INCREASING THE REPRESENTATION OF WOMEN ON PRIVATE SECTOR BOARDS

A REVIEW OF INITIATIVES IN SELECTED COUNTRIES

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1. Summary of the key findings from the review

Diversity attracts and retains talented staff

Having women in a boardroom sends a strong message that a company is progressive and recognises merit. These companies become employers of choice for the best candidate (The Conference Board of Canada, 2014; Deloitte, 2011; Spencer Stuart, 2012; Sutherland et al, 2015).

The numbers of women on boards

The numbers of women on the boards of New Zealand's top 100 companies' remains relatively low compared with other countries with similar business and legal systems (eg Australia, Canada, European countries and the USA).

In 2015, data from 125 listed NZX companies showed that 17 percent of directors on private sector boards were women, up from 14 percent in 2014. While this is a positive trend, it is the fourth lowest percentage among the countries reviewed.

The Nordic countries, France, Belgium and the United Kingdom have the highest percentage of women on boards (Catalyst, 2015; Deloitte, 2015; EWL, 2015; Lee et al, 2015). Among MSCI World Index companies[1], women held 18.1 percent of all directorships in 2015 (up from 15.9 percent in 2014). Women at MSCI USA companies held 19.1 percent of directorships (up from 17.9 percent in 2014).

Women are poorly represented among board chair roles, even in countries with a high proportion of women on boards. Among European countries, only Italy (22.2 percent) and Norway (18.2 percent) have more than 10 percent of women in a board chair role. New Zealand has only five percent of women in a board chair role (Catalyst, 2015).

There needs to be three women on a board to effect change

One woman on a board is not enough to make a difference. Researchers agree that three women on a board form a critical mass that can change board dynamics enough to foster creativity and encourage new ideas (Catalyst, 2013;Torchia, Calabro and Huse, 2011). However, the number of companies with three female directors remains low. In a 2013 survey of the 100 largest companies in nine economies in the Asia/Pacific region, Australia's boards were ranked the highest with 11 percent of these boards having three or more women directors (Korn/Ferry Institute, 2013).

A voluntary business-led approach may be effective for change

More effective change can be generated by engaging business in a voluntary business-led approach (DBIS: Women on Boards, 2011). There needs to be a key driver (ideally a key person) behind the business-led approach to bring businesses on board.

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[1] US-based provider of equity, fixed income, and hedge fund stock market indexes, and equity portfolio analysis tools

Cross-sector coordination is essential to success

All parties should be ‘at the table’ including business leaders, board chairs, government leaders, investors, executive search firms, academics, and members of non-governmental agencies (DBIS: Women on Boards, 2011).

Leadership by government is important

Government should provide clear leadership. It can model examples of good practice in the public sector and actively promote gender diversity on public sector boards.

CEO and board chair commitment to change is essential

CEO and board chair commitment to increasing the representation of women on boards is essential for sustainable and meaningful change. This needs to be an essential strategic business imperative. Company leaders need to use their individual and collective influence to ensure the issue of women’s representation in leadership is elevated on the national business agenda This is likely to be more effective than setting voluntary targets by themselves (BNZ, 2014; The Conference Board of Canada, 2014; Male Champions of Change, Australia; Spencer Stuart/WCDF, 2016; Sutherland et al, 2015).

Gender diversity policies can influence change

Developing gender diversity policies is a good way to embed women’s representation in the boardroom into the structure and culture of the organisation. Companies should set goals for the representation of women and regularly evaluate their performance against these targets (the Conference Board of Canada, 2014; DBIS: Women on Boards, 2011).

Corporate governance codes are important

Codes of corporate governance can:

- require companies to have a wider diversity policy and say how they plan to implement it.
- require companies to set voluntary targets and report on progress towards achieving them (the *comply* or *explain* model).
- require companies to disclose specific practices/steps being taken to promote diverse candidates onto their boards. (Global Women submission to NZX, 28 January 2016; Terjesen et al, 2016; University of Cambridge, 2016).

Board turnover provides opportunities

The most common barrier for companies to achieving gender balance on their board is the low turnover of board memberships (Sutherland et al, 2015). Slow turnover rates reduce opportunities for new talent to emerge. Women directors often have shorter tenures than male directors (Korn/Ferry Institute, 2013). Board refreshment and planning for director succession are key functions of the board, but are often not addressed. Replacing longtenured directors may offer a new opportunity for the company to infuse fresh perspectives into the board (EY, 2015; Haas, 2015, Korn/Ferry Institute, 2013).

Boards need to widen their view of on what talent is

Boards continue to prioritise more conventional areas of expertise, such as industry knowledge and auditing, when appointing new directors (2016 Global Directors survey). This is despite recognising the need to attract and retain a wider talent pool. A broader range of women should be considered for directorships including entrepreneurs, academics, civil servants and senior women with professional backgrounds (DBIS: Women on Boards, 2015).

Appointment, recruitment and promotion processes need to be more transparent

Greater transparency will ensure that more women are included in the recruitment process (DBIS: Women on Boards, 2011). Executive search or recruitment companies need to develop a voluntary code of conduct addressing gender diversity DBIS: Women on Boards, 2012). There are different pathways to a board appointment. Women directors are more likely to be recruited by an executive search firm; men are more likely to be recruited by a major shareholder or board member (Spencer Stuart/WDCF, 2016). A lack of diversity on nomination committees, unclear selection criteria, unconscious bias, and the language and framing of directorships can lead to fewer women being appointed either to boards or to senior management positions (Sutherland et al, 2015).

Women need opportunities in senior management roles

Fewer women hold roles that lead to senior management positions[2], with little progress in the last 10 years. The Grant Thornton International Business Report (2015) found that internationally, the proportion of top positions held by women increased by only three percent from 19 percent to 22 percent between 2004 and 2014. NZX information shows that the proportion of women in senior roles fell from 21 percent in 2014 to 19 percent in 2015. Company boards and senior management should set diversity targets to ensure more women were appointed to CEO, CFO and COO roles (Chair, Australian Institute of Company Directors). Women are more likely to hold support roles in legal, human resources or IT. Men are more likely to be appointed into roles with financial and strategic responsibility. Women who are in line roles are less likely to advance at each level than men (McKinsey and Co, 2015). Without senior management experience, women will not meet the job expectations associated with board roles (Fairfax Media, Elizabeth Proust, 2016).

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[2] Senior management roles typically include the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Operations Officer (COO) or an equivalent title

Women need to develop leadership networks and high-level mentors

Women need access to career sponsorship and better business networks to gain a range of critical work experience needed for senior decision-making roles (Conference Board of Canada, 2014; Sealy et al, 2009).

Women want access to role models

More women in CEO and board roles can lead to more women in senior positions (Catalyst, 2007). Having fewer women in senior positions or on company boards reduces women's visibility and limits the number of role models available to junior staff. Lack of exposure to female leaders, in turn, may perpetuate biased perceptions of women's effectiveness in leadership. Greater diversity at these levels promotes inclusiveness and a corporate culture that develops women and supports the careers of future female leaders (EY, 2013).

Women need supportive family friendly policies

Family-friendly policies such as parental leave entitlements, childcare and flexible working arrangements are necessary to support and develop women into leadership and board roles.

There are still barriers in place

Research shows that significant proportions of talented women drop out or stagnate below senior management and top leadership positions (Deloitte 2015; Desvaux, Devillard, Sancier-Sultan, 2010; EY, 2013; Poulsen et al, 2016).

> Without senior management experience, women would not meet the job descriptions that are often advertised when board decisions become available'" (interview with Fairfax Media, Elizabeth Proust (2016), chair of the Australian Institute of Company Directors).

The Ministry for Women identified three barriers to women continuing to advance their careers at the same rate as men:

- unconscious bias against women taking up leadership roles.
- employer attitudes to breaks in employment (for example, for child-rearing), or a non-traditional career path (for example, community leadership or executive roles).
- lack of options for flexible work, or workplace culture which applies informal or formal penalties for using flexible work options.

2. Introduction

There is compelling international evidence that gender balance in governance and leadership roles correlates with better decision-making, organisational resilience and performance (Ministry of Women's Affairs (MWA), 2013).

International research by Catalyst (2004) and McKinsey & Company, (2010) found that women in leadership roles bring a diversity of skills and experiences to the decision-making table. More diversity in the type of people involved in leadership is often used as a proxy for more diversity of thought in leadership.

More companies now understand the importance of gender balance, recognising that diversity in leadership and governance is good for business. However, change is slow. Women are still under-represented in leadership roles in New Zealand with a significant number of highly experienced women leaving the workforce, or unable to get past senior management roles and move into top leadership positions. This is despite a range of initiatives aimed at supporting women to be "board ready", and companies addressing organisational issues such as unconscious bias.

This report reviews initiatives undertaken in other countries to increase the number of women on private sector boards. The paper considers:

- the benefits of having greater gender diversity on private sector boards
- reasons why gender representation has not occurred
- the approaches adopted by a range of countries to address this issue.

The scope of the review

Countries

After considering initiatives undertaken in a wide range of countries to increase the number of women on private sector boards, the review focused on countries that have similar economic and legislative systems to New Zealand and that are actively seeking to improve gender equality on private sector boards.

Eastern European, Latin American and Asian countries such as China, Japan, Korea and Taiwan have been excluded as they have very low levels of women represented on private sector boards and have not introduced initiatives to address this issue. Some European countries have also been excluded. For example, private sector initiatives in Greece. Luxembourg and Portugal to increase the number of women on private sector boards are either not in place or are limited to encouraging companies to diversify their boards.

The details of initiatives to increase the number of women on boards in the 16 countries reviewed are included in Appendix One. Details of the review methodology are included in Appendix Two.

