While gender quotas for top positions in the private sector differ across EU countries, they are effective overall

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ABSTRACT

This second report in the DIW Berlin Women Executives Barometer 2022 explores the designs and effects of gender quotas across Europe, coming to the conclusion that they are an effective instrument for increasing the share of women in top positions at large companies. Furthermore, the quotas differ greatly between the countries, for example in regard to the number of companies subject to the quota, the concrete quota targets, or sanctions. Using European data for the years 2003 to 2021, this report shows that the group of nine EU countries that have introduced a gender quota has a significantly greater share of women on top decision-making bodies than the group of the non-quota EU countries (almost 35 percent compared to 22 percent). Generally, the share of female non-executive directors (in Germany, this refers to supervisory board members) is higher than the share of female executive directors. The effectiveness of quota regulations has been confirmed by calculations that take into account that certain factors differ by country, such as cultural norms regarding gender roles or labor market policy and family policy. Against this background, the President of the European Commission's initiative to advance a draft directive for more equal representation of men and women on the boards of large companies appears helpful. The proposal is currently being blocked in the Council of the EU. If this changes, the share of women on boards could increase, especially in the countries that do not yet have a mandatory gender quota.

Women remain underrepresented in top positions in the economy, both in Germany and on average in all countries of the European Union (EU). Over the past two decades, different measures have been taken in multiple European countries, including Germany, to increase the share of women in these positions.[1] "Top positions" include either managing directors (executives) or non-managing directors (non-executives). In a two-tier corporate governance system, the top positions are on executive and supervisory boards, and in a one-tier system, on the board of directors.

A particularly noteworthy measure that nine EU countries have introduced to combat this imbalance is a statutory gender quota for board positions. A further measure taken by 18 EU countries is the use of gender diversity recommendations for filling board positions in national corporate governance codes.[2] In 2014, a statutory reporting obligation was introduced at EU level that requires firms to publish information on the composition and operation of the administrative, management, and supervisory bodies, to describe their diversity policy for these bodies, and to report on the implementation and results of the policy.[3]

The statutory reporting obligation regarding board composition and diversity policy is an indirect measure for increasing the share of women in top positions. Gender diversity recommendations in national corporate governance codes are non-binding. In contrast, statutory gender quotas are a direct and binding measure for increasing the share of women on boards. Accordingly, such gender quotas are the subject of controversial debate.[4]

1 Anja Kirsch, *Women on Board Policies in Member States and the Effects on Corporate Governance.* Study commissioned by the European Parliament's Policy Department for Citizens' Rights and Constitutional Affairs at the request of the JURI Committee (2021) (available online; accessed on January 4, 2022. This applies to all other online sources in this report unless stated otherwise).

2 A detailed description of the recommendations in corporate governance codes can be found in Paula Arndt and Katharina Wrohlich, "Gender quotas in a European comparison: Tough sanctions most effective," *DIW Weekly Report* no. 38 (2019): 691-698 (available online). *DIW Weekly Report* no. 38 (2019): 691-698 (available online).

3 EU Directive on the disclosure of non-financial and diversity information (Non-Financial Reporting Directive 2014/95/EU) (available online).

4 Cf. for example Heike Anger and Dieter Fockenbrock, "Frauenquote für Vorstände: Gefährliches Glatteis oder überfällige Maßnahme?" *Handelsblatt Online*, February 25, 2020 (in German; available online).

DOI: https://doi.org/10.18723/diw_dwr:2022-3-3

This second report in the DIW Berlin Women Executives Barometer 2022 analyzes the current gender quotas in EU countries in detail. First, the gender quota for supervisory boards in Germany as well as the inclusion requirement for executive boards adopted in 2021 are presented. Next, the gender quotas of nine EU Member States are compared in detail. In addition, this report includes an empirical analysis of European data on the share of women on boards over an extended time period. It shows that on average in the EU, the share of female non-executive directors is higher than the share of female executive directors. Furthermore, the report shows a positive relationship between the introduction of national gender quotas in the EU countries and the share of women on boards in those countries. The report closes with a look at the newest developments regarding a gender quota at EU level.

