
Corporate governance code	14%	16%	18%	18%	20%	6
No regulation	12%	11%	12%	14%	14%	2

Table 5-3 further presents the gender balance development from 2010 to 2014 of each of the four panels, assembled. *Panel I* had an average increase of 9 percentages, while *Panel II* had an increase of 17 percentages, both above the EU28 average. *Panel III* and *Panel IV* had increases of 6 percentages and 2 percentages respectively, which is under the EU28 average of 8 percentage points.

5.1.1 Panel I – Quotas

This panel encompasses the countries with a legislative gender quota without sanctions and it represents 7% of the EU28, featuring Spain and the Netherlands. *Table 5-3* specifies the gender balance situation in *Panel I* and the result shows that this panel performed a development of 9 percentage points from 2010 until 2014. Within this panel, the Netherlands had both the highest amount of women in 2014 (25%) and the highest development over the period of 10 percentage points. Spain had 17% women on their corporate boards in 2014, which is an average increase of 7 percentage points.

Table 5-3 Panel I – Summary of the Development

Panel I	2010	2011	2012	2013	2014	Total Development (percentage)
Quotas	**13%**	**15%**	**19%**	**20%**	**21%**	**9**
Spain	10%	11%	12%	15%	17%	7
The Netherlands	15%	18%	22%	25%	25%	10

Table 5-4 presents the design of the quotas in Spain and the Netherlands, in form of the sanctions, size of the quotas, its deadlines and what companies it covers. Both Spain and the Netherlands specifies that the quotas cover listed companies with more than 250 employees and none of them apply sanctions for failing fulfilling the quota, although the Netherlands specifies that the quota should be reached on a comply-or-explain basis. The Netherlands was 5 percentage points from their quota objective in 2014, which is to be reached in 2016. Spain on the other hand was 23 percentages from their quota objective in 2014, supposed to be accomplished in 2015.

Table 5-4 EU28 with Quota Systems, without Sanctions

Country	Sanctions	Introduced	Target of Quota	Specification of Companies covered
Spain	No Sanctions	2007	40% (2015)	Public limited companies with 250+ employees
The Netherlands	No Sanctions	2010	30% (2016)	Listed companies with 250+ employees. Comply or explain basis.

5.1.2 Panel II – Quotas with Sanctions

This panel represents Belgium, France and Italy where gender quotas with sanctions applies, encompassing 11% of the EU28. The development over the five-year period is specified in *Table 5-5* and the result shows a total positive development of 17 percentages. France had the highest development over the five-year period of 20 percentage points, followed by Italy with 19 and Belgium with 12. The sequence of the countries was the same if observing the average amounts of women in 2014. France was closest to gender balanced corporate boards with 32% women, followed by Italy and Belgium with 24% and 22% respectively.

Table 5-5 Panel II – Summary of the Development

Panel II	2010	2011	2012	2013	2014	Total Development (percentage)
Quotas with sanctions	**12%**	**13%**	**16%**	**21%**	**26%**	**17**
Belgium	10%	11%	13%	17%	22%	12
France	12%	22%	25%	30%	32%	20
Italy	5%	6%	11%	15%	24%	19

Table 5-6 describes the design of the quotas in terms of sanctions, implementation, quota objective and what companies it covers. The findings indicate that the design and targets differs between the countries. Hence, Belgium has 33% of the underrepresented gender as target to be met by 2017. France has 20% by 2013 and 40% by 2016. Italy has 33% target to be met by 2015 and a requirement of 20% during the transition period. The sanction in

Belgium is considered void, meaning threat of temporary loss of financial and non-financial benefits by board members until the company is in compliance. In France there is a threat of annulment of board appointments and they also specify in exact numbers how many board directors that should be present of each gender depending on the size of the board. Italy has established a warning system where the first step for non-compliance is that the Italian official body regulating the stock market advises the company to restructure its board. If nothing happens after four months, the company will be fined an amount between 100.000 and 1.000.000 euros. If the company is still non-compliant after three months passed, the consequence is dissolution of the board.

Table 5-6 EU28 with Quota Systems with Sanctions

Country	Sanctions	Introduced	Target of Quota	Specification of Companies covered
Belgium	Considered void	2011	1/3 (2017)	Listed companies
France	Annulment of board appointments	2010	20% (2013) 40% (2016)	Listed companies
Italy	Warning System 1. Warning 2. Fine 3. Dissolution Board	2011	33% (2015), 20% (during transition period)	Listed companies

5.1.3 Panel III – Corporate Governance Codes

It is found that half of the EU28 discuss diversity in terms of gender in their country specific corporate governance codes. However, countries where legislative gender quotas are implemented are excluded from this panel. *Panel III* covers countries where regulation of gender balance on corporate boards only exists in local codes, covering 32% of the EU28. Hence the use of corporate governance codes is currently the most common way by the EU28 to regulate gender balance on corporate boardrooms.

Table 5-7 summarizes the development amongst the countries in *Panel III* and this panel performs an average development of 6 percentages over the five-year period. Germany and the UK perform the highest development, both with 11 percentage points, and Sweden the lowest with 2 percentages followed by Finland, Greece and Poland all with 3 percentages increase. If instead looking at the number of women on corporate boardrooms in 2014, Finland and Sweden have the highest averages amongst *Panel III*, with 29% and 28% respectively. Greece followed by Luxemburg in the bottom, although Greece newly implemented their recommendations (2013) and degrades the average slightly in 2013 and 2014.

Table 5-7 Panel III – Summary of the Development

Panel III	2010	2011	2012	2013	2014	Total Development (percentage)
Discussed in the corporate governance code	**14%**	**16%**	**18%**	**18%**	**20%**	**6**
Austria	9%	11%	12%	13%	17%	8
Denmark	18%	16%	21%	23%	24%	6
Finland	26%	26%	29%	30%	29%	3
Germany	13%	15%	18%	21%	24%	11
Greece	6%	6%	8%	8%	9%	3
Luxembourg	4%	6%	10%	11%	12%	8
Poland	12%	12%	12%	12%	15%	3
Sweden	26%	25%	26%	26%	28%	2
United Kingdom	13%	16%	19%	21%	24%	11

The specifications in the codes differ between the countries, as clarified by observing *Table 5-8*. Full list of the recommendations from all EU28 is found in *Appendix 2*. The codes do not include any strict measures of how the corporate boards should be gender distributed. However the Swedish code state that one should strive for equal gender distribution, similar to the Polish code saying that one should ensure a balanced proportion of women and men. The Finish code states that both genders should be represented. Whereas the codes in Denmark, Austria, Germany, Luxemburg and the UK, instead recommends that women or diversity should be considered or given appropriate consideration or representation.