3. The numbers of women on boards

The numbers of women on the boards of New Zealand's top 100 companies remain relatively low compared with other countries with similar business and legal systems (eg Australia, Canada, European countries and the USA).

In 2015, data from 125 listed NZX companies showed that 17 percent of directors on private sector boards were women, up from 14 percent in 2014. While this is a positive trend, it is still the fourth lowest percentage among the countries reviewed.

> At our current rate, estimates suggest it will take another 35 years before New Zealand achieves gender parity in the boardroom (Westpac, 2015).

The Nordic countries, France, Belgium and the United Kingdom UK) have the highest percentage of women on boards (Catalyst, 2015; Deloitte, 2015; EWL, 2015; Lee et al, 2015). Among MSCI World Index companies[3], women held 18.1 percent of all directorships in 2015 (up from 15.9 percent in 2014). Women at MSCI USA companies held 19.1 percent of directorships (up from 17.9 percent in 2014).

A recent study (European Women on Boards (EWOB, 2016) reported that the five highest ranking industry sectors in terms of board gender diversity in Europe are telecommunications services, financials, utilities, consumer staples and consumer discretionary spending. The EWOB study noted that:

> This trend toward greater gender diversity on boards has been driven principally by the addition of independent, non-executive female directors. Women on European boards are on average younger, newer to the board, have a higher number of outside directorships at listed companies, and are more likely to be independent outsiders than their male counterparts. (EWOB, 2016:11)

Among the 17 European countries included in the Egon Zehnder International (2015) survey, more than 20 percent of directors on boards were women, a significant increase from 15.6 percent two years ago, and a major increase from eight percent in 2004.

Evidence suggests that three women are needed on a board to effect change, foster creativity and encourage new ideas (Catalyst 2013; Torchia, Calabro and Huse 2011).

However, the number of companies with three women directors remains low. For example, in a 2013 survey of the 100 largest companies in nine economies in the Asia/Pacific region boards, Australia was ranked the highest country with 11 percent of boards having three or more women directors (Korn/Ferry Institute, 2013). In New Zealand, two percent of companies reached that level.

An MSCI (2015) report suggests that the proportion of women on boards is likely to increase when a Chief Executive (CE) is a woman. In their study, more than half of companies with women CEs had three or more women on their boards. Of all MSCI World Index companies with women CEs, 57.9 percent had at least three women on the board compared to male-led companies, where this figure was 30.3 percent.

[3] US-based provider of equity, fixed income and hedge fund stock market indexes, and equity portfolio analysis tools.

> Critical mass is needed for both political decision-making and strategic decisions within organisations and for creating more opportunities for entrepreneurship and the growth of women-owned businesses. (Commonwealth Secretariat, 2015)

The report highlights the need for more female-friendly and enabling organisational cultures to support women into executive leadership positions.

A recent study of boards in Europe (EWOB, 2016) found that the growth of the number of women on boards has been primarily driven by the addition of women to non-executive board positions, in particular as independent non-executive directors[4]. Over the five-year period covered by the study, the ratio of executive to non-executive directorships for male/female remained fairly stable, with around 83 percent of male directors being non-executive directors compared with 96-97 percent of female directors.

Women board chairs

Few women are in board chair roles. European countries with a high proportion of women on boards still have few women as board chairs. For example, in Italy 22.2 percent of boards have more than 10 percent of women in a board chair role; in the figure is Norway 18.2 percent of boards with more than 10 percent of women in a board chair role.

An Egon Zehnder International survey (2015) found that fewer than 3 percent of board chair positions in the European countries they surveyed were held by women. A Deloitte study in 2015 found that no women were board chairs in Denmark, despite a high proportion of women on boards. New Zealand has only 5vpercent women in a board chair role (Catalyst, 2015).

The place of women in senior management roles

Women are also under-represented in senior management roles[5]. The Grant Thornton International Business Report (2015) found that, internationally, the proportion of top positions held by women increased by only 3 percent from 19 percent to 22 percent between 2004 and 2014. NZX found that the proportion of women in senior roles in New Zealand decreased from 21 percent in 2014 to 19 percent in 2015.

In the Grant Thornton study, an analysis by region showed that:

> Across the European Union 26 percent of top jobs are now held by women, compared with just 17 percent in 2004. Countries that have made the most progress over this period include Spain (increasing from 14 percent to 26 percent), France (21 percent to 33 percent) and Sweden (18 percent to 28 percent). The United Kingdom, by contrast, has made relatively little progress (18 percent to 22 percent) and Germany has gone backwards (16 percent to 14 percent).

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[4] A non-executive director is independent and not part of the executive management team and is not an employee of or affiliated with the company. Executive directors serve or have previously served as executive managers of the company (most often as corporate officers). Both types of directors have the same legal duties, responsibilities and potential liabilities.

[5] Senior management roles typically include the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Operations Officer (COO) or an equivalent title.

> Little has changed in North America since 2004 with neither Canada (25 percent) nor the US (21 percent) showing significant progress, although the proportion of businesses with no female leaders has dropped from 30 percent in 2012 to 22 percent in 2015. (Grant Thornton, 2015:5)

The seven Eastern European countries covered in the Grant Thornton survey were in the top 10 for the proportion of women in senior roles, with an average of 35 percent of senior roles held by women. However, these high figures were not reflected in the proportion of women on boards.

In 2014, Russian women held 9.5 percent of executive director roles and 3.8 percent of non-executive board roles (Egon Zehnder International, 2015). A Price Waterhouse Cooper (2015) report found that in 2012, across all board member roles in the top 50 Russian public companies, only 7 percent were held by women; 43 percent of companies had no women on their board and no companies had women as board chairs.

Given that most international surveys focus on fewer than 100 of the largest companies, these figures may indicate that most women CEs in Russia (and other countries) are in smaller or medium-sized enterprises. Several writers have explained the high proportion of women in management roles in Eastern Europe in terms of history, culture and demographics. There is no evidence available on why there are so few women on the boards of the largest companies:

> Women were promoted into new service industries under the old Soviet Union, which was keen to show that 'equality of opportunity' under communism included equality between genders. Gender ratios also play their part: Russia has approximately 120 women for every 100 men, partially driven by the huge number of people who died in Russia (and the wider region) during WWII, and also by higher male mortality rates. (Grant Thornton, 2015:6)

In the Grant Thornton (2015) survey of 35 countries, women were most likely to be in senior management roles in education, social services and healthcare (41 percent), followed by hospitality (33 percent) and food and beverage (27 percent). Women held less than 20 percent of senior manager roles in the technology, transport, manufacturing, construction and real estate and mining sectors.

4. The case for Diversity on Boards

Diversity is good for business

The business case for having women on boards and on senior leadership roles has gained considerable momentum:

> There is a strong business case for balanced boards. Inclusive and diverse boards are more likely to be effective boards, better able to understand their customers and stakeholders and to benefit from fresh perspectives, new ideas, vigorous challenge and broad experience. This in turn leads to better decision making. (DBIS: Women on boards, 2011)

Lord Davies stated that “the business case for gender diversity on boards has four key dimensions: Improving performance; Accessing the widest talent pool; Being more responsive to the market; and Achieving better corporate governance” (DBIS: Women on Boards, 2011).

Added to this, Sutherland, McDougall and Glass (2015) indicated that there are two main reasons to increase the diversity of private sector boards:

- Diversity leads to more effective boards by broadening the range of perspectives and expertise, which in turn delivers business benefits including improved organisational performance, improved access to resources (especially human resources) and increased financial value.
- An equity or equalities perspective requires that a range of people are represented across all aspects of the labour market, including at board level.

Board gender diversity also contributes to better governance and decision-making (Institute of Corporate Directors, 2011). A 2009 study of over 800 European firms by management consultants McKinsey and Company found that women board directors demonstrated good governance and prudent risk management behaviours that contributed to their firms' successes in weathering the most recent economic crisis. These characteristics were valued by shareholders (The Conference Board of Canada, 2014).

Diversity improves performance

> There is evidence of improved organisational performance; improved financial performance; better insights into customer needs and critical markets; improved customer satisfaction; greater innovation, creativity and productivity; improved employee engagement; improved risk and audit oversight; better decision-making; and increased competitive advantage. (MWA, 2013)

Numerous researchers have looked at the issue of improved performance (Catalyst, 2007; McKinsey and Company, 2008; The Conference Board of Canada, 2014).

> A growing body of evidence makes clear that companies that commit to and enable gender diversity are realising clear bottom line benefits. Diversity avoids ‘group-think’, benefiting decision making, problem solving, and innovation, which in turn improves economic performance (BIAC report to OECD, 2012).

Evidence has shown that there is significant economic benefits in having board diversity. A recent Credit Suisse (2014) report, for example, considered the impact of having women on boards in 3,000 companies across the globe. The analysis showed that:

> Companies displaying greater board gender diversity display excess stock market returns adjusted for sector bias. Companies with more than one woman on the board have returned a compound 3.7 percent a year over those that have none since 2005. The excess return has moderated since our initial report [in 2012]. Over the last two and a half years, the excess return is a compound 2.0 percent a year. We find also that companies with higher female representation at the board level or in top management exhibit higher returns on equity, higher valuations and also higher payout ratios. (Credit Suisse, 2014:5)

Companies with more women on their boards were found to outperform their rivals with a 42 percent higher return in sales, 66 percent higher return on invested capital and 53 percent higher return on equity[6].

A study using data from 3,876 public firms in 47 countries found that companies with more women directors had higher business performance, both in marketing and accounting measures (eg return on assets) and enhanced board effectiveness (Terjesen, Couto and Francisco, 2015).