Inclusion requirement for executive boards supplements the gender quota for supervisory boards in Germany

In May 2015, the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors Act *(Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Die*nst, FüPoG I) became law. It mandates that publicly listed companies that also have equal representation of shareholders and employees on their supervisory board (full co-determination) fulfill a gender quota of 30 percent on their supervisory boards.

In spring 2020, Federal Minister for Family, Senior Citizens, Women, and Youth, Franziska Giffey, and Federal Minister of Justice, Christine Lambrecht (both SPD), presented a bill to introduce a legal requirement for the inclusion of women and men on the executive boards of private-sector companies. For more than half a year, it seemed that the then-governing parties, the CDU/CSU and the SPD, could not agree on this bill. In November 2020, surprising news came: a working group set up by the coalition committee had agreed on legislation for an inclusion requirement for executive boards.[5] On January 6, 2021, the Federal Cabinet passed the bill for the Second Act for the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors (*Zweites Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*, FüPoG II), which includes a legally binding requirement of one woman and one man on executive boards with at least four members of major listed companies that also have full co-determination on their supervisory boards. The bill was passed in a somewhat modified form on June 11, 2021, by the *Bundestag* and the law was promulgated on August 11, 2021.[6] Currently, it applies to 66 companies,[7] which form a subgroup of the companies subject to the gender quota for supervisory boards.[8] According to the law, at least one woman and one man must be represented on the executive board and an appointment in violation of the requirement is void. The requirement applies to executive board appointments from August 1, 2022, but existing board terms may be completed until expiry.[9]

Nine EU countries have gender quotas for boards

In addition to Germany, eight other EU Member States have introduced gender quotas for boards in the past 15 years (Table 1). Spain became the first country in the EU to introduce such a gender quota in 2007.[10] Belgium, France, Italy, and the Netherlands introduced quotas in 2011. In 2015, Germany introduced a quota for supervisory boards, followed by Austria and Portugal in 2017[11] and Greece in 2020.

The gender quota introduced in France in 2011 applies exclusively to non-executive directors. An additional quota for the top ten percent of upper management positions, including executive directors, was passed by the French Parliament in December 2021.[12] In Germany, too, the statutory regulations were expanded to include requirements for executive directors in 2021 as described above.

Some quotas are of limited duration

While most countries introduced gender quotas without time or term-related restrictions, Italy and the Netherlands have limited them in different ways. In Italy, the 2011 quota law applied to three terms for a director, which generally last three years each.[13] In 2019, the law was modified to include a new time limit, this time of six terms. This change came into effect in January 2020.[14]

5 Cf. Thomas Sigmund and Heike Anger, "Koalition einigt sich: Frauenquote in Vorständen kommt," *Handelsblatt Online*, November 21, 2020 (in German; available online).

6 Cf. Federal Ministry for Family Affairs, Senior Citizens, Women and Youth, *Zweites Führungspositionen-Gesetz – FüPoG II* (in German; available online).

7 The list of companies that were subject to the gender quota on supervisory boards in fall 2021 was kindly provided to us by FidAR e.V.

8 The gender quota of 30 percent for supervisory boards applies to publicly listed companies with full co-determination, regardless of the size of the supervisory board. Currently, this applies to 103 firms.

9 See Article 76, section 3a of the Stock Corporation Act (*Aktiengesetz*).

10 Norway was the first country worldwide to introduce a statutory gender quota for supervisory boards in 2003. See for example Arndt and Wrohlich, "Gender quotas in a European comparison: Tough sanctions most effective."

11 Sara Falcão Casaca et al., "Is a progressive law accelerating the longstanding snail's pace? Women on corporate boards in Portugal," *RAE-Revista de Administração de Empresas* 61, no. 2 (2021): 1–7; Theresa Haager and Christina Wieder, *Frauen.Management.Report.2021* (Kammer für Arbeiter und Angestellte für Wien: 2021).

12 Law no. 2021-1774 of December 24, 2021, *Loi visant à accélérer l'égalité économique et professionnelle* (in French; available online); Le Monde, "Parité femmes-hommes: le Sénat vote pour l'établissement de quotas aux postes de direction des grandes entreprises," October 28, 2021 (in French; available online).