Table 5-8 Panel IV – Recommendations in the Codes

Country	Citations and examples of what is stated in the codes respectively.
Austria	*Latest Code, 2012 (also mentioned in the code of 2009): "Furthermore reasonable attention is to be given to the aspect of diversity of the supervisory board with respect to the representation of both genders and the age structure, and in the case of exchange- listed companies, also with a view to the internationality of the members."*
Denmark	*Latest code, 2014 (also mentioned in the code of 2010): "When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender."*
Finland	*Latest code, 2010: "One element of a diverse composition of the board is to have both genders represented on the board." "Both genders shall be represented on the board"*
Germany	*Latest code, 2014 (also mentioned in the codes of 2010):" When filling managerial positions in the enterprise the Management Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women. The Supervisory Board appoints and dismisses the members of the Management Board. When appointing the Management Board, the Supervisory Board shall also respect diversity and, in particular, aim for an appropriate consideration of women. Together with the Management Board it shall ensure that there is a long-term succession planning."*
Greece	*Latest code, 2013: "Board composition should be driven by the fair and equitable treatment of all shareholders and demonstrate a high level of integrity. Moreover, the board should be diversified as to gender and include a diversity of skills, views, competences, knowledge, qualifications and experience, relevant to the business objectives of the company."*
Luxembourg	*Latest code, 2013 (also mentioned in the code of 2009): "Among the criteria to select for the appointment or re-appointment of Directors, the company shall take account of diversity criteria, including criteria relating to professional experience, geographical origin and the appropriate representation of both genders, aside from overall skill-based criteria."*
Poland	*Last code 2012 (also mentioned in the code of 2010): "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."*
Sweden	*Latest code 2010 (also mentioned in the code of 2008): "The board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for equal gender distribution on the board."*
United Kingdom	*Latest code 2014 (also mentioned 2008 & 2010): "The search for board candidates should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender." Code of good practice 2011: 3.11 "The search for board candidates should be conducted, and appointments made, on merit, with due regard for the benefits of diversity on the board; including gender, on which the Government has stated its aspiration that by the end of the Parliament at least half of all new appointees being made to public bodies will be women."*

5.1.4 Panel IV – No Regulation

The last panel embodies half of the EU28 where no regulation regarding gender balance on corporate boards applies. *Panel IV* has no laws or recommendations in local codes regarding gender quotas applicable in this study. However, the government or other institutions may promote gender balance on corporate boards by other means, which is not accounted for in this study.

The gender balance development by *Panel IV* is specified in *Table 5-9* and the panel performs a positive development from 2010 to 2014 of 2 percentage points. This sample comprises countries with a negative development of gender balance and those countries are Romania, Czech Republic, Hungary and Slovakia, where women have decreased with 10, 8, 2 and 4 percentage points respectively. The highest progress during the five-year period is seen in Slovenia performing an increase of 10 percentage points, followed by Latvia with an increased of 9 percentages.

If looking at the average of women in 2014, Latvia is in the lead with 32%, followed by Slovenia with 20%. Malta and Czech Republic are in the bottom with 3% and 4% women on corporate boards. Hence, this panel comprises great variations, as there was a difference of 29% of women on corporate boards between Malta and Latvia, in 2014.

Table 5-9 Panel IV – Summary of the Development

Panel IV	2010	2011	2012	2013	2014	Total Development (percentage)
No regulation nor recommendations	**12%**	**11%**	**12%**	**14%**	**14%**	**2**
Bulgaria	11%	15%	12%	17%	18%	7
Croatia	16%	19%	15%	15%	19%	3
Cyprus	4%	5%	8%	7%	9%	5
Czech Republic	12%	16%	16%	11%	4%	-8
Estonia	7%	7%	8%	7%	7%	0
Hungary	14%	5%	7%	11%	12%	-2
Ireland	8%	9%	9%	11%	11%	3
Latvia	23%	27%	28%	29%	32%	9
Lithuania	13%	14%	18%	16%	17%	4
Malta	2%	2%	4%	2%	3%	1
Portugal	5%	6%	7%	9%	9%	4
Romania	21%	10%	12%	8%	11%	-10
Slovakia	22%	15%	14%	24%	18%	-4
Slovenia	10%	14%	19%	22%	20%	10

6 Analysing the Progress in the EU28

This chapter aims to analyse the progress towards gender balance in the EU and *Table 5-1* indicates that progress is visible in most of the EU28, with a total average increase of 8 percentage points, from 2010 to 2014. Hence the numbers indicates a development of 1.8 percentage points per year, which is higher than the long term average increase of 0.6 percentage points between 2003 and 2012 (EC, 2012b). However, the average of 1.5 percentage points increase between 2010 and 2012 show that no significantly higher progress within EU have been made since initiatives was encouraged by the EC in 2010.

France, Italy and Belgium, all parts of *Panel II*, performed the highest development within the EU28 with 20, 19 and 12 percentage points increase respectively, during the examined period. Whereas Hungary, Czech Republic, Slovakia and Romania, incorporated in *Panel IV,* had negative developments of 2, 4, 8 and 10 percentages. Furthermore, the average proportion of women on corporate boards within the EU28 was 20% in 2014, although 19 out of the EU28 had an average under this level. Moreover, the highest averages were met in France and Latvia, both with 32%, while Malta and Czech Republic had the lowest averages of 3% and 4% respectively. Even though it is suggested that the EU together with the U.S. has the highest progress towards gender balance in the world (MSCI, 2014), the results of this research suggest that the average progress by the member states, to a high degree, are reliant on the performance by some individual countries, as argued by Lansing and Chandra (2012). Moreover the findings indicate that none of the EU28 has yet achieved gender balance on their corporate boards, requiring 40% of each gender (EC, 2012a). Hence, it confirms that men still dominate corporate boards of listed companies in the EU28, in line with the EC's assessment of the EU28 in 2012 (EC, 2012b).

Yet a general quota objective for the EU28 has not been implemented. Although as the study shows, different measures have been taken on national levels to increase the number of women on corporate boards, including law quotas and self-regulatory measures as recommendations in local corporate governance codes, see *Figure 4-1*. The measures appear to generate different levels of progress towards gender balance, and we aim at finding the better alternative in engendering gender balanced corporate boards. Initially, the empirical findings are evaluated and the results by the four panels are compared. Subsequently, the empirical findings are linked to the current situation and the examined literature regarding gender balance on corporate boards. Furthermore, connections are made to the EC proposal of a 40% gender quota, to determine and evaluate the need of such quota implementation for listed companies in the EU28.

6.1 Development by the Panels Compared

Many of the EU28 have followed the approach of Norway's implementation of a legislative gender quota for corporate boards, such as France, Italy, Belgium, Netherlands and Spain. As seen from the results, the design of the respective quotas varies with respect to their sanctions, targeted quotas, deadlines and scope of companies covered (*Table 5-4*; *Table 5-6).* The deadlines for fulfilling the quotas have not yet passed, why determining if the quotas have been successful or not is unmanageable, although the progress so far can be analysed.

Panel I, incorporating Spain and the Netherlands, has gender quotas implemented as law where no sanctions are applicable. The results show that this panel performed a development of 8 percentages over the period 2010 to 2014, with an average women representation of 21% in 2014. The average of 21% women on corporate boards is low with respect to the quota objectives and the deadlines for the respective countries (*Table 5-3).* The measured increase of women on corporate boards in Spain, so far, indicates that they will fail with their quota objective, since it requires a rise of 23 percentages in 2015. The Netherlands on the other hand, will succeed if continuing with similar progress as between 2010 until 2014, where only a gap of 5 percentage points needs elimination until 2016. However, even if fulfilling the quota, corporate boardrooms within the Netherlands will still characterize a situation where women are underrepresented. This since the quota only represents an aim of 30% of women on boards, while the criteria of gender balance is suggested to be when at least 40% of each gender is represented (EC, 2012a). Besides, when it comes to the Netherlands, their law quota is implemented on a comply-or-explain basis (*Table 5-4*), why companies are allowed to provide an explanation of non-compliance rather than fulfilling the quota objective (Siedl et al., 2012). However, the Netherlands still implies a higher development towards gender balance than Spain. In contrast to *Panel II,* countries within *Panel I* do not apply sanctions if organizations fail fulfilling the gender quota, although they may still suffer from other costs, such as illegitimacy discount and bad perceptions amongst stakeholders (Siedl et al., 2012; Zuckerman, 1999).

