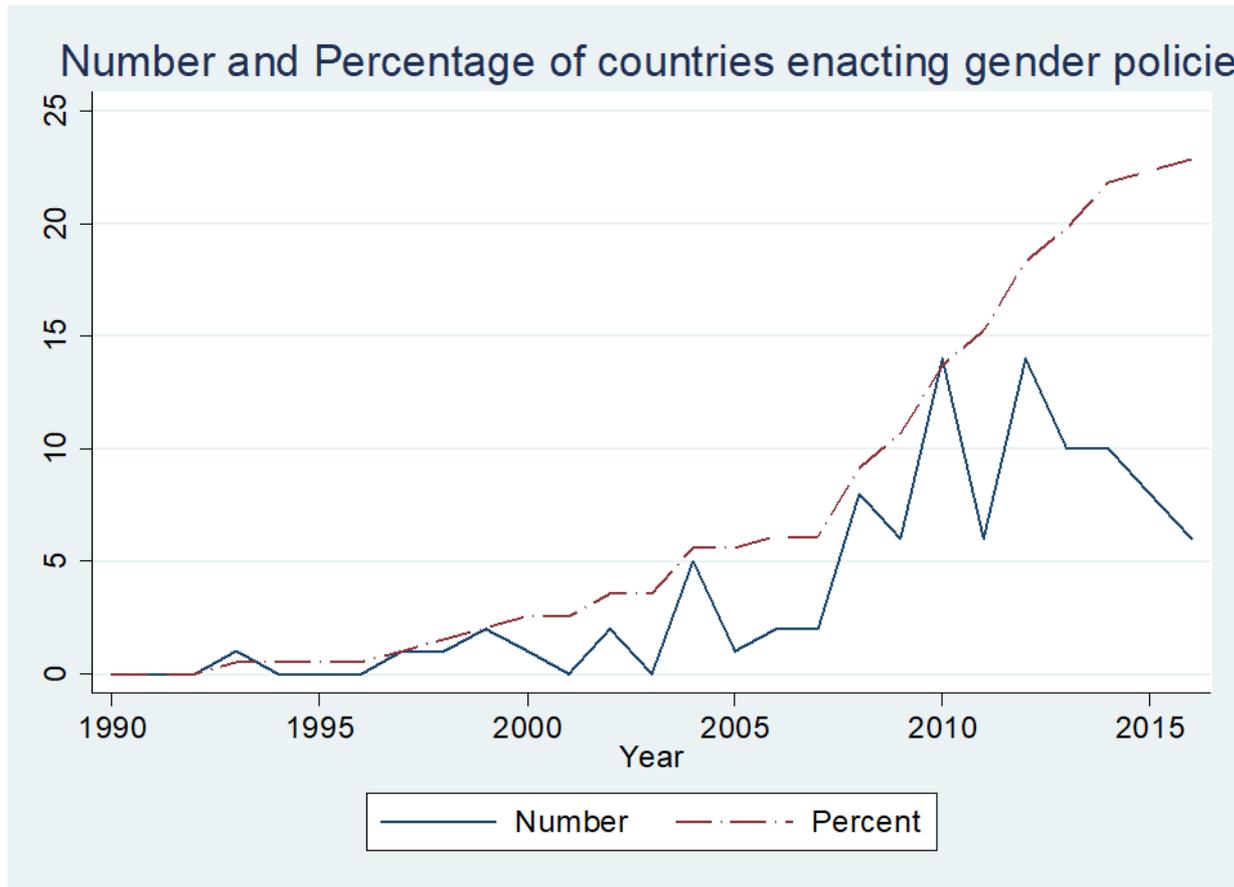


Barriers to Boardrooms: The Role of Measurement and Institutions

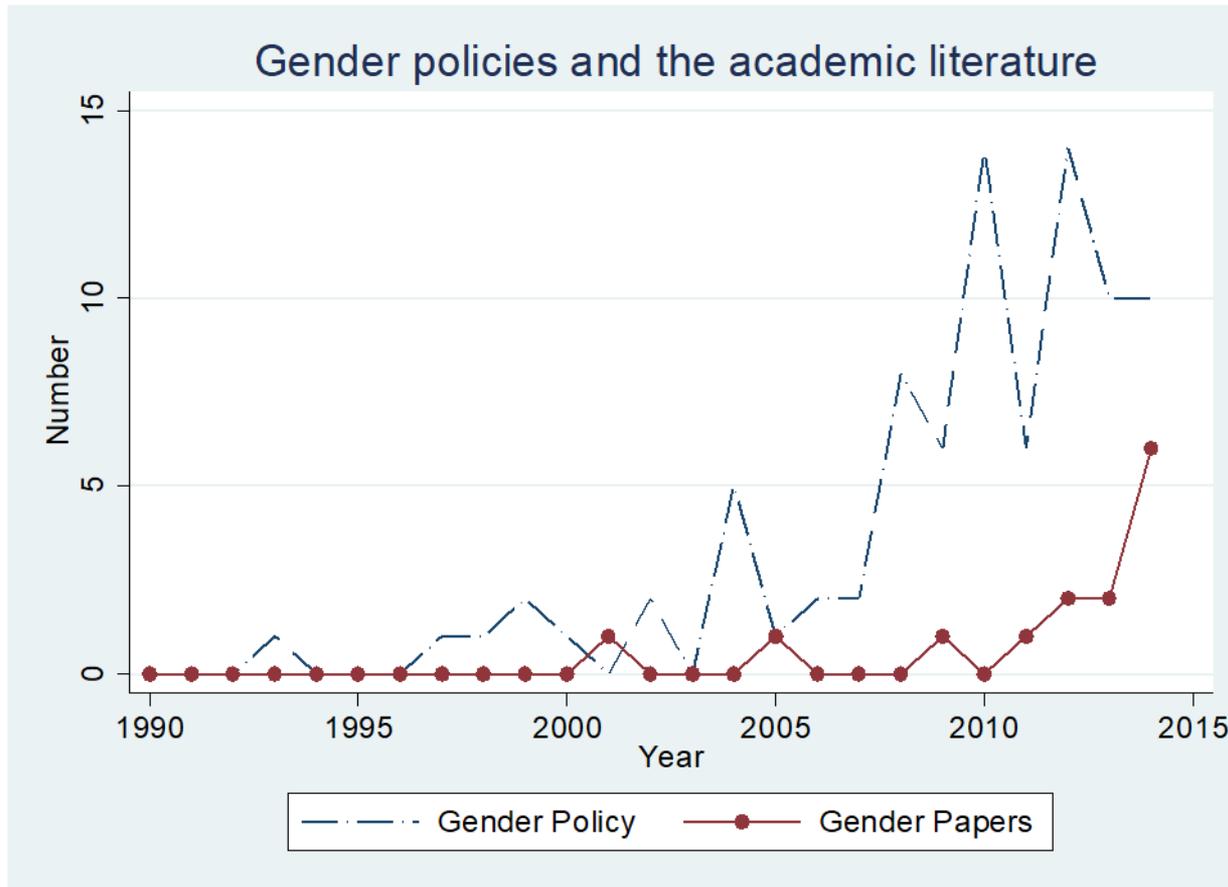
Renée Adams
University of Oxford

(some of this work is joint with Tom Kirchmaier,
LSE and Copenhagen Business School)

Boardroom gender policies



We need more research!



Two new results

- Women's boardroom representation is lower than many people think
- Women's representation varies widely across countries

Why is this important?

- Women's boardroom representation is lower than many people think
 - “Problem” is much worse than people think it is
 - Role for additional policies?
- Women's representation varies widely across countries
 - Not just about businesses
 - Country-level factors must be important
 - What are they?

Women's boardroom representation is lower than many people think...

Do we know what the facts are?

- Many surveys of board diversity
 - They focus on large firms
 - They focus on fraction or % women on board at firm level
 - Is this the right measure?
- Benchmark some of this survey data using a comprehensive sample