13 Gazzetta Ufficiale, *Legge 12 luglio 2011, n. 120. Modifiche al testo unico delle disposizioni in materia di intermediazione finanziaria, di cui al decreto legislativo 24 febbraio 1998, n. 58, concernenti la parita' di accesso agli organi di amministrazione e di controllo delle societa' quotate in mercati regolamentati* (in Italian; available online).

14 Gazzetta Ufficiale, *Budget Act of September 27, 2019, no. 160* (2019) (in Italian; available online); White & Case, *Italy increases gender quotas in corporate boards of listed companies* (2020) (available online).

Table 1

Gender quotas in European Union Member States

Country	Year of introduction	Duration	Quota target (in percent)	Criteria for applicability to the quota	Number of affected companies (approx.)	Scope	Sanctions	Type of sanction	Dominant board system	Type of director
Spain	2007	Unlimited	40	Company size	5,000	Wide	No	None	One-tier	Executive and non-executive together
Belgium	2011	Unlimited	33.3	Public listing	200	Medium	Yes	Open seats, suspension of board fee payments	One-tier	Executive and non-executive together
France	2011	Unlimited	40	Public listing or company size	950	Medium	Yes	Open seats, suspension of board fee payments	One-tier	Non-executive
	2021	Unlimited	40	Company size	unclear	Medium	Yes	Monetary penalties	One-tier	Executive
Italy	2011	Limited	33.3	Public listing	350	Narrow to medium	Yes	Monetary penalties and dismissal	Two-tier (board of auditors)	Executive and non-executive (separate boards)
	2019	Limited	40	Public listing	350	Narrow to medium	Yes	Monetary penalties and dismissal	Two-tier (board of auditors)	Executive and non-executive (separate boards)
Netherlands	2011	Limited	30	Public listing or company size	5,000	Wide	No	None	Two-tier and one-tier	Executive and non-executive (separate in the two-tier system)
	2022	Limited	33.3	Public listing	100	Narrow to medium	Yes	Open seats	Two-tier and one-tier	Non-executive
Germany	2015	Unlimited	30	Public listing and company size	100	Narrow	Yes	Open seats	Two-tier	Non-executive
	2021	Unlimited	One woman and one man	Public listing, company size, and executive board size	66	Narrow	Yes	Open seats	Two-tier	Executive
Austria	2017	Unlimited	30	Public listing or company size	70	Narrow to medium	Yes	Open seats	Two-tier	Non-executive
Portugal	2017	Unlimited	33.3	Public listing	70	Narrow to medium	Yes	Open seats and monetary penalties	Two -tier (board of auditors)	Executive and non-executive
Greece	2020	Unlimited	25	Public listing	160	Medium	Yes	Monetary penalties	One-tier	Executive and non-executive together

Sources: Heike Mensi-Klarbach und Cathrine Seierstad, "Gender quotas on corporate boards: Similarities and differences in quota scenarios," *European Management Review* 17, no. 3 (2020): 615-631; as well as the authors' compilation based on national quota laws.

In the Netherlands, the law passed in 2011 did not come into effect until 2013. It was initially in effect for three years and expired in January 2016 before being renewed for another three years and expiring in January 2020. For two years, no quota law was in effect. A bill for a new, highly modified gender quota was approved by the Dutch House of Representatives in February 2021 and by the Dutch Senate in September 2021. It became law on January 1, 2022, and will be in effect for eight years.[15]

Gender quotas apply to non-executive directors and increasingly to executive directors as well

Corporate law determines which boards are entrusted with company leadership and this differs from country to country. Two basic regulatory frameworks used in EU countries are the two-tier system, in which corporate management and supervision are performed by separate bodies (executive board and supervisory board), and the one-tier system, in which both functions are combined in one body (board of directors).[16]

In the past, one of these models has usually been mandatory in EU countries. Since the mid-2000s, however, many EU Member States have allowed companies to decide which model they use. Currently, the one-tier system is prescribed in Greece, Ireland, Malta, Spain, Sweden, and Cyprus, while the two-tier system is required in Germany, Estonia, Latvia, Austria, Poland, and Slovakia. In the rest of the Member States, there is the choice between multiple systems. Nevertheless, in many of these countries, the formerly prescribed model remains dominant.[17]

15 Eerste Kamer der Staten-Generaal, *Wijziging van Boek 2 van het Burgerlijk Wetboek in verband met het evenwichtiger maken van de verhouding tussen het aantal mannen en vrowen in het bestuur en de raad van commissarissen van grote naamloze en besloten vernnootschappen* (in Dutch; available online); Mijntje Lückerath-Rovers, *The Dutch Female Board Index 2021* (Tilburg University TIAS School for Business and Society: 2021) (available online).