Panel II consisting of Belgium, France and Italy has implemented legislative gender quotas with sanctions to regulate gender balance on corporate boardrooms. *Panel II* shows a positive development of 17 percentage points of women on corporate boards over the examined five-year period, with an average of 26% women in 2014. The countries are far from showing similar results as the role model case of Norway, were 43% women on boards were obtained by the means of a legislative quota with sanctions (EC, 2015b). However, the results shows that this panel performed better than the other panels in both in terms of development during the period examined and average percentage of women in 2014. Furthermore, by observing the incremental progress of gender balance on boards since 2010, it seems promising for all countries within *Panel II,* to reach their quotas within their respective deadlines (*Table 5-5; Table 5-6*). France with 32% women on corporate boardrooms in 2014 requires an increase of 8 percentages, until their deadline in 2016. Italy and Belgium had averages of 24% and 22% women on boards, indicating that a rise of 9 and 11 percentages respectively is needed in order to fulfil the quota deadlines in 2015 and 2017. However, even though Italy or Belgium succeeds to fulfil their 33% quotas, gender balance will still not be present, similar as for the Netherlands within *Panel I* (EC, 2012a).

The results of this study confirms that the use of corporate governance codes is currently the most common way to regulate gender balance on corporate boardrooms, in line with Bøhren and Staubo (2013), suggesting that regulations in terms of local codes is the most favourable approach among countries. Within *Panel III*, countries where gender balance on corporate boards is regulated in local codes, shows an average development of 6 percentages between the years 2010 and 2014, and an average of 20% women on corporate boards, in 2014. Finland and Sweden had the highest averages amongst *Panel III*, of 29% and 28% respectively. Moreover, Finland and Sweden belongs to the top four countries within the EU28 of highest proportion of women on boards in 2014 (*Appendix 3*), where France (*Panel II*) and Latvia (*Panel IV*) are in the top with 32% respectively. However, both Finland and Sweden showed a high average of women already in 2010, which could explain why Sweden and Finland only performed a development of 2 and 3 percentage points respectively, during the examined five-year period (*Table 5-7*).

The level of ambition in the requirements and recommendations in the codes differ between the nations (*Table 5-9; Appendix 2*). Many local codes do not require gender balance or even a specific percentage of women to be represented on corporate boards. For instance, the local codes of Austria and Finland simply state that both genders should be represented on the board, whereas the codes in Poland and Sweden are unaccompanied in specifying and recommending organizations to compose balanced boards of women and men. However, even though Sweden is in the lead, within this panel, Finland is showing similar and marginally better results in the progress towards gender balanced corporate boards. Besides, Austria and Poland have an average of 17% and 15% women respectively, indicating that the content of the codes may not have any greater impact on the progress towards gender balance. Furthermore, even though previous research suggests that compliance with codes generally tend to be high within the EU (Berglöf & Pajuste, 2005; Renders et al., 2010), compliance of organizations may not have any affect on gender balance within the EU28, since most of the codes primarily promote an appropriate representation of women, alternatively that women should be given consideration when assessing and appointing the board members (*Appendix 2*).

Even though many countries within the EU28 regulate gender balance on corporate boards to some extent, 50% of the EU28 have still not taken any action in promoting gender balance on corporate boards, even though the EC are endorsing such promotions (EC, 2012a). Hence, those countries are represented in *Panel IV*, as they do not regulate gender balance. *Panel IV* performs a somewhat insignificant progress of 2 percentages from 2010-2014. Moreover, four countries within *Panel IV*, Romania, Czech Republic, Hungary and Slovakia, performed a negative development during the five-year period (*Table 5-1*). The average proportion of women on corporate boards was only 14%, in 2014. Although, Latvia had 32% women on corporate boards in 2014, compared to Czech Republic and Malta where only 4% and 3% women was represented. Hence, it designates the great variances in this panel. The results of this study indicate that countries with absence of regulations, *Panel IV*, are showing significantly less progress towards gender balance, compared to the panels examined where initiatives to increase women on boardrooms have been implemented (*Table 5-2*). The same conclusion is drawn regarding the proportion of women in 2014, where *Panel IV* shows the lowest average. Furthermore, if observing all the EU28, the bottom five countries are incorporated in *Panel IV,* both in terms of development and average proportion of women in 2014 (*Appendix 3).* Besides, *Panel IV* is the only panel where negative development is observable.

6.1.1 Concluding Remarks on the Development

To sum up, in line with the assessment by the EC (2012a), this study confirms that measures are needed for a more significant progress and higher female representation on corporate boardrooms amongst the EU28 (*Table 5-2*). However, to have gender quotas implemented in law, without sanctions applicable, does not imply a significantly greater progress than self-regulatory measures. The proportion of women in 2014 in *Panel III*, where local codes applies, was 20%, compared 21% within *Panel I*, where quotas without sanctions apply (*Table 5-2*). Hence the findings of the research indicate that gender balance in terms of a corporate governance issue should not be left as soft law if aiming for higher compliance, as suggested by De Jong et al. (2005) and MacNeil and Li (2006). Evidentially, gender balance in Norway was not met before the law was mandated and became binding with sanctions (Nygaard, 2011).

This research demonstrates that *Panel II* performs the best results both when observing the proportion of women in 2014 and the development in percentages over the five-year period. Note that all countries within *Panel II* (France, Italy and Belgium) are in the top when observing the total development in percentages. Hence, a strong relation is found between higher progress towards gender balance on corporate boards and quotas with sanctions applicable, in line with Pande & Ford (2011) and Suk (2012). This implies that regulations are taken more seriously when sanctions apply and that governments need to be willing to punish non-compliers (Pande & Ford, 2011). However, Latvia and France were closest to gender balanced corporate boards, although Latvia does not regulate the issue.

6.2 The Influence of Legitimacy

The perceptions amongst the society is argued to change over time (Deegan, 2002), which law makers and issuers of recommendations needs to adhere to (Weil et al., 2014; Akkermans et al., 2007). The EC is one actor that have emphasised the need to promote gender balance on corporate boards within the EU28 during the last decade, where strategies in terms of voluntary actions and a request for a regulatory change have been stressed amongst governments and organizations (EC, 2012b). As seen from *Table 5-1,* the results indicate that the debate in terms of gender balance on corporate boards has created pressure where development towards more equal gender distribution on corporate boards is visible, since the implementation of the *Strategy for Equality Between Women and Men,* in 2010. All governments in countries within *Panel I*, *Panel II* and *Panel III* have actively performed actions by implementing regulations, in form of legislative quotas or corporate governance codes, on the gender balance issue (*Table 5-2*). Hence, these governments and organizations adhere to the requirements by the EC, in line with the thoughts of legitimacy theory, to maintain legitimate on European level (Akkermans et al, 2007; Enrione et al., 2006; Siedl et al., 2012). However as Deegan (2002) points out, the legitimisation strategies may vary from country to country, and reactions thereof need to be considered in relation to national, historical and cultural contexts. As seen within *Panel IV*, encompassing 50% of the countries within the EU, the governments are still neglecting the opportunity to promote gender balance within their corporate governance codes or by implementing such regulations.

Furthermore, the performances by the countries in *Panel III* can be analysed in connection to legitimacy theory, in terms of how the listed companies respond the country specific corporate governance codes provided in *Table 5-9* and *Appendix 2*. By utilizing the comply-or-explain principle, in line with the expectations from stakeholders and the society, organizations can operate legitimate, even when deviating from the recommendations by explaining why the board is composed differently (Siedl et al., 2012). Subsequently, the stakeholders decide if they accept the explanation or not (Siedl et al., 2012; Zuckerman, 1999).

The majority of the EU28 belong to *Panel III* and *Panel IV,* countries where codes are applicable and countries where no regulations apply, illustrated by *Figure 5-1*. Progress towards gender balance is less visible within these panels, compared to within *Panel I* and *Panel II*. The organizations within *Panel III* and *Panel IV* are not exposed to legislative quotas and are not obligated to have gender-balance boards by law. Hence, to work towards gender-balanced boards as a result of the gender balance debate, in order to create legitimacy (Siedl et al., 2012), does not appear as strong as the obligation to respond to gender balance requirements in law. Further, it seems as for organizations to generate legitimacy, from the society by constructing gender-balanced boards, is not alone motivation enough (*Table 5-2*).