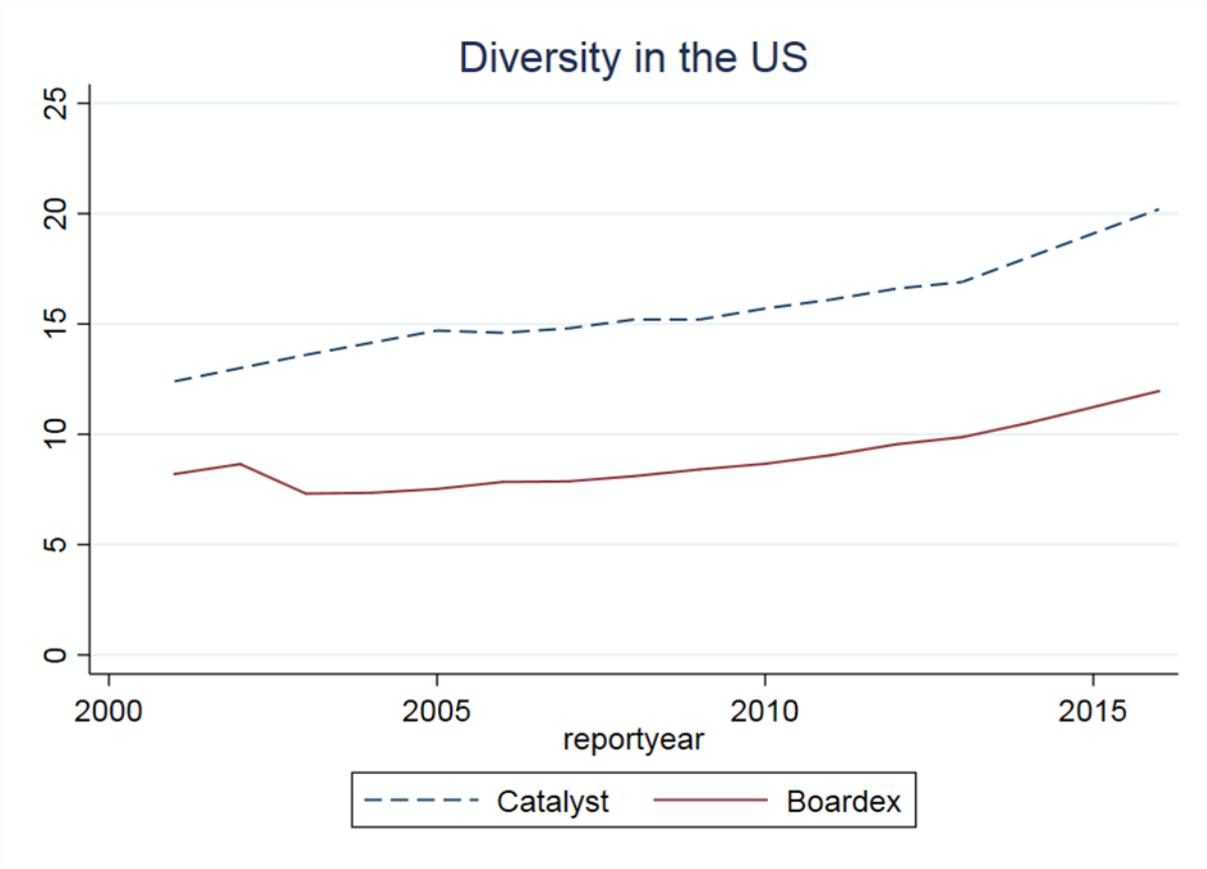
Our sample

- Boardex data on unregulated firms in 24 OECD countries from 2001 to 2016
- Representative:
 - Firms in a country can only enter the sample if the sum of their market capitalizations is at least 70% of the total market capitalization of that country in that year
 - A country has to enter the sample in at least three years

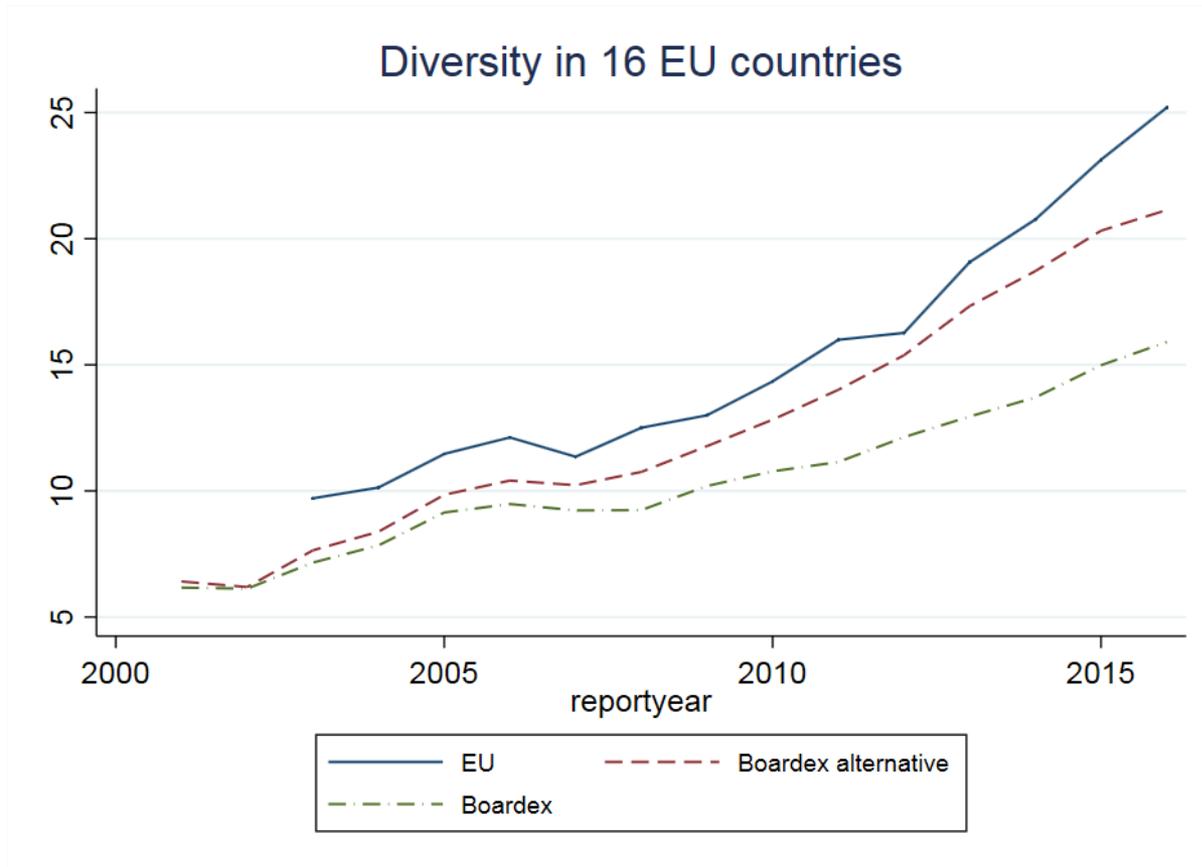
Let's compare numbers to surveys used in policy debate

- Catalyst: data on board diversity for Fortune 500 firms
- The European Union's gender balance in decision-making database: data on board diversity for the largest 50 members of the primary blue-chip index in each EU country that are registered in the country
- Credit Suisse reports: proprietary data on 3,400 companies their research analysts cover globally