The Bank of New Zealand (BNZ) (2014) diversity case study also reports that:

> Economists worldwide have shown strong macroeconomic reasons for a more robust representation of women at all levels of an organisation, with some asserting that closing the gender gap would boost the level of New Zealand's GDP by as much as 10 percent. (BNZ, 2014:11)

Catalyst (2013) found that companies with women board directors outperformed companies that do not have women on boards, by 16 percent on return on sales and by 26 percent on return on invested capital.

Companies with sustained high representation of women (three or more women board directors in at least four of five years) significantly outperformed those companies without women board directors. McKinsey and Company reports indicate that Fortune 500 companies in the United States with three or more women on the board gain a significant performance advantage over those with the fewest, with a 73 percent return on sales, an 83 percent return on equity and a 112 percent return on invested capital (BNZ, 2014:11).

MSCI (2015) also found that companies in the MSCI World Index with strong women leadership generated a return on equity of 10.1 percent per year compared to 7.4 percent for those companies without women (as at 9 September, 2015, measured on an equal-weighted basis)[7]. Having at least one woman director can also lower a company's chances of going bankrupt by 20 percent, and that having two or three women directors lowered these chances even further (DBIS: Women on Boards, 2011).

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[6] *The Bottom Line: Corporate Performance and Women's Representation on Boards*", Lois Joy, Nancy M. Carter, Harvey M. Wagener, Sriram Narayanan, Catalyst, 2007.

[7] MSCI describes a company as having "strong female leadership" if its board has three or more women, or if the percentage of women directors is higher than the average in that country, or if it has both a female CEO and at least one woman director.

An International Monetary Fund paper (2016) concluded that having more women in the labour force increases both diversity in senior management positions and company performance:

> The empirical evidence suggests a strong positive association between firms' gender diversity in senior positions and corporate financial performance. This correlation is more pronounced in sectors where women comprise a larger share of the labour force (such as the services sectors) and where complementarities in skills and thinking—and greater creativity and innovative capacity—are in high demand (such as high-tech and knowledge-intensive sectors). To the extent that higher involvement by women in senior positions improves firm profitability, it may also help support corporate investment and productivity, mitigating the slowdown in Europe's potential growth. (Christiansen et al, 2016: vii-viii).

Diversity means being more responsive to the market

Evidence indicates that "it makes business sense to have women in the workplace who understand the buying preferences of their cohorts and who are integrated into the core business and decision-making processes" (BIAC, 2012).

Companies need to invest more effectively in understanding women as consumers:

> The lesson is not that the increased representation of a particular demographic group brings special skills or talents. Rather, organisations with more diverse talent pools, especially at senior levels, manifest a workplace culture of openness, merit and rational decision-making that benefits the bottom line. (BIAC, 2012:9).

Women on boards can help improve understanding of customer needs, leading to more informed decision-making. It was noted in the UK DBIS report on women on boards (2011) that 'Women now form 51 percent of the UK population and 46 percent of the economically active workforce. They are estimated to be responsible for about 70 percent of household purchasing decisions and to hold almost half of the UK's wealth'.

In Scotland (Sutherland et al, 2015), 60 percent of companies where 40 percent or more of board members were women thought that having more women increased their understanding of customer need.

Diversity builds stronger corporate governance

Evidence suggests that women directors can improve board governance:

> The more gender-balanced boards were more likely to identify criteria for measuring strategy, monitor its implementation, follow conflict of interest guidelines and adhere to a code of conduct. They were more likely to ensure better communication and focus on additional non-financial performance measures, such as employee and customer satisfaction, diversity and corporate social responsibility. They were also more likely to have new director induction programmes and closer monitoring of board accountability and authority. (DBIS: Women on Boards, 2011)

This is supported by the Bank of New Zealand (2014) case study on diversity:

> Empowering women to more fully participate in the economy can occur in different ways, from empowering entrepreneurship and work at local community levels, to increased opportunities in middle management of larger businesses, to business leadership roles. Each of these presents a variety of challenges; each is important in not just providing economic opportunities but in ensuring talent can realise its full potential. (BNZ, 2014:14)

The Conference Board of Canada (2014) found that having more women on boards can lead to better employee relations, ethical product sourcing, strong environmental and human rights records and support for local communities. Catalyst (2013) also found that more women leaders correlated with significantly higher levels of corporate philanthropy and social responsibility.

Diversity provides more balanced styles of leadership

There is significant evidence available that looks at the different leadership styles between women and men. Terjesen et al (2015) identified a number of differences between men and women, with women being more likely to:

- take active roles on their boards
- ask questions and debate issues
- display participative leadership and collaboration skills
- hold organisations to higher ethical standards
- better prepare for and attend meetings.

In a meta-analysis of work on leadership styles, Eagly (2013) found that female managers are somewhat more transformational than male managers, in that they are more likely to act as inspirational role models, foster good human relationships, develop the skills of followers and motivate others to go beyond the confines of their job descriptions.

Women have a more mentoring and coaching style that may be more favourably received in female-dominated professions, whereas men's more typically 'command and control" style may be well received in male-dominated settings (Changing Minds, 2015; Christansen et al, 2016). A Ministry of Women's Affairs (2013) report makes a similar point. It describes two examples in the public sector:

> The Australian Department of Defence adopts a traditionally masculine leadership style, often described as more driven and outcome focused, to fit in with its male-dominated culture, and as a result women form a stigmatised group. In contrast, in departments with more women at senior levels (eg Education, Health), a wider range of leadership styles is accepted and there is likely to be more focus on communication, relationships and collaboration. (MWA, 2013:6)

There would be significant benefit for company outcomes if boards could accommodate the managerial styles of men and women. However, women's ability to influence board decisions is limited if there are few women on the board (Terjesen et al, 2015).

Diversity attracts and retains talented staff

Having women on boards can make it easier for companies to attract and retain excellent employees (The Conference Board of Canada, 2014:4). Catalyst (2013) found a correlation between the percentage of women board directors in the past and the percentage of women corporate officers in the future. Women are drawn to companies that already have women on their boards, potentially because they see opportunities to advance.

Women board directors also appeared to have a greater effect on increasing the percentage of line management positions[8]. The Catalyst's annual census of women in management has found that women are under-represented in the line management roles, which is essential for advancement into CEO and top leadership positions.

Having women on boards can also indicate that a company is progressive. A study of CEs in Poland found that many women CEOs thought that their early career progression was helped by working in a multinational company, with a culturally diverse environment (Spencer Stuart, 2012).

According to Deloitte (2011), organisations with greater gender diversity have better 'bottom line results because they 'fish from a bigger pool of talent, thereby accessing a deeper level of knowledge and leveraging those resources throughout the business value chain for better business outcomes'.

This finding is supported by research in Scotland where Sutherland et al (2015:11) found that companies where females accounted for 40 percent or more of the board roles were more likely to say that they thought the composition of their board had a positive impact, particularly on:

- the range of skills, capabilities, experiences and perspectives: 80 percent felt their board composition was having a positive impact on this, compared with 54 percent of companies with boards that were less than 40 percent female
- the perceptions of existing staff (73 percent vs. 39 percent)
- the perceptions of potential recruits (60 percent vs. 39 percent)
- quality of corporate governance (60 percent vs 39 percent).

Christiansen et al (2016) suggest that women in leadership roles may be more likely to support family-friendly changes in corporate policies or serve as role models for other women.

[8] Line positions are those that have financial or operational responsibility and can lead directly to the most senior management levels.

5. Barriers to having a more diverse board

> There is a shortage of talent in leadership and general management skills and expertise in New Zealand and globally. Yet at every successive management level, significant proportions of talented women drop out, or stall below senior management and top leadership positions. This is the leaking talent pipeline and is seen in most countries. (MWA, 2013)

The leaking pipeline

Research shows that significant proportions of talented women drop out or stagnate below senior management and top leadership positions (Desvaux, Devillard and Sancier-Sultan, 2010; Deloitte 2015; EY, 2013; Poulsen et al, 2016).

> The low number of women on boards is in part a symptom of insufficient numbers emerging at the top of the management structure and the under-representation of women in senior management generally. (DBIS: Women on Boards, 2011).

McKinsey and Company (2015) identified the following trends that may explain why fewer women are in senior leadership roles:

- Few women are in roles that lead to the “C-Suite”. Women are more likely to be employed in support roles such as legal, human resources or IT, while men are more likely to hold line roles, such as finance or strategy. Women make different educational choices such as business, management, and public administration rather than engineering and related technologies, which may be limiting women’s opportunities for career advancement (Wohlbold and Chentier, 2011).
- Women who are in line roles are still less likely to advance at each level than men.

In an interview with Fairfax Media, Elizabeth Proust (2016), chair of the Australian Institute of Company Directors, said that it was up to those heading company boards to ask senior management to set diversity targets and to ensure women were appointed to CEO, CFO and COO roles. “Without senior management experience, women would not meet the job descriptions that are often advertised when board decisions become available”.

In the Poulsen et al (2016) survey, 39 percent of female leaders cited no natural next steps to advance on the career ladder as the biggest obstacle to rising to senior and executive leadership positions. Drychs and Strack (2012) also found that it takes more time for women to move from junior and middle management into executive positions, with female managerial candidates being promoted half as often as male candidates:

> At one company we discovered that 30 percent fewer women were promoted than equally qualified men, and that the women’s promotions came 30 percent later than the men’s. (Drych and Strack, 2012:8)

The Ministry for Women identified three barriers to women continuing to advance their careers at the same rate as men:

- unconscious bias against women taking up leadership roles. This can affect recruitment, assessment and development practices (both formal and informal) at every level within an organisation, and can make it more difficult for women to progress into senior leadership roles

- employer attitudes to breaks in employment (eg for child-rearing), or a non-traditional career path (eg community leadership or executive roles), can make it difficult for women to re-enter the mainstream workforce and to maintain an upward career trajectory
- lack of options for flexible work, or workplace culture that applies informal or formal penalties for using flexible work options, mean that women can stop progressing in their career, or leave the workforce altogether.