6.3 The Widespread Situation of Tokenism

The situation of tokenism within corporate boardrooms is suggested to imply that women face pressure to perform, that they are given less opportunities and power than men and that they feel distance and competitiveness towards other women (Kanter, 1977). Theory of tokenism can describe the situation occurring when women are in minority, which seems to be the situation on many corporate boards within the EU28, see *Table 5-1*. As stated by Leblanc et al. (2011) a 30-40% target of women appears to be a sensible balance to achieve representation with absence of tokenism, which can be connected to a situation where gender balance is present (EC, 2012a). A critical number of at least three women on boards are further suggested to avoid the occurrence of tokenism (Konrad et al., 2008; Terjesen et al., 2009). However, as seen from *Table 5-1*, only Latvia and France reaches such average, between 30-40% women on corporate boardrooms. If further calculating with an average size of 13.5 members on corporate boards within the EU28 (Egon Zehnder International, 2014) we can conclude that approximately 22% women are needed to create the critical mass of three women. Ten countries (Belgium, Denmark, Finland, France, Germany, Italy, Latvia, Sweden, The Netherlands and the UK) within the EU28, manage to reach such level of representation of women. Hence within these countries "normalization" is suggested enabled, and women become influential over board decisions (Terjesen et al., 2009). However, the results of the research indicate that the theory of tokenism can be applied to at least 18 out of the EU28. Moreover, only two countries reach the level of 30%, when tokenism is suggested avoided (Leblanc et al., 2011).

The findings of this research suggest that the situation of women in token positions on corporate boards in the EU28 often is circumstanced. Hence in line with the arguments of Kanter (1977) opportunities and the power for women are to be lower within those organizations. The atmosphere for women created on corporate boards can thereby be visualized as competitive, where women are under high performance pressure, since they need to provide more evidence of earning their position, compared to the rest of the group (Biernat & Kobrynowicz, 1997*)*. Suggesting that corporate boards need to pass the stage of normalization, acquired when there is a critical mass of three women on the boards. Only when the critical mass is reached, women can perform as expected and, furthermore, generate an atmosphere where they do not need to prove themselves because of their gender. First when an appropriate number of women have been appointed, boards can be composed in terms of competence and experience. Hence, the proposals by Kanter (1977) and Fitzsimmons (2012) can be confirmed in this context, suggesting that quotas are needed to first get women on boards. By overcoming tokenism, it may pay the way for other women to acquire positions on corporate boards, since acceptance and normalization has already been created and the focus on gender is thereby decreased.

6.4 Failing to Utilize Female Capital

The result of this research confirms that the pool of human capital represented by women is not utilized fully by corporations, as suggested by Carter et al. (2010). The largest gap with regards to tertiary level education was seen in Latvia, with 26% women compared to 17% men (European Institute for Gender Equality, 2013). Furthermore, Latvia had amongst the highest average women on boards in 2014 (*Table 5-1*). However, tertiary level education of women was also significantly higher than of men in Estonia (36% for women and 22% for men), although Estonia only presents an average of 7% women on corporate boards. Furthermore, even though the percentage of women within tertiary level education has generally been small (Terjesen et al., 2009), tertiary level education of women today is suggested to exceed the one of men within the EU28 (European Institute for Gender Equality, 2013). This study shows that the composition of boards in terms of gender have not had the corresponding progress. Terjesen et al. (2008) argues that opinions exists considering that women may not encompass proper experiences although highly educated, further studies have confirmed that CEOs fear appointing women to the board, due to anxiety of them being unqualified (Peterson & Philpot, 2007; Terjesen et al., 2009). As seen from *Table 5-1,* women are still underrepresented in all of the EU28, in terms of the average representation seen on corporate boards. Hence, women are still not able to contribute fully with their different experiences, behaviours and opinions that are dissimilar from men (Terjesen et al., 2008; Terjesen et al., 2015; Zelechowski & Bilimoria, 2004).

Panel I, containing countries where legislative quotas with sanctions apply, somewhat forces companies to include women on their corporate boards (Terjesen et al., 2015). Correspondingly, as seen from the results, the short-term effect of legislative quotas show the highest progress in terms of increased female representation (*Table 5-2*). However, the approach of quotas is suggested to only affect gender balance in terms of numbers, and within organizations that confronts the pressure to appoint women, the outcome could be female representatives with lack of qualification (Adams & Ferreira, 2009; Hamdani & Buckely, 2011; Terjesen et al., 2015). Although, as Fitzsimmons (2012) points out, the barrier of women to first get access to boards needs removal before the female capital can be utilized. Furthermore, as theory of tokenism designates, women may be able to perform better and feel more comfortable within corporate boardrooms as they become balanced in terms of women and men (Terjesen et al., 2009). Hence, despite negative aspects, legislative quotas, as within *Panel I* and *Panel II*, could be the currently best solution, to both include women on corporate boardrooms and to be able to utilize female capital within the EU28.

6.5 The Justification of the EC Proposal

As seen from *Table 5-1*, the result of this study shows that despite of a clear progress during the five-year period examined, the development is still far from reaching gender balance on corporate boards within the EU28. This is in line with the assessment of the EC in 2012, where slow development and visible progress with legislative initiatives within the EU, became the reason for further actions to improve women representation on boardrooms. However, the intention of the EC proposal is to implement a legislative 40% gender quota concerning the non-executive positions on corporate boardrooms within the EU until 2020 (EC, 2012b). Hence, although encouraged that executive positions should be connected to voluntary targets regarding numbers of women, the directive would not imply gender balance in terms of the entire boardrooms.

In connection to the findings of this research, the needs for a legislative quota within the EU28 to promote women on boardrooms are diverse. As seen from the results some of the EU28 show better progress than others and the development differs between the initiatives, found in *Table 5-2*. The highest progress is visible within *Panel II* among countries where quotas with sanctions apply, whereas the lowest progress is seen in *Panel IV* where no regulations are applicable. However, Latvia part of *Panel IV,* together with France where sanctions applies, shows the highest percentage of women on corporate boards within the EU28 in 2014, even though the issue is not regulated within the country. France and Latvia with 32% women is followed by Finland and Sweden where local codes apply, and the Netherlands, where a quota is applicable. This indicates that the results seen in the EU28 is not necessarily an outcome from the implementation of legislative quotas.

Even though the development of women on corporate boardrooms differs, including where the same regulation applies, the findings of this study indicate that some sort of initiative is required to get women on corporate boardrooms. This since the current situation indicates a clear underrepresentation of women on boards and countries with absence of regulations do generally show an insignificant progress in relation to other initiatives examined, see *Table 5-2*. It is suggested that the favourable approach across countries is quotas or measurements on a voluntary level (Bøhren & Staubo, 2013), motivated by that they are considered less costly and allows a flexible approach (Siedl et al., 2013). However this benefit tends to be on the expense of measurement not being as efficient in the short-run. If assuming that the gender balance development in the EU28 will have the same progress of two percentage points annually, similar to the progress between 2010 and 2014 (*Table 5-2)*, the 40% objective would be attained in 2024. However, the findings indicate the progress in the EU28 to be connected to certain actions taken, such as quotas, and higher progress by certain countries during the examined time span, in line with Lansing and Chandra (2012). Hence, a voluntary approach would probably not imply gender-balanced boards within the next decade.