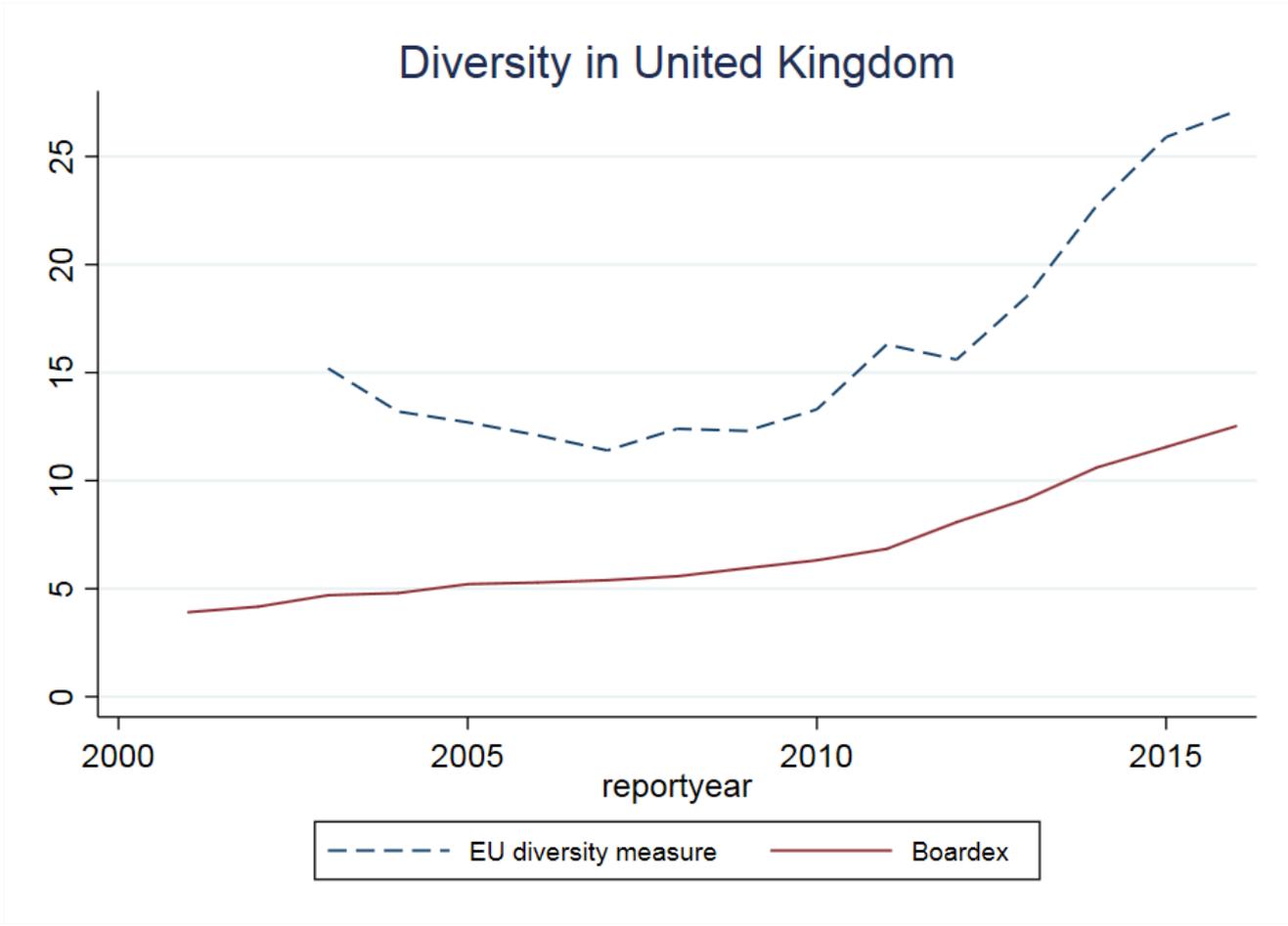
Comparison to Catalyst data



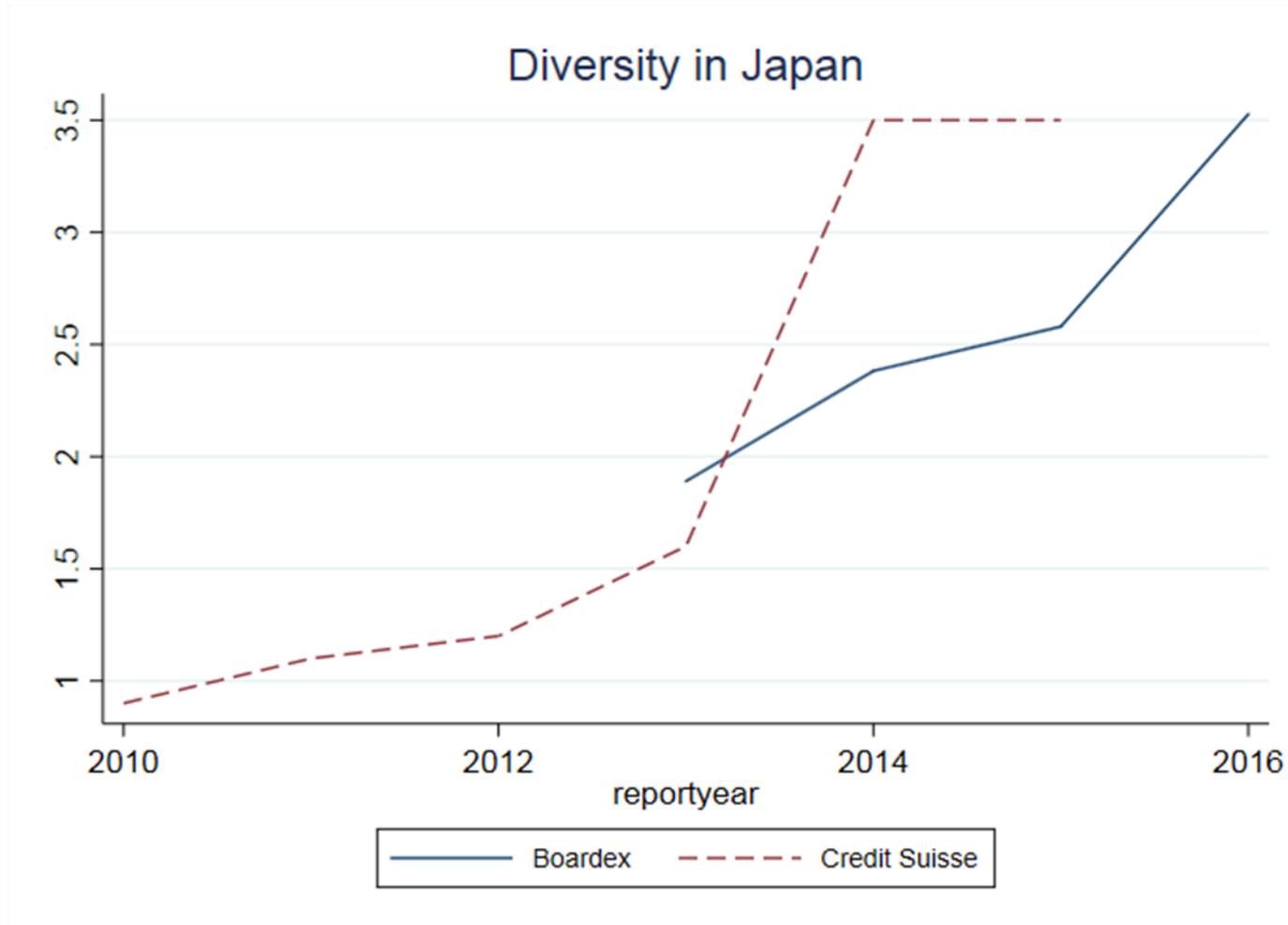
Comparison to EU data