Views on the availability of a suitable qualified pool of women as potential board candidates vary and are influenced to a large extent by expectations of what a suitable candidate might look like.

Research shows that much of the perceptions of gender and leadership stereotypes is unconscious and leads to unconscious bias in decision-making about recruitment, development, performance, reward and recognition in leadership roles (MWA, 2013). As Christiansen et al (2016) note, pre-existing social norms and gender stereotypes may serve to bias employers, board members and voters against appointing.

Women in the workforce

In the countries reviewed in this report, women make up a lower proportion of the workforce than men, and they are more likely to work part-time. Women may trade down their skills and take a lesser paid job to gain flexibility for themselves and their families. This trade-off means that women are not fully utilising their qualifications, skills or leadership talents (MWA, 2013).

In their analysis of companies in Europe, Christiansen et al concluded that:

> The overall female labour force participation rate is not a good predictor of the representation of women in senior positions in the broader corporate sector. However, a very strong negative association exists between the incidence of part-time employment among working women and the share of women in senior corporate positions, lending support to the supply-side explanations for the gender gaps in senior positions. (Christiansen et al, 2016:12)

Attracting and retaining talent

The 2016 Global Directors survey found that boards recognise that there are issues associated with attracting and retaining talented board members, but continue to prioritise more conventional areas of expertise when appointing new directors.

The six most commonly cited qualifications for board roles are: industry expertise; financial/accounting; executive leadership; experience serving on other sector boards; operational leadership; and strategic planning (EY, 2013). Having financial expertise has, for example, often been a prerequisite for a board position. The five-year report on the UK Women on Boards project found that only 13 percent of recent women appointees to FTSE 100 companies had a formal financial qualification.

Women candidates often have employment and leadership experiences across a range of different sectors which may have excluded them from attaining board roles (eg corporate, private, academic, not-for-profit, academics and government).

The Egon Zehnder International (2014) survey of women on boards suggests that the number of qualified women candidates working in traditional business settings may not be sufficient in number to meet future demands, and that boards should consider other options:

> Boards might readily find talented female leaders working in non-government or not-for-profit organisations. Many of these women also have experience serving on non-profit boards. Comparably experienced, proven women leaders might be found in such organisations all around the world. (Egon Zehnder International, 2014)

Lack of access to networks

Several studies suggest that women are often less effectively networked than men in the workplace. Traditional networks tend to be male-dominated (Spencer Stuart and Women Corporate Directors Foundation(WCDF), 2016).

Limited access to leadership networks and high-level mentors and sponsors can restrict women's opportunities to gain a range of critical work experience needed for senior leadership roles (Sealy et al, 2009; The Conference Board of Canada, 2014).

The McKinsey and Company (2015) survey found that men and women do not have the same type of professional networks, which may result in different levels of support:

> Although women's and men's networks are similar in size, their composition is different: men predominantly have male networks, while women have mostly female or mixed networks. Given that men are more likely to hold leadership positions, women may end up with less access to senior-level sponsorship. In fact, only 10 percent of senior-level women reported that four or more executives have helped them advance compared to 17 percent of senior-level men (McKinsey and Company, 2015).

Lack of role models

Having fewer women in senior positions or on company boards reduces women's visibility and limits the number of role models available to more junior staff. Women need to see other women succeed in leadership roles (Christiansen et al, 2016; MWA 2013). Having women in CEO and board roles could lead to more women in senior positions (Catalyst, 2007). Greater diversity in senior roles could promote a corporate culture that develops women and supports the careers of future female leaders (EY, 2013).

Many high-performing women may also be limiting their career aspirations without information available on what training and skills are needed for board roles (The Conference Board of Canada, 2014). Lack of exposure to female leaders can also maintain already biased perceptions of women's effectiveness in leadership roles.

There needs to be a strong supportive focus on helping first-time board members succeed in their roles (Egon Zehnder International, 2012):

> Inclusion needs to be a core competency of board chairs, who must be adept at drawing in new board members and leveraging their insights. They must be comfortable with managing livelier debate and disagreement - natural consequences of diversity of viewpoint. When appointing chairs, therefore, boards need to give high priority to competencies that support inclusion, such as facilitation and mentoring. (Egon Zehnder International, 2012:3)

Board tenure rates reduce opportunities

Low turnover rates on boards may reduce opportunities for new talent to emerge.

Sutherland et al (2015) found that the most common barrier for Scottish companies to achieving gender balance on their board was the low turnover of board membership.

A study of board composition in the Asia/Pacific found that women directors have shorter board tenures than male directors (Korn/Ferry Institute, 2013). The Spencer Stuart and WCDF survey (2016) found that 30 percent of private companies had board tenure limits, while only 12 percent had a mandatory retirement age. The study also found:

- 68 percent of women directors and 56 percent of male directors favoured director term limits
- 57 percent of women directors and 39 percent of male directors supported mandatory retirement ages.

Lack of awareness and buy-in from middle management

Support at the CE level to gender diversity may not necessarily filter down to middle management. In one study, 29 percent of female leaders said that their company was not committed to gender diversity and 18 percent reported that gender diversity was not a priority for their line manager. As one respondent told us: “There is no focus on this matter. The view is that no action is needed.” Another reported a similar experience: “We discuss diversity, but it is not in any way promoted.” (Poulsen et al, 2016).

Appointment, recruitment, and promotion processes not supportive of women

Diversity has not been a priority for executive firm recruiting for board roles (Spencer Stuart and WCDF, 2016; Government of Canada Advisory Council Canada 2014).

A lack of diversity on nomination committees, unclear selection criteria, unconscious bias and the language used and the way director roles are described can lead to fewer women applying or being appointed to boards and senior management positions (Sutherland et al, 2015).

Unconscious bias can take the form of affinity or in-group bias, which can lead to a preference for promoting or appointing people similar to oneself. Men in senior roles are more likely to appoint or promote someone with a style similar to their own (MWA, 2013).

Poulsen et al (2016) found that many organisations still have a very traditional definition of what they want in a leader, valuing characteristics such as ‘strength’ and ‘decisiveness’.

6. Approaches used internationally to increase the numbers of women on boards

Promoting a business-led approach

The UK has used a business-led approach to increase the number of women on boards rather than seeing this issue as specifically an equality, diversity or women's issue (DBIS: Women on Boards, 2011).

The OECD also supported the approach that effective "talent management" is a dominant business issue (BIAC, 2012):

> Businesses that will lead and maintain a competitive edge are those that are able to attract talent, to develop and to retain it, thereby benefiting from an inclusive workplace.

Using this approach will allow businesses to:

- Improve performance at Board and business levels through input and challenge from a range of perspectives
- Access and attract talent from the widest pool available
- Be more responsive to market by aligning with a diverse customer base, many of whom are women; Achieve better corporate governance, increase innovation and avoid the risks of 'group think'.

> From the very beginning we addressed the lack of gender diversity on British boards as a key business issue, at a time when it was still being narrowly boxed by many as an equity, diversity or women's issue. We worked up the business case for change and spoke language business understands. (DBIS Women on Boards, 2015:9).

The need for strong leadership

In the UK approach a small group of senior board chairs has been pivotal to the success of the strategy. They have promoted and championed the need for change, identified the goals and outcomes and monitored change as it occurred:

> The bold leadership of these few Chairmen proved to be, as they led by example, encouraged peers to address gender imbalance on their boards and shone a spotlight on the many talented women candidates waiting for their turn at the top table. (DBIS: Women on boards, 2015)

CE and board chair commitment to increasing the representation of women on boards is essential to achieving sustainable and meaningful change. It may be more effective than having just a set of voluntary targets (BNZ, 2014; Spencer Stuart and WCDF, 2016; Sutherland et al, 2015; The Conference Board of Canada, 2014).

> Male and female directors agree that having board leadership that champions diversity is the most effective way to build diverse corporate boards. Men feel more strongly than women that efforts to develop a supply of diverse board candidates through director advocacy, mentorship and training is an effective way to increase

> diversity. Directors as a whole agree that shareholder pressure and board targets are less effective tools. (Spencer Stuart and WCDF, 2016:12)

In Australia, the Male Champions of Change group uses their individual and collective influence to ensure women's representation in leadership is on the national business agenda. The action plan (2012) had four themes:

- stepping up as leaders
- creating accountability
- disrupting the status quo
- dismantling barriers for careers.

The group produces an Annual Progress Report, which in 2015 reported on achievements in encouraging gender reporting and target setting, promoting pay equity, mainstreaming flexibility and parental leave strategies and running formal sponsorship programmes. It also reports on changes in women's representation in senior management positions in member organisations. New Zealand has taken a similar approach through the Champions for Change:

> Improving gender diversity in a sustainable way will require a series of initiatives, a long-term perspective, and significant persistence. A central prerequisite is that the change starts at the top. The CEO should 'lean in', put gender diversity on the agenda, define the business case for female leaders, and communicate that through both words and actions. More directly, CEOs should place women on the executive committee. This will likely improve the committee's performance, and these women can serve as senior role models for the next generation of female leaders at the company. (Poulsen et al, 2016)

Government should provide clear leadership

Government should create the environment to increase the numbers of women in leadership and on boards for gender diversity.