The results of this research show that quotas with sanctions are the best short-term solution for including more women on corporate boardrooms. However other effects of such quota implementation should not be neglected. First, it is suggested that gender quotas do primarily focus on women in terms of numbers, why organizations may feel pressure to appoint women for their gender rather than for experiences and skills (Nielsen & Huse, 2010). Further, according to Adams and Ferreira (2009) and Farrell and Hersch (2005), previous studies show that the result of not appointing women for the right reasons, in terms of organizations being forced to include women on boards, have been faced with negative impact on both firm value and firm performance. Hence, this risk would be higher for countries where sanctions apply, since the findings indicate that organizations are more likely to comply with such quotas. As suggested by Terjesen et al. (2015) gender quotas forces firms to respond rapidly to identify and promote female talent for the appropriate corporate board composition, why quotas engenders better results in the short run. Hence it can explain the superior progress by certain countries, pointing at the progress by countries with legislative quotas with sanctions (*Panel II*).

Furthermore, the EC's proposal, for a directive on improving gender balance by introducing quotas is argued to constitute an inappropriate legal solution for the problem of gender imbalance (Szydlo, 2013). The principles of proportionality and subsidiarity states that the EU should not regulate matters that are better accomplished on national, regional or local level. Implications are created, since some of the EU28 cares to regulate the issue of gender balance on national level while others do not. Moreover, the trend in Norway after their quota implementation has been to either comply with the quota requirement or delist into another organizational form (Bøhren & Staubo, 2013). However, the high costs of delisting together with the desire to obtain the optimal organizational form, can act as motivations in complying with a quota, instead of following the trend in Norway of circumvention (Bøhren & Staubo, 2013; Hoel, 2008).

If looking at each of the EU28 independently, some of them will most likely be able to regulate gender balance on boards on a national level, with the desired outcome of 40% women within the nearest future. However, some countries within the EU28 do not prioritise or promote this question, generating a poor development in several of the member states, affecting the average taken together. 19 out of the EU28 still have less than 20% women on their corporate boards (*Table 5-1*). As seen from the results from this study, if gender balance is considered a necessity to be present in all of the EU28 before 2020, a law quota with sanctions is needed. Hence, a general legislation covering all of the EU28 might be the only solution to reach a desired objective of 40% women, representing the situation of gender balance on boardrooms. The barrier in terms of tokenism could further be removed by such implementation, since that would generate women of critical mass on boards. As Fitzsimmons (2012) pointed out, before organizations can utilize female capital, one need to remove the barrier hindering women to first get access and representation on corporate boards. Hence, if only focusing on engendering gender balance on corporate boards, the results of this research do suggests that the implementation of gender quotas are most effective in terms of rapid short-term effects, especially when sanctions are applicable. Hence governments need to be willing to punish non-compliers if they want to increase the chance of generating higher female representation in the corporate sphere, as argued by Pande and Ford (2011).

7 Conclusion

The attempt of this study was to generate insight regarding the situation and development of women on corporate boards within the EU28, with respect to if any regulation of women on boards applies within the countries respectively. The average progress by four different panels was evaluated; countries with legalisation of quotas without sanctions (1), countries with regulation by quotas with sanctions (2), countries where women on boards is regulated in local codes (3) and countries where no regulations are applicable (4). The result confirms that progress was visible in 24 out of the EU28 during 2010 to 2014, where France and Latvia was closest to gender balanced boards in 2014 with 32% women respectively. However, women are still underrepresented in all of the EU28, in terms of the average proportion of women on corporate boardrooms.

The significant differences, in terms of average representation of women on boardrooms found within the EU28, are related to initiatives taken by each country. The countries with applicable gender quotas showed the highest progress of appointing more women to corporate boards within the EU28, between 2010 until 2014. This was especially evident within France, Italy and Belgium, the only member states exposed to quotas with sanctions. The countries substantiated the highest development towards gender balance on boards within the EU28, with an average increase of a 17 percentage points during the examined five-year period, compared to 9 percentages where no sanctions applies. Furthermore, the use of corporate governance codes showed an average development of 6 percentage points during the five-year period, further found to be the most common form of regulation of gender balance within the EU28. Hence, the findings indicate that having gender quotas implemented in law, do not show a significantly greater progress than self-regulatory measures, if there are no sanctions involved. However, the countries without legislation or recommendations in local codes regarding gender balance performed a close to insignificant progress of 2 percentages, which encompassed half of the EU28. The results demonstrate that actions are needed to generate higher progress of female representation on corporate boardrooms amongst the EU28.

Furthermore, the need of the EC's proposal, of a legislative gender quota with the aim of it to provide gender balance on corporate boardrooms is partial. Since many of the EU28 do not promote the question of women on boards, a requirement of implementation might be the only solution to reach gender balance on corporate boardrooms within all of the EU28. Furthermore, in line with the thoughts of tokenism, although quotas have been criticized due to the pressure to appoint women for their gender rather than for their qualification, there is a need for women to first get access to corporate boardrooms. By the implementation of a legislative quota, tokenism could be avoided, since it would entail the reach of a critical mass of women. First when an appropriate number of women are appointed to boardrooms, organizations can overcome the barrier of tokenism, enabling the deployment of human capital from both men and women. Subsequently organizations may obtain the benefits from a diversified board in terms of gender. Possible consequences of a quota implementation, affecting all the EU28 needs careful evaluation, since it may infringe on the principle of proportionality and subsidiarity. However, the findings indicate that gender balance regulation is needed for a stable progress towards gender balance on corporate boards in the EU28. Furthermore, that short-term development is especially evident when legislative gender quota with sanctions applies.

8 Discussion

The gender balance development and its regulatory promotion amongst the EU28 was the emphasis of this study. We have experienced certain aspects that are not entirely dealt with in this research, due to limitations, which are discussed in this chapter followed by recommendations for future research. First, this research focuses primarily on gender balance with respect to numbers of women and men on corporate boardrooms, why a discussion of gender equality in terms of absence of discrimination and equal opportunities between the genders are not included. Although, gender equality and gender balance on corporate boards are both of significant importance (Almond, 2013). Moreover, this research concludes that a legislative gender quota, in line with the EC proposal of a 40% quota objective, needs implementation if gender balance is to be reached within the nearest future within all of the EU28. However, the results demonstrate that progress within the EU is visible without such application, and if continuing in the same manner, by promoting gender balance without implementation of legislative quotas, it may provide a more justifiable development (Pande & Ford, 2011). Hence, we argue that the deadline set by the EC, for the 40% objective to be met in 2020, needs consideration and adjustment, if the proposal is confirmed by the European council and becomes established as a directive.

Besides, since only five years remains until the proposed quota deadline by the EC, it would create an extremely high pressure on many large listed companies within the EU28, affected by the quota. This since 19 out of the EU28 had averages of less than 20% women on their corporate boards in 2014. Apart from the fact that women might be appointed for wrong reasons, an ethical drawback in a post-quota environment (Terjesen et al., 2015), this could infringe on the shareholders right. As it forms a situation where the shareholders are limited to appointing women to fill the vacant seats, in order to manage the quota objective (Fitzsimmons, 2012). Consequently, the investors lose parts of their shareholder rights in form of the impact over the board composition. Furthermore, that may result in decreased shareholder value and could have detrimental effects on the publicly large listed companies. However, as indicated by the conclusion of this study, pressure may be needed in order to concur the barrier of tokenism, which hinders women from being influential over board decisions and moreover it creates the barrier of them not being appointed. Hence, we suggest that one objective for all companies worldwide should be to incorporate at least three women on their corporate boards. The aim of gender balanced corporate boards could thereafter be accomplished more easily.