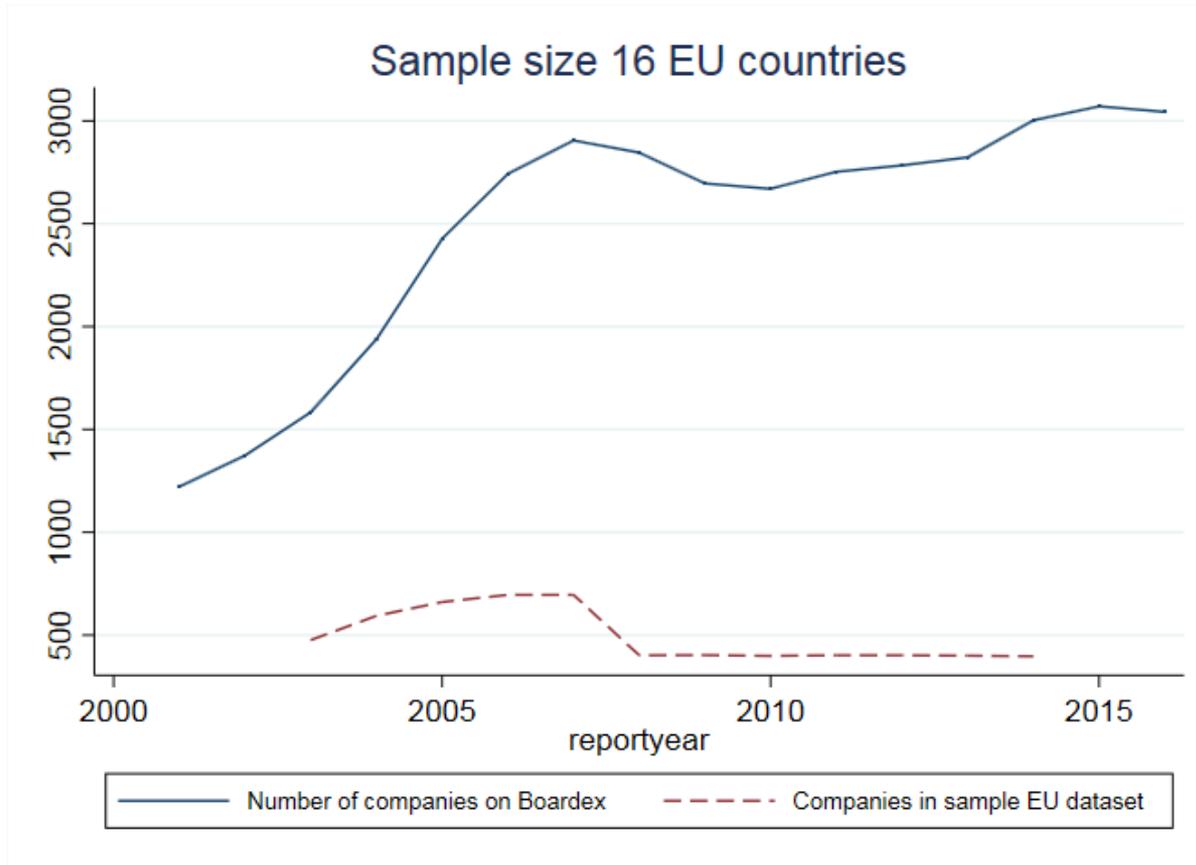
Comparison to EU data: the UK



Comparison to Credit Suisse data



What explains the difference?