Commitment, leadership and role modelling at the highest level can influence the rate of progress. Sutherland et al (2015) suggested that government could help by:

- providing clear leadership and modelling on public sector boards
- increasing the focus on this issue - for example, by highlighting research and using procurement to encourage companies to consider the gender balance of their board and to provide information on their progress
- putting in place supporting infrastructure to develop the supply of potential candidates - working with young people around career choice and aspirations; improving the availability and quality of child care, and ensuring leadership programmes are available
- providing guidance and tools (such as checklists and practice guides) for companies.

Catalyst (2015a) noted that governments should drive greater awareness of the need for gender diversity on boards among broader stakeholder groups and the general public by implementing an action-oriented public awareness campaign. Examples of government leadership among the countries reviewed includes:

- In 2012, Australia established the Workplace Gender Equality Agency which is charged with promoting and improving gender equality in Australian workplaces. Staff work collaboratively with employers, providing advice, practical tools and education to help them improve their gender performance, and comply with reporting requirements.
- Lord Davies' work to increase the numbers of women on UK boards brought together business leaders, principals at executive search firms, academics, government leaders and members of non-governmental agencies.
- In France and Spain a number of large companies have signed agreements with the government to promote more women into management positions and onto boards. In Spain, the agreements give senior women employees access to an academic programme at the ESADE Business School, individual mentoring and coaching, use of Web 2.0 communities[9] and many networking activities. In 2015, 80 women currently in middle management were expected to reach a high-level decision-making position as a result of the programme.

Collaboration is key to success

The most successful approaches collaborate across government, business, and non-government and advocacy groups. Successful diversity programmes require a combination of proactive leadership and innovative company practices. Diversity programmes require implementation of measures through all levels of the organisation and in society. Both top down and bottom up commitment is essential (BIAC, 2015).

Setting mandatory quotas or a voluntary targeted approach

The case for mandatory quotas

Governments can set mandatory quotas on the numbers or percent of women on private sector boards, particularly for larger listed companies. Six (Belgium, Iceland, Italy, France, Germany and Norway) of the 17 countries reviewed for this report have mandatory quotas, set at between 30-40 percent. Other countries, such as Denmark and Sweden, have supportive welfare and gender equality policies, but have not introduced mandatory quotas for women on boards.

Countries that have passed legislation introducing mandatory quotas on boards of listed companies have seen a higher percentage of women on boards. Italy, Belgium and France experienced the highest levels of growth with women on board membership increasing by 20.4, 16.2 and 16.2 percentage points, respectively (EWOB, 2016).

The Council of the European Union is looking to approve legislation to direct member countries to achieve 40 percent gender balance on non-executive boards in large, publicly listed companies. Under the EU Directive qualifications and merit remain the key criteria for an appointment to board role. However, where candidates have equal qualifications, priority will have to be given to the candidate of the 'under-represented' sex. This helps to ensure companies have a broader base of candidates for selection and apply clear and gender-neutral selection criteria during the selection process. There is remaining concern about the

[9] Web 2.0 communities involve large numbers of users and communication between members is carried out in real time.

lack of uniform, tougher sanctions across the EU, the exemption of small and medium companies, the lack of binding measures for executive directorships and the lack of measures to tackle the persisting over-representation of men in CEO positions (EWL, 2015).

In an interview with Fairfax Media, June 2016, Elizabeth Proust argued that progress on promoting more women to boards and senior management was happening at a "glacial pace". She believed that failure to reach the Australian Institute Company Directors' voluntary target of 30 percent by 2018 would mean the government would have to consider mandated quotas, similar to those in some European countries.

Terjesen et al (2016) found countries with stronger family policies were more likely to introduce quota legislation and regulation policies for women on boards; countries with limited family policy provisions were unlikely to legislate for gender quotas.

The need for compliance

Recent research by the Chartered Institute for Personnel Development (CIPD, 2015) found that quotas are not effective unless they are enforced by sanctions and that the effects of quotas are not always sustained over the long term (Scotland Office, 2015).

Sanctions for non-compliance can range from 'soft' penalties, for example not being considered for public subsidies and state contracts (eg Spain) to forcing a non-complying company to de-list from a particular country's stock exchange and/or relocate its headquarters to another country (eg Norway) (Bohren and Staubo, 2014).

Support for quotas

The introduction of gender-based quotas can force companies to respond quickly to identify, develop, promote and retain women into executive and leadership roles.

A Grant Thornton's International Business Report (2014) found that global support among businesses for legislative quotas has increased to 45 percent, up from 37 percent in 2013.

The 2016 Global Board of Directors study of about 4,000 male and female directors from 60 countries found that, while quotas were not supported overall, support for quotas varied significantly by gender (Spencer Stuart and WCDF, 2016):

- 49 percent of female directors supported diversity quotas compared with only 9 percent of male directors
- younger women (those aged 55 and younger) were more in favour of quotas than older women (67 percent compared with 36 percent).

However, the introduction of gender-based quotas can also lead to perceptions of tokenism by fellow board directors and the women themselves, lead to inappropriate appointments, may not help create a diverse supply of talent and may undermine the overall progress of women into leadership and board roles (Sutherland et al, 2015). Mandatory quotas do not change the underlying issues that affect gender diversity (House of Lords European Union Committee, 2012).

> "We remain of the view that quotas are not the answer," says Gay Collins, steering committee member at the 30 percent Club, a UK-based organisation aiming to

> achieve 30 percent female board places by 2015. “They are demeaning to women, and more importantly they don’t seem to improve the ‘pipeline’ of women. Companies need to just tick a box and they don’t work on the longer-term solution.” Economia (Roxburgh, 2015)

The Davies report in the UK found that only 11 percent of consultation respondents were in favour of a legislative quota (DBIS: Women on Boards, 2011). The Five-year summary review noted that:

> Quotas have driven faster progress where some countries have adopted them, but no one country has the perfect solution and it remains unclear as to whether these rapid routes to gender balance are sustainable, as well as in the longer term interests of women and business. (DBIS: Women on Boards, 2015:10)

The review concluded that there was insufficient evidence to warrant a change of approach from voluntary targets, as long as momentum is maintained.

The place of voluntary targets

In most countries, voluntary targets alone have not been particularly effective alone in increasing the proportion of women on private sector boards.

Among the countries reviewed, only the United Kingdom has more than met its voluntary target. In 2011 Lord Davies recommended that more effective change to boards could be generated by engaging business in a voluntary business-led process. A voluntary target of 25 percent of women on boards by 2015 was set as part of this process. This target was exceed, with 26.1 percent of women on UK boards. A new target has now been set of 33 percent women on FTSE 350 boards by 2020.

The Netherlands and Spain have targets that are neither binding nor accompanied by sanctions. The Netherlands has also introduced a voluntary charter to encourage companies to increase women’s representation on boards. In the Netherlands, Sweden and Spain, companies are expected to “strive for gender parity” or to reserve at least 30 percent of board roles for women. Again, progress appears to be slow.

In Denmark, "Operation Chain Reaction" was launched in 2010, with an aim to strengthen the competitiveness of Danish companies by increasing the number of women on boards. A set of guidelines, ‘Recommendations for More Women on Company Boards’, was developed by prominent members of the Danish business sector and the Danish Minister of Equality.. However, by 2012, only 55 companies had adopted ‘Operation Chain Reaction’, and in 2015, only 21.7 percent of board members were women.

In several countries, organisations such as the UK Women on Boards, the 30 percent Club, Global Women and the US 2020 Women on Boards group, have actively advocated for a 20 percent or 30 percent target for women on boards by 2020. The Commonwealth Plan of Action for Gender Equality (2000-2015) also requires a 30 percent target for women in executive management across all sectors (political, public and private).The Council of Business Leaders in Canada proposed a 30 percent target, but progress has been slow.

Good corporate governance codes

Most countries have a corporate governance code. Codes are typically part of a framework of legislation, regulation and best practice standards that aim to deliver high-quality corporate governance, while still being flexible enough to allow companies to adapt their practices to take into account their particular circumstances. The codes only apply to listed companies.

Codes of corporate governance can require companies to:

- have a diversity policy and say how they plan to implement it
- set voluntary targets and report on progress towards achieving them (the comply or explain model)
- disclose specific practices/steps being taken to seat diverse candidates.

Terjesen et al (2016) note that 15 countries in Europe have introduced principles in their codes of corporate governance on how firms should seek to increase their board diversity. The US is the only country that does not have a diversity reporting requirement.

Even though these codes are non-binding, there can be strong normative pressures to comply with them given industry standards or stakeholder expectations. Normative pressure is likely to be strongest in countries that already have an equality focus:

> The argument is that once a norm is endorsed by all parties, it is not necessary to have the stick; the social peer pressure is sufficient to enforce it…For instance, Swedish policy makers are closely watching how Norway's hard law on gender quotas evolves, but they feel that their society does not need to have this immense legal pressure on firms. (Terjesen et al, 2016:25)

Very few countries require companies to have a diversity policy in place. In their submission to the review of corporate reporting requirements within the NZX Main Board Listing Rules, Global Women argue for the inclusion of a requirement to have a diversity policy:

> Global Women strongly believes that, consistent with ASX requirements and the New Zealand Corporate Governance Forum guidelines, it should be mandatory for issuers to adopt a diversity policy, establish measurable objectives for achieving appropriate diversity and report on progress against objectives. (Global Women submission, 28 January, 2016)

Increasing the talent pool

Researchers have recommended a broad approach to increasing the supply of potential candidates for board positions. For example, they suggest that companies:

> Use middle managers to promote change. True change cannot come from the top alone—companies need to secure the commitment of middle managers in all aspects of gender diversity, including hiring, leadership development, and performance management. The CEO should clearly communicate the business case so that middle managers understand the link between gender diversity and improved team performance. Diversity should be a main topic at company leadership meetings and conferences. In addition, companies should support middle managers through

awareness programmes, training in subjects such as spotting unconscious biases, and mentoring programmes between female and male leaders. Such initiatives will have a positive impact on male leaders as well." (Poulsen et al, 2016, BNZ, 2014).