Another aspect of importance is that the EC proposal, of a legislative gender quota on corporate boards, only concerns non-executive board members, while the data of gender balance in this study represents entire boardrooms, including the executive directors. The result, if only analysing the non-executives in the EU28, could have an altered outcome. However, in line with the EC proposal, executive positions should be connected to self-regulatory targets for individual organizations regarding numbers of women on boards, why executive positions is not entirely excluded from the proposed directive. Further the issue of gender balance is connected to entire boards, and not only non-executive positions, why we have chosen to examine both positions and we argue that the aim should be for all seats at the corporate board to be distributed equally between women and men, forming gender balanced corporate boards.

Our study has provided access and knowledge about to the general situation of gender balance in corporate boards in the EU28. However, due to the large amount of countries examined, our study was limited in observing the situation on corporate boards in each country individually, as well as other aspects that could encompass a noteworthy research. Four countries in Eastern Europe performed a negative development during the five-year period examined, which could illustrate that they are not as affected by the worldwide debate of gender balanced boards (Terjesen et al., 2015). As Deegan (2002) points out legitimisation strategies may vary between countries and reactions thereof needs to be considered in relation to national, historical and cultural contexts. However, factors that have generated this negative development were not identified, due to the scope of this study. Hence, a deeper analysis of the situation within specific countries and cultures could be of interest, such as studies of how to deal with underrepresentation of women in countries where the problem is most significant, and the contrary. Neither Malta nor Latvia has any regulation regarding gender balance, although Latvia had a very high female representation on corporate boards, while extremely low in Malta. Hence, Malta and Latvia could encompass an interesting study and analysis.

Moreover, when the deadlines have past after quota implementations already made in the EU28, one could observe and analyse the pre- and the post- quota environments as well as if the quotas were successful. Furthermore, this study foremost discusses gender balance in the past and presence and does not analyse the long-term effects extensively. Subsequently the conclusion is expressed without anticipating the consequences and the outcome on the affected corporations in the long run. Hence, we suggest for future studies to also analyse the long-term effects of gender quotas on corporate boards. Further, to give attention to the corporate or personal perspective instead of the governmental perspective as within this study. Thus, we can suggest a qualitative study of the attitudes towards women in high decision-making positions, both amongst men and women on corporate boards or in other leading positions. That could engender insight, knowledge and ideas of how to best deal with this issue and how the people of concern desire to reach positions on corporate boards.

List of references

Adams, R. B., & Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics*, 94(2), 291-309.

Akkermans, D., van Ees, H., Hermes, N., Hooghiemstra, R., Van der Laan, G., Postma, T., & van Witteloostuijn, A. (2007). Corporate governance in the Netherlands: An overview of the application of the Tabaksblat Code in 2004. *Corporate Governance: An International Review*, 15, 1106–1118.

Almond, S. (2013). Gender Diversity in Leadership is Key to Business Success. *The Guardian*. Retrieved 2015-04-22, from: http://www.theguardian.com/sustainable-business/gender-diversity-leadership-business-success

Becker, G. S. (1964). *Human Capital*. Chicago: University of Chicago Press.

Berglöf, E., & Pajuste, A. (2005). What Do Firms Disclose and Why? Enforcing corporate governance and transparency in Central and Eastern Europe, *Oxford Review of Economic Policy*, 21, 178– 197.

Biernat, M., & Kobrynowicz, D. (1997). Gender- and race-based standards of competence: Lower minimum standards, but higher ability standards for devalued groups. *Journal of Personality and Social Psychology*, 72, 544-57.

Bryman, A. (2012). *Social Research Methods* (fourth edition). New York: OUP Oxford.

Bøhren, Ø., & Staubo, S. (2013). Does mandatory gender balance work? Changing organizational form to avoid board upheaval. *Journal of Corporate Finance*, 28, 152-168.

Carter, A. D., D'Souza, F., Simkins, J. B., & Simpson, W. G. (2010). The Gender and Ethnic Diversity of US Boards and Board Committees and Firm. *Corporate Governance: An International Review*, 18(5), 396–414.

Dahya, J., McConnell, J. J., & Travlos, N. G. (2002). The Cadbury Committee, Corporate Performance, and Top Management Turnover. *Journal of Finance*, 57, 461–483.

Dang, R., Khuong, D. N., & Linh-Chi, V. (2014). Does The Glass Ceiling Exist? A Longitudinal Study Of Women's Progress On French Corporate Boards. *The Journal of Applied Business Research,* 30(3), 909-916.

Dauer, U. (2014). Corporate Germany Set for Gender Revolution New Law Would Require More Than 100 Large Companies to Have at Least 30% Women. The Wall Street Journal. Retrieved 2015-02-16, from: http://www.wsj.com/articles/german-cabinet-gives-nod-to-increase-number-of-women-on-boards-1418299350

Dedman, E. (2002). The Cadbury Committee Recommendations on Corporate Governance – A review of compliance and performance impacts, *International Journal of Management Reviews*, 4, 335–352.

Deegan, C. (2002). The legitimising effect of social and environmental disclosures – a theoretical foundation. *Accounting, Auditing & Accountability Journal*, 15(3), 282-311.

De Jong, A., De Jong, D., Mertens, G., & Wasley, C. (2005). The role of self-regulation in corporate governance: Evidence and implications from The Netherlands. *Journal of Corporate Finance*, 11, 473–503.

DiStefano, J. J., & Maznevski, M. L. (2000). Creating value with diverse teams in global management. *Organizational Dynamics*, 29(1), 45-63.

Egon Zehnder International (2014). *Appendix to 2014 Egon Zehnder European Board Diversity Analysis.* Retrieved 2015-04-08, from: http://www.egonzehnder.com/files/ebda-2014-appendix.pdf

Enrione, A., Mazza, C., & Zerboni, F. (2006). Institutionalizing codes of governance. *American Behavioral Scientist*, 49, 961–973.

EUR-lex. (2010). *The principle of subsidiarity.* Retrieved 2015-03-01, from: http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1429177957705&uri=URISERV:ai0017

European Commission. (2010). *Strategy for Equality Between Women and Men 2010-2015*. Retrieved 2015-03-01, from: http://ec.europa.eu/justice/gender-equality/files/strategy_equality_women_men_en.pdf

European Commission. (2012a). *Women in economic decision-making in the EU: Progress report.* Retrieved 2015-01-21, from: http://ec.europa.eu/justice/gender-equality/files/women-on-boards_en.pdf

European Commission. (2012b). *Directive of the European Parliament and of the Council on Improving the Gender Balance among Non-executive Directors of Companies Listed on Stock Exchanges and Related Measures*. Retrieved 2015-01-23, from: http://ec.europa.eu/justice/gender-equality/files/womenonboards/directive_quotas_en.pdf

European Commission. (2013a). *Gender Equality-Glossary*. Retrieved 2015-03-05, from: http://ec.europa.eu/justice/gender-equality/glossary/index_en.htm

European Commsission. (2013b). *Cracking Europe's Glass Ceiling: European Parliament backs Commission's Women on Boards proposal.* Retrieved 2015-02-22, from: http://europa.eu/rapid/press-release_IP-13-1118_en.htm

European Commission. (2013c). *National Fact Sheet, Gender Balance in boards*. Retrieved 2015-05-01, from: http://ec.europa.eu/justice/gender-equality/files/womenonboards/womenonboards-factsheet-pt_en.pdf

European Commission. (2014). *Women on Boards: Commission proposes 40% objective*. Retrieved 2015-03-15, from: http://ec.europa.eu/justice/newsroom/gender-equality/news/121114_en.htm

European Commission. (2015a). *Gender balance on corporate boards: Europe is cracking the glass ceiling*. Retrieved 2015-01-23, from: http://ec.europa.eu/justice/gender-equality/files/womenonboards/wob-factsheet_2015-01_en.pdf

European Commission. (2015b). *Board Members*. Retrieved 2015-03-05, from: http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/business-finance/supervisory-board-board-directors/index_en.htm

European Corporate Governance Institute. (2015). *Index of codes*. Retrieved 2015-02-28, from: http://www.ecgi.org/codes/all_codes.php

European Institute for Gender Equality. (2013). *Gender Equality Index Report, 2013*. Retrieved 2015-01-26, from: http://eige.europa.eu/apps/gei/content/Gender-Equality-Index-Report.pdf

Farrell, K. A., & Hersch, P. L. (2005). Additions to corporate boards: The effect of gender. *Journal of Corporate Finance*, 11(1/2), 85-106.