What explains the difference?

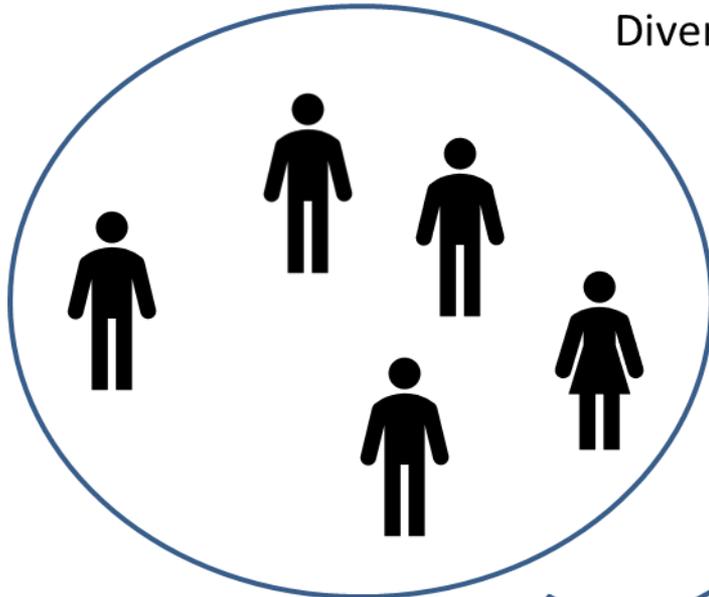
- Catalyst: at most 500 of the *largest* firms in the USA
 - Our sample: between 1,734 and 4,503 firms
- EU: is for at most 50 of the *largest* firms (also in UK), generally less than 500
 - Our sample: between 664 and 1,706 for the UK alone
- Credit Suisse: requires analyst coverage and only 3,400 companies *globally*
- Women are more likely to sit on the boards of large firms!

Why % women on board?

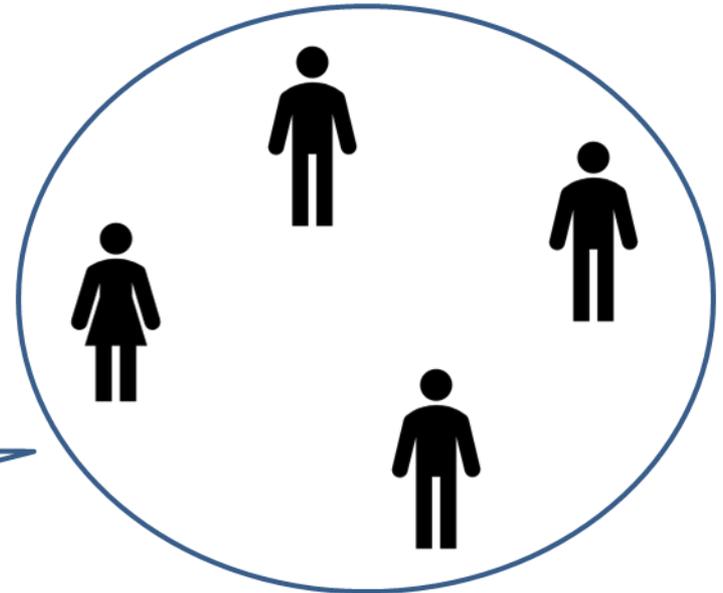
- By focusing on average changes at the firm level, diversity measures may not capture new entry of women into the director pool
- Observing that Labor force participation measures do not double count individuals, we propose:
 “Director participation”=Number of unique female directors in a country-year/Number of unique directors in a country-year