16 There are multiple variants of the two-tier system. In the two-tier system in Italy and Portugal, both the supervisory and executive boards are elected by the shareholders' meeting. The duties of the supervisory board mainly relate to auditing. In the two-tier system in Germany, only the supervisory board is elected by the shareholders' meeting. Its duties go beyond auditing, as it appoints the executive board and determines its pay. In addition, certain types of transactions require its approval. Cf. OECD, *OECD Corporate Governance Factbook 2021* (2021) (available online).

17 The one-tier system remains dominant in Belgium, Bulgaria, Denmark, France, and Luxembourg. The two-tier system continues to be dominant in Croatia, while a two-tier "board of auditors" system is dominant in Italy and Portugal. Cf. Martin Gelter and Mathias Siems, "Letting companies choose between board models: An empirical analysis of country variations," *European Corporate Governance Institute – Law Working Paper*, no. 573 (2021) (available online).

The gender quotas differ in terms of which boards and which directors they apply to. The one-tier system is dominant or even required in Spain, Belgium, and Greece. Here, the gender quota applies to the board of directors and does not distinguish between executive and non-executive directors. The one-tier system is also dominant in France, but the 2011 quota law only applies to non-executive directors. For French companies with a two-tier system, the quota only applies to the supervisory board. Most recently, an additional quota for executive directors has been introduced.

In Italy and Portugal, where a two-tier system with a board of auditors is prevalent, the quotas apply to both boards separately. In Germany and Austria, where two-tier systems are used, the quotas exclusively apply to the supervisory board (and thus only to non-executive directors). The new inclusion requirement in Germany applies to executive board members (executive directors).

In the Netherlands, the previous quota applied to both executive and non-executive directors, who often served on separate boards. The newly adopted quota, in contrast, only applies to non-executive directors.

Quota targets differ significantly

Greece has the lowest quota target at 25 percent, whereas the highest target of 40 percent applies in Spain, France, and Italy. In France, the current law for executive directors sets an interim target of 30 percent by 2027, while the 40 percent quota should be reached by 2030. In Italy, the quota was originally 33.3 percent and was increased to 40 percent. In Germany and Austria, however, the quota target for supervisory boards (non-executive directors) is 30 percent. There is no set quota target for the new regulation for executive board members in Germany. Instead, there is an inclusion requirement of at least one woman and one man on boards with more than three members, regardless of their exact number. In Belgium, Portugal, and the Netherlands, the quota target is 33.3 percent. In the Netherlands, it was originally 30 percent and was increased to 33.3 percent in the new law.

Public listing and/or company size are the most common criteria for applicability of the quota

Which companies are subject to the gender quota is determined by public listing and/or firm size depending on the country. Public listing is a criterion for being subject to the quota in all countries except Spain; it is even the only criterion in Belgium, Italy, Portugal, and Greece. In these countries, the quota applies exclusively to listed companies.

In France and Austria, unlisted companies are also subject to the quota if they meet a certain size, which is measured via assets, sales, or the number of employees. This was also the case for the first Dutch quota. The new French quota for upper management positions applies to companies with over 1,000 employees.

In Spain, a firm's size is the only criterion used to determine if the gender quota applies or not. All companies required to present an unabridged income statement are subject to the quota. Companies are required to submit such a statement if they reach a certain size in terms of assets, sales, or number of employees.

In Germany, the quota is especially narrow in its scope, as it only applies to some of the publicly listed companies. In addition to being listed, companies must also have full co-determination on their supervisory boards. This applies to companies with over 2,000 employees.

The new inclusion requirement for executive boards has an even narrower scope: It applies to a subgroup of these large, publicly listed companies that also have an executive board with at least four members.