Fitzsimmons, S. R. (2012). Women on boards of directors: Why skirts in seats aren't enough. *Business Horizons, 55*, 557-566.

Francis, T., & Lubin, J. (2014). U.S. Boards of Directors Lag Behind in Naming Women Ranks of Female Directors Are Growing Faster Overseas. *The Wall Street Journal*. Retrieved 2015-03-03, from: http://www.wsj.com/articles/SB10001424052702304851104579361313785708236

Hamdani, M. R., & Buckley, M. R. (2011). Diversity goals: Reframing the debate and enabling a fair evaluation. *Business Horizons*, 54(1), 33-40.

Hoel, M. (2008). The quota story: five years of change in Norway. In S. Vinnicombe, V. Singh, R. Burke, D. Bilimoria, & M. Huse (Eds.), *Women on Corporate Boards of Directors: International Research and Practice* (p 152-164). Cheltenham, Glos, UK: Edward Elgar Publishing Limited.

Kanter, R. (1977). *Men and Women of the Corporation*. New York: BasicBooks.

Konrad, A. M., Kramer, V., & Erkut, S. (2008). The impact of three or more women on corporate boards. *Organizational Dynamics*, 37(2), 145-164.

Lansing, P., & Chandra, S. (2012). Quota Systems as a Means to Promote Women into Corporate Boardrooms. *Employee Relations Law Journal*, 38(3), 3-14.

Leblanc, R., Bankes, J., Kam, A., Fraser, J., Gryglewicz, P. and Hill, C., (2011). General commentary on European Union corporate governance proposals. *International Journal of Disclosure and Governance*, 9(1), 1–35.

Lindblom, C. K. (1994). *The implications of organizational legitimacy for corporate social performance and disclosure, paper presented at the Critical Perspectives on Accounting Conference*. New York, NY.

MacNeil, I., & Li, X. (2006). Comply or explain: Market discipline and non-compliance with the Combined Code. *Corporate Governance: An International Review*, 14, 486–496.

MSCI. (2014). *Governance Issue Report: 2014 Survey of women on Boards*. Retrieved 2015-02-23, from: http://30percentclub.org/wp-content/uploads/2014/11/2014-Survey-of-Women-on-Boards-1.pdf

Nielsen, S., & Huse, M. (2010). The contribution of women on boards of directors: Going beyond the surface. *Corporate Governance: An International Review*, 18(2), 136-148.

Nygaard, K. (2011). *Forced board changes: Evidence from Norway*. Retrieved 2015-03-02, from: http://www.sv.uio.no/econ/english/research/news-and-events/events/guest-lectures-seminars/Friday-seminar/2011/papers/paper_nygaard.pdf

Pande, R., & Ford, D. (2011). *Gender Quotas and Female Leadership: A Review*. Background Paper for the World Development Report on Gender. Retrieved 2015-03-03, from: http://scholar.harvard.edu/files/rpande/files/gender_quotas_-_april_2011.pdf

Peterson, C., & Philpot, J. (2007). Women's roles on U.S. Fortune 500 boards: Director expertise and committee memberships. *Journal of Business Ethics*, 72(2), 177-196.

Player, A. (2013). Gender Equality: Why Women are Still Held Back. *The Guardian*. Retrieved 2015-04-22, from: http://www.theguardian.com/business/economics-blog/2013/dec/06/gender-equality-women-stereotypes-stop-progress

Renders, A., Gaeremynck, C., & Sercu, P. (2010). Corporate-Governance Ratings and Company Performance: A Cross-European Study. *Corporate Governance: An International Review*, 18(2), 87–106

Seidl, D., Sanderson, P., & Roberts, J. (2012). Applying the "comply-or-explain" principle: discursive legitimacy tactics with regard to codes of corporate governance. *Journal of Management & Governance,* 17(3), 791-826.

Sorokina, M. (2014). Women not yet "on board". *Monthly Labor Review*, 137(3).

Suk, J. (2012). Gender parity and state legitimacy: from public office to corporate boards. *International Journal of Constitutional Law*, 10, 449-46.

Szydlo, M. (2013). Gender Equality on the Boards of EU Companies: Between Economic Efficiency, Fundamental Rights and Democratic Legitimisation of Economic Governance. *European Law Journal,* 21(1), 97-115.

Terjesen, S., Aguilera, R. V., & Lorenz, R. (2015). Legislating a Woman's Seat on the Board: Institutional Factors Driving Gender Quotas for Boards of Directors. *Journal of Business Ethics*, 128, 233–251

Terjesen, S., Sealy, R., & Singh, V. (2009). Women Directors on Corporate Boards: A Review and Research Agenda. *Corporate Governance: An International Review*, 17(3), 320-337.

Terjesen, S., Singh, V., & Vinnicombe, S. (2008). Do Women Still Lack the 'Right' Kind of Human Capital for Directorships on the FTSE 100 Corporate Boards?. In S. Vinnicombe, V. Singh, R. Burke, D. Bilimoria, & M. Huse (Eds.), *Women on Corporate Boards of Directors: International Research and Practice* (p 152-164). Cheltenham, Glos, UK: Edward Elgar Publishing Limited.

Walby, S. (2013). *Legal instrument for gender quotas in management boards.* Retrieved 2015-02-24, from: http://www.europarl.europa.eu/RegData/etudes/workshop/join/2013/474413/IPOL-FEMM_AT(2013)474413_EN.pdf

Wang, M., & Kelan, E. (2013). The Gender Quota and Female Leadership: Effects of the Norwegian Gender Quota on Board Chairs and CEOs. *Journal of Business Ethics*, 117(3), 449-466.

Weil, Gotshal & Manges LLP. (2014). *International comparison of selected corporate governance guidelines and codes of best practice.* Retrieved 2015-03-09, from: http://www.weil.com/~/media/files/pdfs/us_active_international%20matrix%20june%202014_44503343_2.pdf

Werder, A.V., Talaulicar, T., & Kolat, G. (2005). Compliance with the German corporate governance code: An empirical analysis of the compliance statements by German listed companies. *Corporate Governance: An International Review*, 13: 178–187.

Williamson, K. (2002). *Research methods for students, academics and professionals* (second edition). Wagga Wagga: Centre for information studies.

Zelechowski, D., & Bilimoria, D. (2004). Characteristics of women and men corporate inside directors in the US. *Corporate Governance: An International Review*, 12(3), 337-42.

Zuckerman, E. W. (1999). The categorical imperative: Securities analysts and the illegitimacy discount. *The American Journal of Sociology*, 104, 1398–1438.