Commentators recommend that companies:

- Address gender equity at all levels of the organisation by reviewing, on a continual basis, recruitment, promotion and talent development systems to ensure they are unbiased.
- Invest in inclusive leadership training mentoring high-potential women and removing barriers that prevent women from rising to leadership positions (The Conference Board of Canada, 2014; DBIS: Women on boards, 2015; EWL, 2015).
- Monitor promotion rates, aiming for proportional promotion and retention at each level. To promote the most qualified female employees, companies need to establish a culture and promotion process that equally honours male and female talent and institutionalises systematic succession planning.
- Understand performance and health metrics (eg cultural/attitudinal data) to know what is working and where they can improve, and track key metrics over time to see trends (McKinsey and Company, 2015).
- Prioritise initiatives for maximum impact. For example, in a 2010 Australian market leader report on diversity and gender, a pay equity analysis was rated more effective in helping women to progress to senior levels than a networking programme (Deloitte, 2011).
- Evaluate and address pay equity by conducting periodic pay equity studies to determine if there are wage gaps and, if so, provide funds to rectify them (Catalyst, 2015a).
- Sponsor high-potential women, by introducing women to networks, nominating them for board openings and championing their inclusion on boards.
- Ensure that schools, colleges, universities and careers advisors are encouraging young people to consider the widest range of career choices and aspirations (Sutherland et al, 2015).
- Build up a relationship with talented graduate students early on and show them what it is like to work in the company.

The BNZ (2014) case study noted that:

> Empowering women to more fully participate in the economy can occur in different ways, from empowering entrepreneurship and work at local community levels, to increased opportunities in middle management of larger businesses, to business leadership roles. Each of these presents a variety of challenges; each is important in not just providing economic opportunities but in ensuring talent can realise its full potential. (BNZ, 2014:14)

Introducing gender diversity policies

Very few of the countries reviewed, including New Zealand, require companies to have a gender diversity policy in place, although almost all require companies to report on the gender composition of their boards. In several countries, companies have the option to sign up to a charter which has some similar components.

Canada has recommended and the UK requires that companies adopt formal diversity policies, while the Netherlands requires companies to have and report on specific objectives with regard to gender diversity. In recommending the adoption of formal policies, The Conference Board of Canada, (2014) commented:

> This is a good way to embed women's representation in the boardroom into the structure and culture of the organization. Companies should set goals for the representation of women, and regularly evaluate their performance against these targets.

Three years after the requirement in the UK for companies to report on their boardroom diversity policy and disclose gender split in the workplace from board-level down, more than 85 percent of FTSE 100 companies had disclosed their boardroom diversity policy and over 58 percent had set clear measurable objectives (DBIS: Women on Boards, 2015). It is not clear, however, what the policies actually cover.

Research in Scotland (Sutherland et al, 2015) found that, of the companies surveyed, 30 percent had no policies or processes in place to address the gender balance of their boards. Of those that did have policies, most referred to developing the talent pool through mentoring and peer support, and/or creating networking and training opportunities for senior managers. Few companies considered amending recruitment processes or placing greater priority on improving gender balance through targets or reporting as appropriate strategies.

Examples of charters come from Denmark and the Netherlands.

In Denmark, the 'Charter for More Women in Management' encourages companies to inspire more women to take up management positions and to evaluate their initiatives every second year. The numbers of enterprises signing the charter have increased from 70 in 2009 to more than 110 in 2016, but it is unclear how effective it has been. A survey by the Boston Consulting Group in 2016 found that Danish companies are behind their Nordic competitors in terms of women in leadership roles.

Since 2007, the main national gender diversity initiative in the Netherlands has been 'Talent to the Top'. Founded with a government subsidy that was gradually reduced, the initiative engages the government, social partners and all sectors of business. At the core of the approach is the idea that gender diversity will only become an accepted norm if the business case is clearly understood and articulated, and if this "enlightened self-interest" is reinforced by a voluntary but real commitment to growing participation levels for women in top management.

Organisations that sign up for the 'Charter of the Talent to the Top Foundation' formulate and commit to their own targets and timetables for representation of women in senior management and at board level. At the same time, they lay out the policies and actions needed to achieve these goals. They submit annual detailed reports on progress to the 'Talent to the Top Monitoring Commission', which compiles and presents a report on overall results. It also provides individual feedback to signatory organisations. Since its introduction, growth in the share of women in top management among the Charter signatories has grown year-on-year. Two hundred organisations, covering a workforce of over 650,000 employees, have now signed the Charter (BIAC, 2012).

Recruitment policies and practices

In the Global Directors 2016 survey nearly half of private company directors and 38 percent of public company directors rated attracting and retaining talent as a key challenge to achieving their company's strategic objectives (Spencer Stuart and WDCF, 2016).

However, recruitment and appointment processes do not always meet that challenge and 'there is a need for greater transparency to ensure that more women are brought into the recruitment process' (DBIS: Women on Boards, 2011:20).

A good understanding of how a recruitment process is undertaken can help to shape approaches to increasing the number of women (and other under-represented groups) on boards (Sealy te al, 2009; Scotland Office, 2015:28). Wider and more transparent advertising could increase diversity by making the process fairer and the criteria used to appoint new board members should be reviewed (Scotland Office, 2015).

Processes also need to recognise the different ways women and men are appointed to boards. Women directors are more likely to be recruited by an executive search firm, while male directors are more likely to have been appointed by a major shareholder (Spencer Stuart and WDCF, 2016). The Davies review in the UK recommended that companies periodically advertise non-executive board positions to encourage a diverse range of applicants for board roles. Companies also need to consider a wider pool of people or board roles (Egon Zehnder International, 2014; The Conference Board of Canada, 2014).

> When evaluating talent for both the boardroom and C-suite, companies can look beyond past experience and documented achievements to empirically assess a leader's potential - that is, how likely a leader is to succeed in roles that extend beyond any they have filled to date. Assessing potential brings valuable new data points into the mix, thus providing new sources of confidence that create new space for boards and companies to pursue diversity without compromise. (Egon Zehnder International, 2014)

The Canadian report suggests companies should consider recruiting women from outside the C-suite. This could include executive directors of non-profit organisations, academics or senior managers in the public sector.

They also should ensure there are women on the nominating committee (The Conference Board of Canada, 2014). However, boards may need some convincing to do this. A report found that, among FTSE 250 companies:

> Expectations about the 'ideal candidate' profile for NED roles remain relatively rigid and candidates from less traditional non-corporate backgrounds are still not given consideration. (Vinnicombe et al, 2015:39)

Suggested strategies to address this issue could include:

- engaging a professional search firm
- ensuring they provide a diverse list of candidates who meet board criteria
- ensuring that Executive Search and Nominating Committee include women on nominating committees
- adopting nomination policies and practices that promote diversity and impartiality

- ensuring nominating committees recruit from a broad talent pool
- asking committees to use ‘blind’ application processes (eg reviewing CVs that have had all identification removed)
- encouraging committees to focus on skills, not gender.

One of the recommendations of the Davies review (DBIS: Women on Boards, 2012) was that executive search or recruitment companies develop a voluntary code of conduct addressing gender diversity; this currently has more than 80 signatories. An Enhanced Code of Conduct requires a more exacting standard of best practice on gender equal selection. Accreditation under the Code is performance/output based. Accredited companies are required to have demonstrated the following in the last 12 months:

- at least 33 percent their FTSE 350 board appointments have been women
- to have supported the appointment of at least four women to FTSE 350 boards
- to have a proven record of helping women to achieve their first board appointment.

Board tenure

Refreshing board talent and director succession planning should be key functions of a board. Board membership should evolve along with a company’s strategic plan and risk identification.

Replacing long-term directors may offer new opportunities for companies to gain fresh perspectives and enhanced expertise (Haas, 2015).

> Setting expectations upfront that directors will serve for a limited amount of time based on the board’s evolving oversight needs - not necessarily until they reach retirement age - is important. (EY, 2015:3)

However, the focus on board tenure has mainly been from the perspective of maintaining board independence, rather than looking at the length of board tenure (Korn/Ferry Institute, 2013).

The UK, for example, has adopted a comply-or-explain basis to limit a director’s board tenure to nine years; after this, investors are able to question a director’s independence (Kumar, 2015).

Supporting women to achieve: mentoring, sponsorship, professional development

In almost every country reviewed, a professional women’s group offered mentoring and professional development opportunities to women. Many supplemented training courses with networking and job search opportunities through databases and personal connections.

This is the area where the business sector is most active, sometimes in association with the government, and sometimes through its own initiatives.

Maintaining momentum can be a challenge. When the quota scheme was introduced in Norway in 2003, the Norwegian Employers’ Association created a ‘Female Future’ training programme that companies could join and send their employees to. It also established a number of databases for women to register and for companies to search for talent. The companies must commit themselves to the programme, identify talented women and motivate them to take up management and board positions at the end of a two-year period.

The companies sign a statement of intent which is binding for both the company and the women concerned. The women have to attend mandatory courses and be registered in the database. The courses concentrate on management development, the role and task of the board of directors and network building in order to make women more visible, creating arenas in which women can meet. In addition, women are trained in presentation skills. The programme remains active but, after 12 years, only a few public limited companies still participate.

In Italy, Valore D has continued to grow partly by introducing new initiatives. Valore D was founded in 2009 by 12 large companies in Italy in order to support women's leadership in the corporate world. It now has 144 members.

Valore D provides:

- an innovative corporate structure which is used to address gender bias
- women managers with the tools and knowledge to support their professional growth
- a new cultural model that includes promoting economic and social participation of women.