Quota scope differs greatly: from around 5,000 companies in Spain to around 70 in Austria and Portugal

The criteria determining if the gender quota applies or not influence its reach and significance in a specific economy. If public listing is the only requirement for being subject to the quota, the number of affected companies can easily be determined, for example by using publications from the stock market supervisory authority. If, on the other hand, indicators of company size or several criteria must be met, it is more difficult to determine the companies subject to the quota. Therefore, the number of companies subject to the quota is usually estimated.[18] While the number of companies subject to the quota is around 5,000 in both Spain and for the first quota law in the Netherlands, markedly fewer are subject to the quota in other countries. In France, around 950 companies are subject to the quota.[19] In Italy, it is around 350, while in Belgium it is around 200. The Greek quota applies to around 160 companies. In Germany, the supervisory board quota currently applies to 103 companies and the inclusion requirement for executive boards to 66. The new quota in the Netherlands also applies to around 100 companies; in Austria and Portugal, the quotas apply to around only 70 companies each.

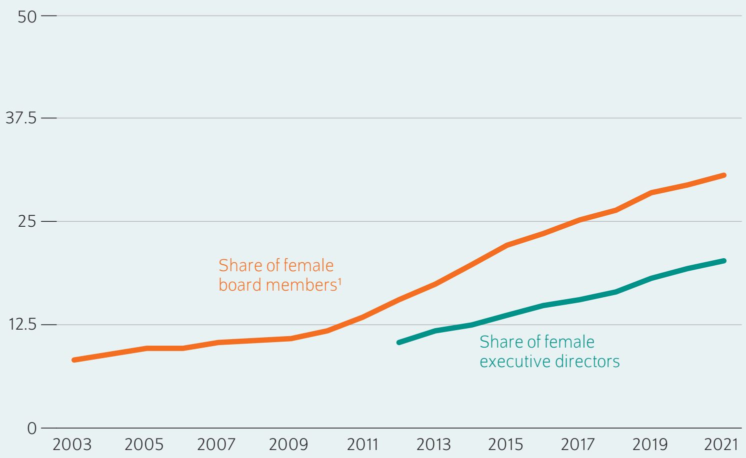
Regardless of how many companies are subject to the quota, the quota regulation in each country covers only a small portion of the companies located there. It is not enough to compare the absolute numbers of affected companies to estimate the scope of the quotas, as they must be viewed in context with the total number of companies. The economic importance of the quota companies compared to all companies should also be taken into account in such an assessment. Thus, comparing the scope of quota regulations across the EU is a complicated process. A comparison including these

18 Table 1 contains information on the approximate number of companies subject to the quotas.

19 The number of companies to which the new quota for executive directors and senior management positions applies could not be estimated.

Figure 1

Average share of women on boards of the largest listed companies in the EU



1 In the underlying dataset, board members are the supervisory board members at companies with separate boards for corporate management and supervision (executive board and supervisory board) and all members (executive and non-executive) of the board of directors at companies where the functions are combined in one board.

Source: European Institute for Gender Equality (EIGE).

The share of women on boards of large companies in the EU has increased over the years, but parity is still far off.

factors was made in an academic study.[20] In this study, the scope of the gender quota is Germany was classified as narrow. The quotas in Italy, Austria, and Portugal have a narrow to medium scope; a medium scope in Belgium and France; and a wide scope in Spain. The first Dutch quota also had a wide scope. Following the study, the scope of the new Dutch quota can be classified as narrow to medium, and the Greek quota as medium.[21]

Sanctions for non-compliance—except in Spain

There are sanctions for non-compliance with the quota law in eight countries. The Spanish law, in contrast, includes no sanctions; thus, the quota is sometimes viewed as a non-binding recommendation. However, it does contain an incentive for compliance, as public contracts can be given preferentially to companies that fulfill the quota.[22] The first quota law in the Netherlands also did not include sanctions; the new law, however, does.

The most common form of a sanction is known as the "open seat." A position remains vacant until a quota-compliant replacement can be found, and the appointment of a person of the over-represented sex is void. This sanction is in place in Belgium, Germany, France, Austria, Portugal, and, since 2022, the Netherlands.