Appendix I – Sampel Size

Country	2010	2011	2012	2013	2014
EU-28	**622**	**617**	**607**	**610**	**614**
Austria	20	20	20	20	20
Belgium	19	19	19	18	18
Bulgaria	15	15	15	15	15
Croatia	25	25	25	23	25
Cyprus	19	19	20	20	20
Czech Republic	11	12	12	11	9
Denmark	18	20	18	18	18
Estonia	14	14	14	16	16
Finland	24	24	23	23	22
France	36	37	36	35	36
Germany	30	30	30	30	30
Greece	19	18	18	24	23
Hungary	13	11	11	13	14
Ireland	19	19	19	19	19
Italy	38	38	38	37	37
Latvia	33	32	31	31	29
Lithuania	29	27	25	25	23
Luxembourg	10	10	10	10	10
Malta	18	19	20	20	22
Poland	19	19	19	19	19
Portugal	19	19	18	18	17
Romania	12	11	10	10	10
Slovakia	12	10	10	10	10
Slovenia	19	19	19	20	20
Spain	34	34	34	33	33
Sweden	26	26	26	26	27
The Netherlands	21	20	20	21	22
United Kingdom	50	50	47	45	50

* Source of information EC (2015b).

Appendix 2 – The Corporate Governance Codes

Country	In the code (Yes/No)	Citations and examples of what is stated in the codes respectively, regarding diversity or gender.
Austria	Yes	*Latest Code, 2012 (also mentioned in the code of 2009): "Furthermore reasonable attention is to be given to the aspect of diversity of the supervisory board with respect to the representation of both genders and the age structure, and in the case of exchange- listed companies, also with a view to the internationality of the members."*
Belgium	Yes	*"The board's composition should ensure that decisions are made in the corporate interest. It should be determined on the basis of gender diversity and diversity in general, as well as complementary skills, experience and knowledge. A list of the members of the board should be disclosed in the CG Statement."*
Bulgaria	No	
Croatia	No	
Cyprus	No	
Czech Republic	No	
Denmark	Yes	*Latest code, 2014 (also mentioned in the code of 2010): "When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender."*
Estonia	No	
Finland	Yes	*Latest code, 2010: "One element of a diverse composition of the board is to have both genders represented on the board." "Both genders shall be represented on the board"*
France	Yes	*Latest code, 2013: "When the Board comprises fewer than nine members, the difference at the end of six years between the number of directors of each gender may not be in excess of two."*
Germany	Yes	*Latest code, 2014 (also mentioned in the codes of 2010):" When filling managerial positions in the enterprise the Management Board shall take diversity into consideration and, in particular, aim for an appropriate consideration of women. The Supervisory Board appoints and dismisses the members of the Management Board. When appointing the Management Board, the Supervisory Board shall also respect diversity and, in particular, aim for an appropriate consideration of women. Together with the Management Board it shall ensure that there is a long-term succession planning."*
Greece	Yes	*Latest code, 2013: "Board composition should be driven by the fair and equitable treatment of all shareholders and demonstrate a high level of integrity. Moreover, the board should be diversified as to gender and include a diversity of skills, views, competences, knowledge, qualifications and experience, relevant to the business objectives of the company."*
Hungary	No	
Ireland	No/Yes	*The following is mentioned in the code of 2013: "The board, or nomination committee where one exists, shall establish a written policy on diversity with regard to selection of persons for nomination to become members of the board."*

Italy	Yes	*Latest code, 2014: "The Board of Directors is also required to carry out a self-assessment, mainly on the size, composition and functioning of both itself and its committees. In carrying out such an assessment, it is required to verify that, according to issuer's business, the various members (executive, non executive, independent) and the professional and managerial competences, including international experience, are adequately represented, taking into account also the benefits that could stem from the presence of different genders, age and seniority." "at least annually an evaluation of the performance of the Board of Directors and its committees, as well as their size and composition, taking into account the professional competence, experience, (including managerial experience) gender of its members and number of years as director."*
Latvia	No	
Lithuania	No	
Luxembourg	Yes	*Latest code, 2013 (also mentioned in the code of 2009): "Among the criteria to select for the appointment or re-appointment of Directors, the company shall take account of diversity criteria, including criteria relating to professional experience, geographical origin and the appropriate representation of both genders, aside from overall skill-based criteria."*
Malta	No	*Only recommendations for investment companies*
Poland	Yes	*Last code 2012 (also mentioned in the code of 2010): "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."*
Portugal	No	*Government recommends gender equality plans for listed companies, but it is not written or discussed in the code. (EC, 2013c)*
Romania	No	
Slovakia	No	
Slovenia	No	
Spain	Yes	*Latest code 2013 (also mentioned 2006): "A good gender mix on boards of Directors is not just an ethical-political or "corporate social responsibility" question; it also an efficiency objective which listed companies might wish to work towards in the mid term at least. Neglecting the potential business talent of 51% of the population – women – cannot be an economically rational conduct for our country's leading corporate names. This is amply borne out by the experience of the last few decades which have seen women occupying a growing place in the business world. But more effort is required for this presence to extend into the senior executive and directorship spheres. With this in mind, the Code calls on listed companies with few women on their boards to actively seek out female candidates whenever a board vacancy needs to be filled, especially for independent directorships."*
Sweden	Yes	*Latest code 2010 (also mentioned in the code of 2008): "The board is to have a composition appropriate to the company's operations, phase of development and other relevant circumstances. The board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for equal gender distribution on the board."*
The Netherlands	Yes	*In the code, 2008: "An important means of promoting independent action of the supervisory board is to ensure the diversity of its composition in terms of such factors as age, gender, expertise, social background or nationality."*

United Kingdom	Yes	*Latest code 2014 (also mentioned 2008 & 2010): "The search for board candidates should be conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of diversity on the board, including gender." Code of good practice 2011: 3.11 "The search for board candidates should be conducted, and appointments made, on merit, with due regard for the benefits of diversity on the board; including gender, on which the Government has stated its aspiration that by the end of the Parliament at least half of all new appointees being made to public bodies will be women."*

*Data retrieved from the country specific corporate governance codes
(European Corporate Governance Institute, 2015).

Appendix 3 – Arrangement by Performance

	Sorted by highest percentage of women in 2010		Sorted by highest percentage of women in 2014		Sorted by highest total development from 2010 until 2014	
	Country	**2010**	**Country**	**2014**	**Country**	**Total Development (percentage)**
	EU-28	**12%**	**EU-28**	**20%**	**EU-28**	**8**
1	Finland	26%	France	32%	France	20
2	Sweden	26%	Latvia	32%	Italy	19
3	Latvia	23%	Finland	29%	Belgium	12
4	Slovakia	22%	Sweden	28%	Germany	11
5	Romania	21%	The Netherlands	25%	United Kingdom	11
6	Denmark	18%	Denmark	24%	Slovenia	10
7	Croatia	16%	Germany	24%	The Netherlands	10
8	The Netherlands	15%	Italy	24%	Latvia	9
9	Hungary	14%	United Kingdom	24%	Austria	8
10	Germany	13%	Belgium	22%	Luxembourg	8
11	United Kingdom	13%	Slovenia	20%	Bulgaria	7
12	Lithuania	13%	Croatia	19%	Spain	7
13	France	12%	Bulgaria	18%	Denmark	6
14	Poland	12%	Slovakia	18%	Cyprus	5
15	Czech Republic	12%	Austria	17%	Lithuania	4
16	Bulgaria	11%	Lithuania	17%	Portugal	4
17	Belgium	10%	Spain	17%	Croatia	3
18	Slovenia	10%	Poland	15%	Finland	3
19	Spain	10%	Hungary	12%	Greece	3
20	Austria	9%	Luxembourg	12%	Ireland	3
21	Ireland	8%	Ireland	11%	Poland	3
22	Estonia	7%	Romania	11%	Sweden	2
23	Greece	6%	Cyprus	9%	Malta	1
24	Italy	5%	Greece	9%	Estonia	0
25	Portugal	5%	Portugal	9%	Hungary	-2
26	Luxembourg	4%	Estonia	7%	Slovakia	-4
27	Cyprus	4%	Czech Republic	4%	Czech Republic	-8
28	Malta	2%	Malta	3%	Romania	-10

Quotas
Quotas with sanctions
Corporate governance code
No regulation