The focus is on mentoring, skill building, role modelling, social innovation and work/life balance. The organisation's role is to encourage the sharing of best practices and pooling objectives, instruments and strategies. Through the programme In the Boardroom, Valore D is helping over 200 women from the fields of business, academia and politics to strengthen their competencies and skills. The programme, launched in 2012 encourages companies to identify internal potential candidates and provides participants with training, coaching and networking opportunities, as well as with information and support in applying for board positions.

Austria, Belgium, Finland and Spain also provide leadership training co-funded by the government and business organisations, typically the Chamber of Commerce. In New Zealand, the Institute of Directors established a Mentoring for Diversity programme in 2012. Champions for Change has also been established[10].

The BNZ case study highlights the importance of a coordinated approach to increasing the numbers of women in senior management, including addressing issues on leadership, targets, recruitment, sponsorship and professional development. They did this by:

- establishing a Diversity Council involving senior executives
- embedding targets in the executive team's individual performance measures.
- establishing a 50:50 gender target for its graduate recruitment policies
- introducing a sponsorship programme

[1010] The IoD is a founding member of the Global Network of Director Institutes (GNDI), an association of 18 sovereign state director organisations that are recognised for their pre-eminence in board and director development globally. Members share their expertise in corporate governance with a view to promoting excellence and improving director and board professionalism through research, education, dialogue and advocacy. GNDI aims to be the global voice for directors (see: www.gndi.org).

- providing women in governance courses
- providing support and development for high performing women. (BNZ, 2014).

Supportive family-friendly policies

Another contribution governments can make is to strengthen and promote gender welfare policies that enable women (and men) to stay in the workforce.

All the countries reviewed, apart from Canada and the US, have minimal maternity or parental leave entitlement, support for childcare, and to a lesser degree formalised entitlements to ask for or negotiate flexible working arrangements. In Canada and the US all entitlements depend on workers' employment insurance arrangements.

Most countries have moved to actively promote paternity leave and shared responsibility for childcare. This is especially true of the Nordic states, where fathers are allocated a certain number of days' paid leave which they cannot transfer to the mother. Austria, Belgium, France, Germany, Italy and the UK all have some flexibility in how parental leave can be used.

Flexible working arrangements

Most countries reviewed recognise the need to improve work/life balance generally for both women and men. As discussed earlier, this has led to an increase in the availability of flexible work options and an associated rise in uptake by men. Normalising flexible work practices and promoting them as a viable option will increase employee retention and provide the conditions for increased representation of women in senior leadership positions. A European Commission press release (2010) concluded that organisational culture also plays an important role in normalising flexible work. "As long as flexibility is considered a "female" way of organising work-time, flexible working time schedules are more likely to confirm gender differences than to change them."

As Australian researchers, Sanders et al (2015) comment:

> Flexible working is no longer just a women's issue. Increasingly, men are demanding the ability to work flexibly, often to play more active roles as caregivers. This means the need for successful flexible working models is equally relevant for men… It's essential that organisations challenge the notion of a linear career, as well as an office-based working life. Companies need to promote and support top performers who take alternative career paths by working flexibly. (Sanders et al, 2015)

To normalise and accelerate flexible work arrangements, organisations need to:

- Actively encourage and role model the uptake of flexible work arrangements and make them standard for every role, including the most senior roles. The tipping point in employee advocacy comes when flexible arrangements are widely used.
- Ensure flexible arrangements are working successfully for both genders. Organisations that promote flexible models for both men and women will signal a culture that embraces different working styles and is outcome-oriented.

- Strengthen the work-life balance to motivate talented women to continue working and/or to return early from leave, and facilitate the career advancement of employees with family care obligations.
- Have the right culture and active support, including proof of the potential to progress one's career, visible commitment from the CE, the leadership team and colleagues, and respect of boundaries.
- Have the right policies in place and working well, for example, show how compensation and promotion decisions are handled when working flexibly, and provide enablers such as technology for remote working, ability to work from multiple locations and provisions for childcare (Sanders et al, 2015).

APPENDIX ONE

APPROACHES TO GENDER EQUALITY ON PRIVATE SECTOR BOARDS BY COUNTRY

This section includes countries that are actively seeking to improve gender equality on private sector boards. Countries are grouped as follows:

1. Countries that have similar systems and interesting approaches:
    - New Zealand
    - Australia
    - United Kingdom
    - Canada
2. The five Nordic countries
    - Denmark
    - Finland
    - Iceland
    - Norway
    - Sweden
3. European countries
    - Austria
    - Belgium
    - France
    - Germany
    - Italy
    - Netherlands
    - Spain
4. The United States

New Zealand

Women's participation on the boards of New Zealand's top 100 companies remains relatively low compared with other similar jurisdictions with similar business and legal systems and women's participation in leadership roles drops off progressively at higher levels of organisations.

The percentage of female directors on NZX-listed companies is currently 17.4 percent; the percentage of female officers in senior management teams dropped is at 22 percent (June 2017).

In June 2016, the IOD reported that, of the top 122 companies in New Zealand:

- 32 percent have no women on their boards
- 19 percent have between 10 percent and 19 percent women directors
- 26 percent have between 20 and 29 percent women directors
- 10 percent have between 30 and 39 percent women directors
- 7 percent have between 40 and 49 percent women directors
- 5 percent have 50 percent women directors.

The rate of change is slow. Despite a 10 percent turnover of company directors between 2003 and 2013, women were appointed to vacancies on only on 7 percent of these boards (McTeer 2013). A Westpac (2015) report estimates that even if the rate of change is maintained, it will take 35 years for women to reach parity with their male colleagues.

Diversity reporting in the private sector

The NZX has had a significant role in supporting and growing gender diversity on private sector boards. In 2012 the NZX introduced the NZX's Diversity Listing Rule which requires listed companies to report on the number of women on their board and in senior executive positions. Companies are, however, not required to put a diversity policy in place. The NZX also provides a Guidance note: Diversity Policies and Disclosure, which is intended to provide companies with assistance in determining how to report the quantitative breakdown of the gender composition of their board of directors and its officers and to develop and implement their own gender diversity policies and related measures.

In 2017 the NZX strengthen the Diversity Policy Reporting requirements to require all NZX-listed boards to develop and report annually on gender diversity on a comply or explain basis.

Setting voluntary targets on private sector boards

There are no voluntary targets in New Zealand. Global Women proposed a minimum target of 30 percent women on private sector boards by 2020 in its submission to the NZX review (noted above), supported by a mandatory diversity policy, with measurable objectives and reports on progress.

A Voluntary code for recruitment agencies was launched in 2012 by the 25 Percent Group. Six companies signed up in the first year. It is unclear, however, if this initiative is still relevant given the 25 Percent Group disbanded in 2015.

Length of board tenure

The average size of New Zealand boards is much smaller than other countries in the Asia-Pacific region (six compared to 11), and company directors are often reappointed, reducing the number of opportunities for women to advance.

Policy, legislative and regulatory settings

Parental leave and childcare entitlements

The Government announced changes to parental leave provisions that came into effect on 1 April 2016. These include (among other provisions):

- The parental leave payment period extended to 18 weeks for a child that is born, expected to be born, or you assume primary care of a child under six years of age.
- Entitlements extended to cover all permanent arrangements where the applicant has primary responsibility for the care, development and upbringing of a child under six years, including adoption, Home for Life parents, whāngai, grandparents etc.
- Paid keeping-in-touch days available for employees on parental leave, by agreement between the employer and employee.

The government subsidises all children who attend early childhood education (ECE) services. 20 Hours ECE is a higher funding subsidy. It means that if a child is 3, 4 or 5 and goes to an ECE service or kōhanga reo that offers 20 Hours ECE, the cost can be fully subsidised for up to 6 hours a day and up to 20 hours a week.

Flexible work arrangements

All employees in New Zealand have a right to request a change to their working arrangements, from the first day of their employment. They must make their request in good faith. Employees can make as many requests as they wish in a year. Employers must respond to requests within one month, in writing. They must consider and answer requests in good faith. Employers can only refuse flexible working arrangements on the grounds listed in the Employment Relations Act 2000. Flexible working arrangements are an opportunity for people to make changes to:

- the hours they work (over a day, a week or year)
- the times and days they work
- where they work.

Key organisations in the private sector, business and non-government organisations (NGO) sectors

The NZX (as noted above) requires listed companies to report the number of women on their board and in officer positions, that is, they report directly to the board or directly to a person who reports to the board, and include comparative figures for the prior balance date.

Companies should also evaluate their performance with respect to any formal diversity policy they may have. At present, companies are not required to put a diversity policy in place

The 25 Percent Group was set up in 2012 by a group of leaders from New Zealand large companies to champion for increased gender diversity on company boards in New Zealand (with a 25 percent target on all top 100 boards by 2015). Work included meeting with high visibility boards that have no women members, and championing the need for change through the media. The group has also developed a Voluntary Code of Practice for Board Recruitment, which provided best practice guidance for diversity in board recruitment. Recruitment companies that signed up agreed to support gender diversity in their board recruitment practices. However the 25 Percent Group ceased its work in 2015. They found their work achieved less traction to change board culture than they expected and they were clearly not going to reach their 2015 target. Although the participants were high-profile business leaders in their own right, it appears that there was no leader of the initiative (similar to the Lord Davies approach); there was no supporting secretariat.

The Institute of Directors is the representative body for New Zealand board directors. The IoD established a Mentoring for Diversity programme in 2012. The first three years of the programme linked experienced women directors (mentees) with chair and senior directors (mentors) from NZX and large company boards for a 12-month period. In 2016, the programme extended its reach aims to promote diversity in its wider sense, including ethnicity, age, skills and experience in addition to gender. In June 2016 the IOD published a five-step guide to gender diversity to encourage boards to be more proactive in increasing women’s representation. The IoD also runs an executive search database and the Future Directors programme matching board-ready candidates to the boards of companies.