An additional sanction is the suspension of the payment of attendance fees for as long as the board's membership does not meet the quota, as is the case in Belgium and France. The third option involves monetary penalties, which can be imposed in Italy, Portugal, and Greece. In Portugal, companies are fined if they do not fill the vacant position in a quota-compliant manner within 360 days. In Italy, the stock market supervisory authority warns companies that do not comply with the quota and imposes a fine. If the company continues to not comply, all current directors are removed. In Greece, fines are possible but not specified in the law. The new law in France stipulates a fine of one percent of the payroll for companies that do not comply with the quota for executive directors and top managers (*masse salariale*).

Share of female executive directors is lower EU-wide than non-executive directors

The European Institute for Gender Equality (EIGE) provides statistics on gender equality in the European Union.[23] In its gender statistics database, EIGE offers an indicator for all years since 2003 for the share of female board members of the largest publicly listed companies (blue chip companies) in the EU Member States.[24] In this database, "board members" refer to members of the supervisory boards of companies where corporate management and supervision are performed by different boards (executive and supervisory boards) as well as to all board of directors members (both executive and non-executive) at companies where both functions are combined in one board. An evaluation of the EIGE data shows that the share of female directors at the largest listed companies increased from eight percent at the beginning of the observation period in 2003 to almost 31 percent at the end of 2021 (Figure 1).

EU-wide data specifically on the share of female executive directors of the largest publicly listed companies has been available since 2012. In 2012, this share was a good ten percent on average. On average across all EU countries, the share of female executive directors of the largest publicly listed companies was a bit over 20 percent in 2021.

In Germany, the share of female non-executive directors was 36 percent, which is above the EU average of 33 percent (Figure 2, left side). In contrast, the share of female executive directors of the major listed companies in Germany

20 Heike Mensi-Klarbach and Cathrine Seierstad, "Gender quotas on corporate boards: Similarities and differences in quota scenarios," *European Management Review* 17, no. 3 (2021): 615-631, and personal communication with the first author.

21 Mensi-Klarbach and Seierstad, "Gender quotas on corporate boards."

22 Nevertheless, quota-compliant companies have not had any significant increase in income from public contracts and it appears that quota compliance is not consistently taken into account when awarding public contracts, cf. Ruth Mateos de Cabo et al., "Do 'soft law' board gender quotas work? Evidence from a natural experiment," *European Management Journal* 37, no. 5 (2019): 611-624.

23 Cf. EIGE, *Gender Statistics Database* (available online).

24 From 2003 to 2006, the 50 largest companies in each country were used; since 2007, only the companies in the respective national blue chip index have been used. Therefore, the number of companies in the countries fluctuates between ten in Luxembourg or Slovakia, for example, and 40 in Germany, France, and Italy.

Figure 2

Share of women on boards of the largest listed companies by EU country, 2021

Source: European Institute for Gender Equality (EIGE).

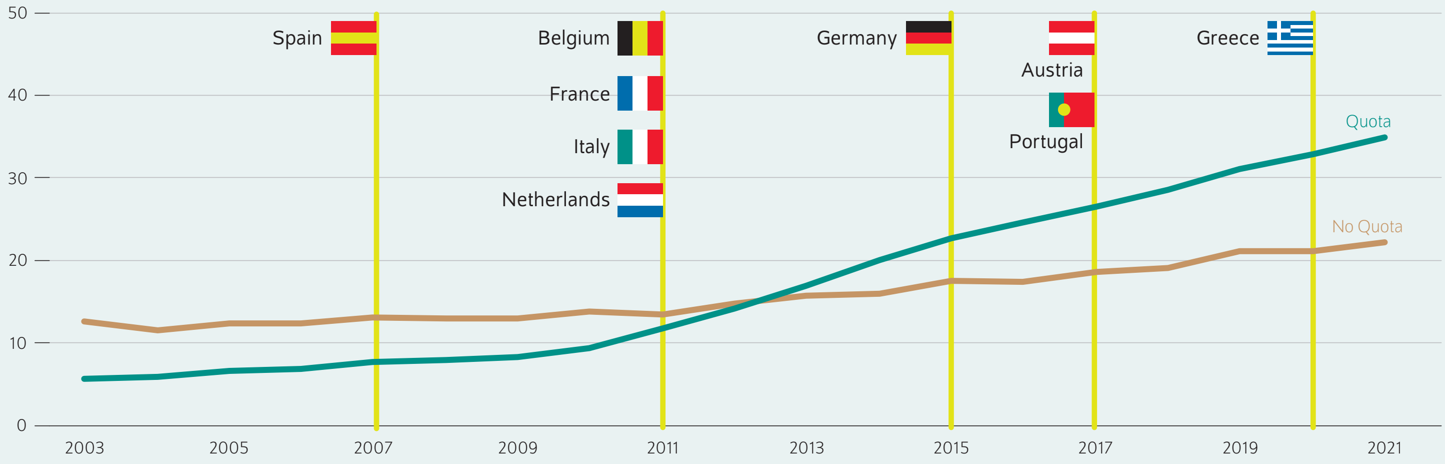
In Germany, the share of female supervisory board members was above the EU average, while the share of women on executive boards was below.