Generic Census of Women on Boards

Diversity=1/5=0.2



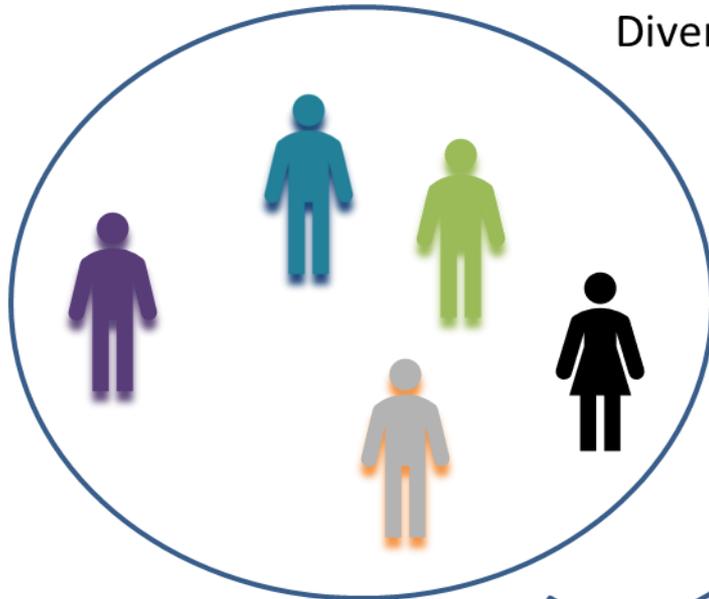
Diversity=1/4=0.25



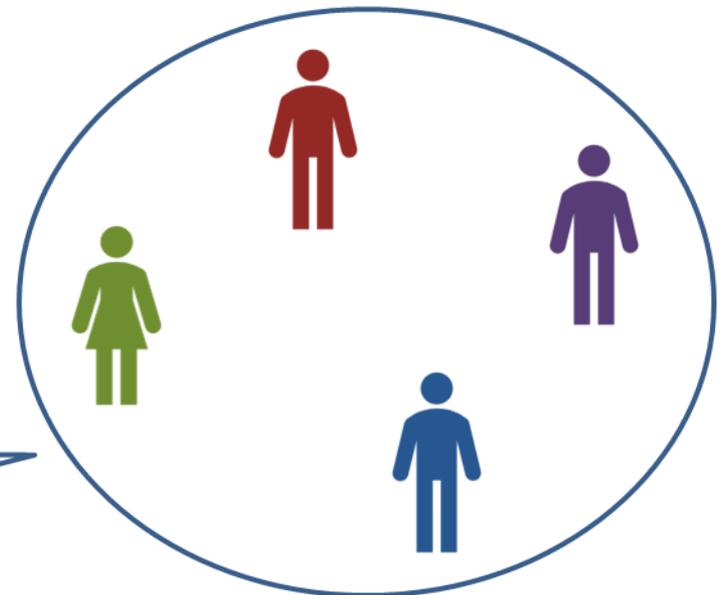
Average diversity=0.225

Men different, women different

Diversity=1/5=0.2



Diversity=1/4=0.25

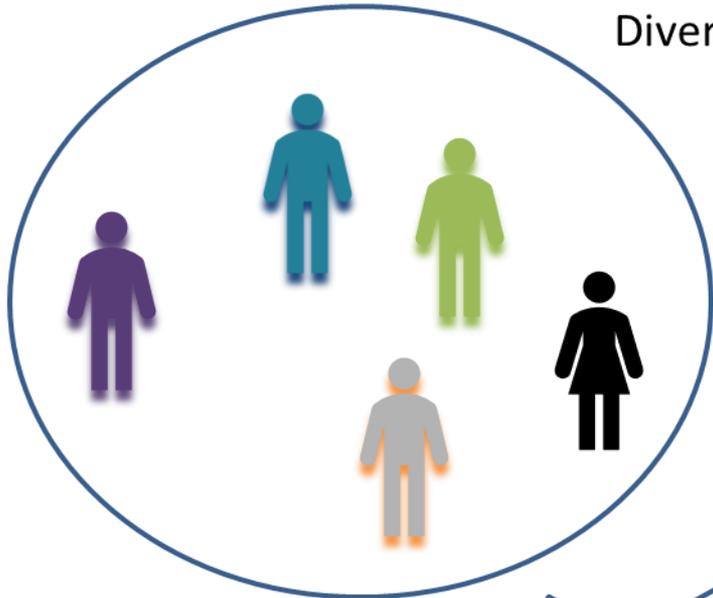


Average diversity=0.225

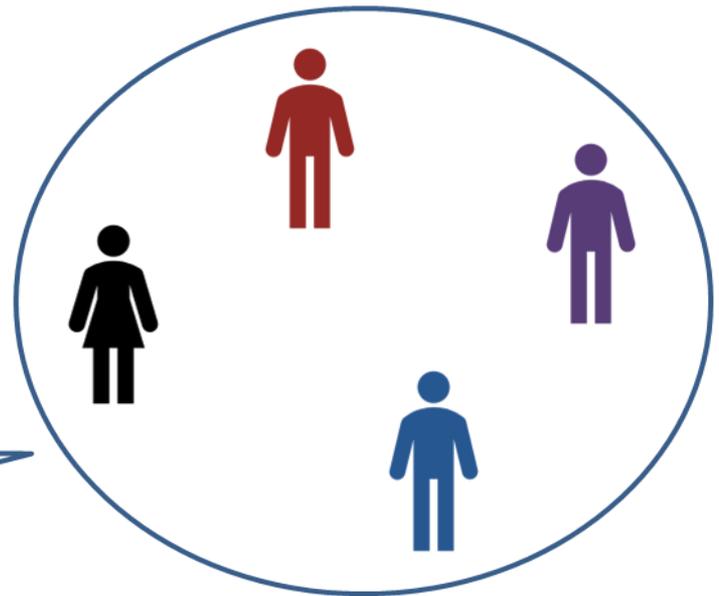
Participation=2/9=0.222

Men different, woman same

Diversity=1/5=0.2



Diversity=1/4=0.25



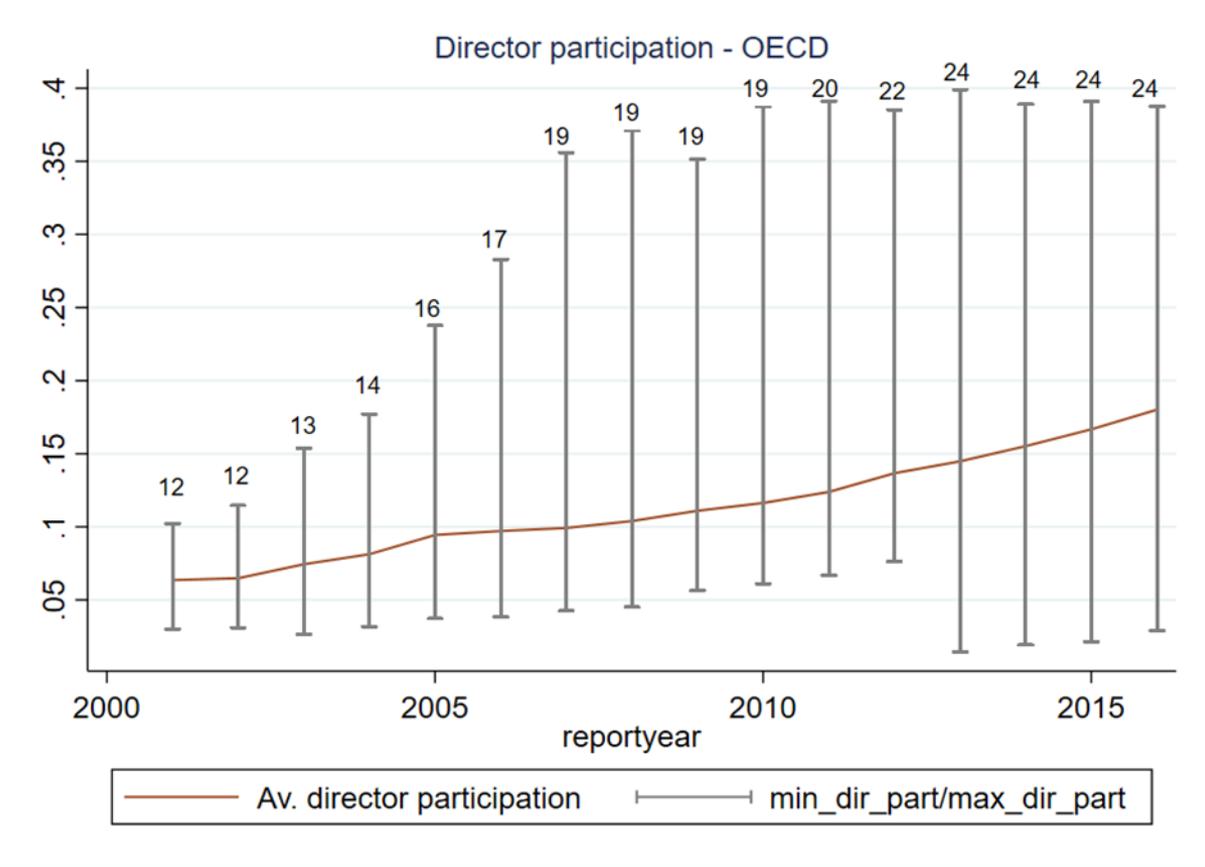
Average diversity=0.225

Participation=1/8=0.125

New Result #1

The representation of women is worse than
people say it is!

Women's representation varies widely across countries...



New Result #2

Country-level factors must play a role in explaining why women's representation varies

Country-level factors must be important...

- Does female labor force participation matter?
- What about board policies?

Analysis

- Relate director participation (look at unique directors) to
 - Female labor force participation
 - Macro-level factors, GNI/capita
 - Birthrate (family-friendliness)
 - Gender culture (discrimination)
 - Values (culture)
 - Policies
- Lag all possible factors by 10 years

Labor force participation

- Two measures
 - (Classic) $\frac{\text{Employed} + \text{unemployed women}}{\text{Female population}}$
 - (Primary) $\frac{\text{Employed} + \text{unemployed women}}{\text{Employed population}}$
 - **Examine what happens when take out part-time and unemployed workers**
- Point of primary measure: match Director participation measure
- Point of adjusting: skills to be a director come from full-time work

Observation #1

- *Across and within-countries:*
 - LFP matters, *but only* if part-time and unemployed workers are excluded
- This is consistent with Bertrand (2009, p. 127) who argues that “a continuous commitment to the workforce is a sine qua non condition to reach the top...”.

Observation #2

- *Across* countries measures of gender equality, culture (traditional/rational) and quotas *also* matter

Some thoughts

- Quotas have an impact, which suggests preferences are not so important for explaining underrepresentation of women
- Other factors matter besides quotas → they do not overcome all barriers women face

Tentative policy implications

To achieve greater diversity in corporate leadership...

- The status quo needs to be quantified better
 - There needs to be better measurement of board diversity
- There needs to be more clarity around potential policy objectives
 - Should policies only focus on large firms? What is a large firm?
 - Do we care about % women on each firm's board or % women who serve as directors?
- Societal barriers need to be targeted, not just businesses
 - Quotas are not enough
 - Business can play a role in pointing this out