was almost 18 percent, which—despite the strong increase over the past year—is below the EU average of 20 percent (Figure 2, right side).

In other large EU Member States, such as France, Italy, or Spain, the share of female non-executive directors (48, 45, and 38 percent, respectively) was markedly higher than the share of female executive directors (24, 14, and around 17 percent), as is the case in Germany. However, there are also some exceptions in which the share of female executive directors was greater than the share of female non-executive directors: For example, the share of female executive directors of major listed companies was 32 and 31 percent in Romania and Estonia, respectively, while the share of female non-executive directors was 19 and a little over nine percent, respectively.

Figure 3

Average share of women on boards[1] in countries with and without gender quotas



Note: The vertical yellow lines mark the year in which a gender quota was introduced.

1 Supervisory board (at companies with separate boards for corporate management and supervision) or the board of directors (at companies with one board for corporate management and supervision). Unfortunately, it is not possible to differentiate between executive and non-executive positions in the latter case.

Source: European Institute for Gender Equality (EIGE).

Gender quotas have had a positive effect on the development of the share of women on boards.

Binding quotas increase the share of women significantly

The EIGE data make it possible to conduct an empirical analysis of the relationship between the introduction of a statutory quota and the development of the share of women on boards from 2003 to 2021. The board refers to the supervisory board in cases of companies with separate corporate management and supervisory boards or the board of directors in cases of companies with a combined board. Unfortunately, in the case of a board of directors, it is not possible to differentiate between executive and non-executive positions.[25] This analysis shows that statutory gender quotas have a positive impact on the development of the share of women on the board (Figure 3).[26] In countries that have introduced a statutory gender quota since 2003, the share of women on the boards of the largest publicly listed companies has increased more strongly than in countries without such a quota. At the beginning of the observation period, women were proportionately less represented in countries that have since introduced a quota (on average just under six percent) than in countries that haved not introduced a quota regulation (just under 13 percent). Since 2010, the share of women in the quota countries has been increasing markedly more than in the other countries, likely due to the fact that four countries (Belgium, France, Italy, and the Netherlands) introduced a quota law in 2011. In summer 2021, the share of women on the boards of the largest listed companies in the countries with a quota was just under 35 percent, compared to just over 22 percent in the non-quota countries. This indicates that gender quotas contribute to an increase in the share of women on boards.

This descriptive evidence on the impact of statutory quotas is also confirmed by econometric regression models. A panel model is estimated that includes country-specific fixed effects and a general time trend as well as country-specific linear time trends. Country-specific factors include, for example, societal norms regarding gender roles or institutional factors such as labor market policy and family policy. Country-specific time trends include societal debates about equality that vary across countries. The results of this estimate show that countries with a statutory gender quota have a share of women on boards that is statistically significantly higher than countries without a quota. The estimate also shows that voluntary commitments, such as corporate governance codes, have no significant impact on the share of women on boards.

Conclusion: Europe-wide quota could increase momentum

Comparing gender quotas across nine EU Member States reveals just how varied they are: They differ in terms of their year of introduction, the planned duration, the quota target,

25 In the case of separate boards, only the supervisory board members (and thus the non-executive directors) are included, while in the case of combined boards, both executive and non-executive directors on the board are included in the data.

26 This relationship has also been shown in an analysis of data up to 2019, see Arndt and Wrohlich, "Gender quotas in a European comparison: Tough sanctions most effective."

and the group of companies to which the quota applies. Thus, they differ in their significance and reach. Moreover, they also differ in terms of sanctions for non-compliance and whether they apply to executive directors, non-executive directors, or both. As the empirical analyses in this Weekly Report show, these diverse gender quotas have contributed to an increase in the share of women on boards of the largest listed companies.

With few exceptions, women are proportionally more strongly represented among non-executive directors than among executive directors (in Germany, these are supervisory and executive board members, respectively). Regulations, such as those introduced in 2021 in France and the inclusion requirement in Germany, are a promising strategy for increasing the share of women on executive boards. Statutory quotas increase the share of women, for example by penetrating traditional, often informal appointment mechanisms based on networks ("old boys' clubs").[27]

Table 2

Effect of the introduction of a gender quota on the share of women on boards of large companies[1]
In percentage points

Fixed effects model (only explanatory variable: quota)		Fixed effects model (explanatory variables: quota and corporate governance code)	
Gender quota (reference: no quota)	3.530**	Gender quota (reference: no quota)	3.569**
		Corporate governance code (reference: no recommendations in code)	-0.321
N	505	N	505

1 A panel model is estimated that includes country-specific fixed effects, a general time trend, and country-specific linear time trends.

Interpretation aid: If a country introduces a gender quota, the share of women on boards of large companies in this country increases by around 3.5 percentage points.

Note: ** indicates the statistical significance of the estimate at the five percent level.

Source: Authors' own calculations based on European Institute for Gender Equality (EIGE) data for 2003 to 2021.

At the EU level, the European Commission made a proposal in 2012 for a directive on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures.[28] This directive would require a gender quota of 40 percent for non-executive directors for large, publicly listed companies or, alternatively, a quota of 33 percent for both executive and non-executive directors. The proposal also intends sanctions for non-compliance, but the Member States should specify the sanctions themselves.

The European Parliament endorsed the proposed directive for an EU-wide gender quota in 2013. However, national governments could not agree and it was blocked in the Council of the EU. Nevertheless, the proposed directive remains one of the priorities of the EU's Gender Equality Strategy 2020-2025, and the President of the Commission, Ursula von der Leyen, has stated in her Political Guidelines that she will try to win a majority for it. The European Parliament has also been pressing for progress: In its January 21, 2021, resolution on the new EU gender equality strategy, it called on the Commission to break the deadlock in the Council of the EU and adopt the proposed directive. In October 2021, as part of the European Parliament's European Gender Equality Week, parliamentarians from the Committee on Legal Affairs called for discussions to resume in the Council of the EU. In 2021, EU labor and social affairs ministers debated the proposed directive and determined that a qualified majority remains out of reach.[29] Currently the German government is re-examining the proposal. Should Germany no longer block the proposal, a majority in the Council of the EU would probably be reached.

If the Council of the EU could agree to adopt the proposed directive, this would send a strong signal in terms of gender equality policy and could significantly increase the share of women on boards, particularly in those countries that do not yet have statutory quota regulations.

27 Cf. Isabelle Allemand et al., "Role of Old Boys' Networks and Regulatory Approaches in Selection Processes for Female Directors," *British Journal of Management* (2021) (available online).

28 Proposal for a 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 (available online).

29 European Parliament, *Legislative Train Schedule. Gender Balance on Boards* (2021) (available online).

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JEL: D22, J16, J59, J78, L21, L32, M14, M51

Keywords: corporate boards, board composition, boards of directors, board diversity, Europe, women directors, executive directors, gender equality, gender quota, Germany, management, private companies, public companies, supervisory boards, executive boards, CEOs, women, finance industry, financial sector, private and public banks, insurance companies.

LEGAL AND EDITORIAL DETAILS

DIW BERLIN

DIW Berlin — Deutsches Institut für Wirtschaftsforschung e. V.
Mohrenstraße 58, 10117 Berlin
www.diw.de
Phone: +49 30 897 89–0 Fax: –200
Volume 12 January 26, 2022

Layout
Roman Wilhelm, Stefanie Reeg, DIW Berlin

Cover design
© imageBROKER / Steffen Diemer

Composition
Satz-Rechen-Zentrum Hartmann + Heenemann GmbH & Co. KG, Berlin

ISSN 2568-7697