Global Women was established in 2009 to champion diversity and its positive impact on business performance. It has 224 members and seeks to build the capability and supply of quality leaders through its Breakthrough Leadership programme and Activation Series. The Breakthrough programme now caters for 40 women every year. The collective challenge of the organisation is to deliver a diverse leadership landscape for New Zealand by 2020. In response to the NZX discussion document (NZX, 2015), Global Women propose a minimum target of 30 percent female board composition by 2020. They also support mandatory reporting on board composition and transparency of diversity policies, and argue for it to be mandatory to have a diversity policy, with measurable objectives and reports on progress. The submission also advocates for reporting on pay equity and other types of diversity, such as ethnicity. Global Women would like the NZX to consider establishing an NZX Corporate Governance Council to take a further leadership role to enhance governance and reporting practices.

The Champions for Chan**ge** was launched in November 2015, and comprises of a group of New Zealand CEOs and Chairs from across the public and private sectors who are committed to raising the value of diversity and inclusion within their organisations and implementing strategies to actively promote the concept among their peers. A leaders’ summit was held in March 2016 to set benchmarks and goals, and agree on measurement. The summit also established reporting standards to be used, key areas of focus and work streams to be undertaken by the Champions.

Diverse NZ (a Global Women-linked initiative) is a collaborative network helping New Zealand companies to build diversity tools and processes.

Women on Boards New Zealand, which currently has 31 members, has recently been incorporated as a division of **Governance New Zealand**. Governance New Zealand Inc. is the New Zealand division of the Institute of Chartered Secretaries and Administrators (ICSA Global). ICSA Global is a professional body that aims to provide and support leadership in the areas of governance and risk management. The two organisations will work together to "bring through the next generation of board ready women by providing tools and empowerment through education to assist them to achieve their governance goals." Women on Boards runs the national **Women in Governance Awards** programme which recognises and celebrates innovation, excellence, creativity and commitment to diversity by both organisations and individuals.

The ***UN Women National Committee Aotearoa New Zealand*** is working with the ***NZ Federation of Business and Professional Women*** and the **Equal Employment Organization at the Human Rights Commission,** to persuade New Zealand businesses to sign on to the Women's Empowerment Principles (WEPs). UN Women aims to show companies that have not already embraced the Principles that their businesses will be enhanced through employing more women at all levels and in all sectors of their organisation. The principles are:

- establish high-level corporate leadership for gender equality.
- Treat all women and men fairly at work, respect and support human rights and non-discrimination.
- ensure the health, safety and well-being of all women and men workers.
- promote education, training and professional development for women.
- Implement enterprise development, supply chain and marketing practices that empower women.
- promote equality through community initiatives and advocacy.
- measure and publicly report on progress to achieve gender equality.

Diversity Works New Zealand *(former EEO Trust)* provides best practice information and runs the annual Diversity Awards, which are an opportunity for businesses to showcase their diversity initiatives.

Human Rights Commission

Human Rights Commission's Tracking Equalities in the Workplace Tool and women in governance and leadership roles. They have published *Tracking Equality at Work* and have called for a public campaign to increase the numbers of women on boards and targets of 50 percent.

Ministry for Women*:* provides best practice information on how organisations can strengthen the pipeline of women into leadership positions, and has supported private sector-led initiatives such as the 25 Percent Group.

Australia

Australia has the highest percentage of female directors on private boards and the highest percentage holding key leadership positions among the 100 largest listed companies in nine Asia-Pacific countries (Korn/Ferry Institute 2013).

- As at June 2016, 23.4 percent on ASX 200 boards were women; however women are making up 41 percent of *new* appointments to ASX 200 boards.
- There are currently 20 companies in the ASX 200 without women directors.
- As at 31 March 2016, 20.9 percent on ASX 300 boards were women.

Diversity reporting in the private sector

In January 2011, the ASX Corporate Governance Council implemented a diversity policy that recommended that all publicly listed companies set gender diversity targets. ASX reporting guidelines now require listed companies to disclose information about the proportion of women on their board and to provide progress reports. They also need to report on the numbers of women in senior management roles. The ASX's report (2016) which examined how ASX-listed companies had set gender diversity targets found that:

- 98 percent (206 companies) reported establishing a diversity policy or had provided an explanation as to why not
- 61 percent (129 companies) disclosed they had established a diversity policy. Of these 129 companies, 88 percent (114 companies) disclosed that their policies covered more than gender (for example, age, ethnicity, cultural background)
- of the 129 companies with disclosed diversity policies, 59 percent (76 companies) reported to have established measurable objectives for obtaining gender diversity
- the majority of companies disclosed statistics on women including senior level and board representation
- a common reason given by those companies not adopting the diversity recommendations was their 'size and stage'.

The Australian Institute of Company Directors (AICD) has recently produced a table listing the ASX 200 companies by the number and percentage of women on their boards.

To assist companies in implementing the ASX requirements, the Australian Council of Human Rights Agencies (ACHRA) issued a guide on complying with anti-discrimination legislation for federal, state and territory jurisdictions.

Mandatory gender reporting was introduced under the Workplace Gender Equality Act 2012. The Act replaced the Equal Opportunity for Women in the Workplace Act (1999).

The legislation aims to improve and promote equality for both women and men in the workplace. The principal objects of the Act are to:

- promote and improve gender equality (including equal remuneration between women and men) in employment and in the workplace
- support employers to remove barriers to the full and equal participation of women in the workforce

- promote, amongst employers, the elimination of discrimination on the basis of gender in relation to employment matters (including in relation to family and caring responsibilities)
- foster workplace consultation between employers and employees on issues concerning gender equality in employment and in the workplace
- improve the productivity and competitiveness of Australian business through the advancement of gender equality in employment and in the workplace.

The **Workplace Gender Equality Agency (WGEA)** is an Australian Government statutory agency created under the 2012 Act. The Agency is charged with promoting and improving gender equality in Australian workplaces (see www.wgea.gov.au). Staff work collaboratively with employers, providing advice, practical tools and education to help them improve their gender performance, and to comply with reporting requirements. The Agency has collected data from around 4,500 private sector businesses, which it will use to provide benchmarks for industries and companies, which they can use to help improve their gender balance.

Setting voluntary targets on private sector boards

The Australian Institute of Company Directors (AICD) has called for all boards to ensure that 30 percent of their directors are women by 2018. The AICD has promoted a voluntary approach to targets rather than a mandated quota. However, the AICD indicated in 2015 that it may support the idea of mandatory quotas if there hasn't been substantial progress to increase women's participation on private sector boards[11]. In order for the target to be reached, the appointment rate for female directors will need to be at least 40 percent. At the end of 2015 the appointment rate was 34 percent. The Australian Government has not supported introducing quotas but has indicated that it may be open to implementing targets.

The **ASX** and large businesses, including EY, Rio Tinto, Westpac and Telstra, are championing the benefits of gender balance and implementing targets to improve the number of women in their senior management ranks. In January 2011, the ASX Corporate Governance Council implemented a diversity policy that recommended that all publicly listed companies set gender diversity targets. The companies are required to report on their targets and provide explanations if they are not in place.

To assist companies in implementing the ASX requirements, the Australian Council of Human Rights Agencies (ACHRA) issued a guide on complying with anti-discrimination legislation for federal, state and territory jurisdictions.

Length of board tenure

The average length of board tenure is seven years for men and four years for women (Korn/Ferry Institute, 2014). In the latest edition of the ASX Corporate Governance Principles and Recommendations, the ASX Corporate Governance Council (2014) decided not to specify a recommended maximum length of tenure for independent directors after public consultation. Instead ASX listed entities need to explain how the *independence* of directors with more than 10 years' service has not been compromised by an extended length of service.

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[11] http://www.smh.com.au/business/company-directors-may-support-quotas-for-women-on-boards-20151215-glnxnt.html

Scholarship programmes for training

The Board Diversity Scholarships programme, jointly funded by the Australian Government and the Australian Institute of Company Directors provides 70 scholarships; the Victorian Women's Governance Scholarship programme 2014 pays the fees for 34 students for Company Directors course.

Policy, regulatory and legislative settings

Parental leave and childcare entitlements

Employees can get parental leave when a child is born or adopted. Eligible employees who are the primary carer of a newborn or adopted child get up to 18 weeks' leave paid at the national minimum wage. These payments are made to the employer first, who then pays them to the employee.

The Child Care benefit helps with costs for approved and registered care such as long, family or occasional daycare, outside school hour care, vacation care, preschool and kindergarten. Parents are eligible when they:

- use approved or registered childcare
- are responsible for paying the childcare fees
- immunise the child.

A Child Care Rebate covers 50 percent of out of pocket childcare expenses for approved childcare, up to an annual limit of $7,500 per child in addition to any other childcare assistance.

Flexible working arrangements

Certain employees have the right to request flexible working arrangements. Employers can only refuse these requests on reasonable business grounds. Examples of flexible working arrangements include changes to:

- hours of work (eg changes to start and finish times)
- patterns of work (eg split shifts or job sharing)
- location of work (eg working from home).

Employees who have worked with the same employer for at least 12 months can request flexible working arrangements if they:

- are the parent, or have responsibility for the care, of a child who is school aged or younger
- are a carer (under the Carer Recognition Act 2010)
- have a disability (and are qualified for a disability support pension under the Social Security Act 1991)
- are 55 or older.

Key organisations in the private sector, business and NGO sectors

The **Australian Institute of Company Directors (AICD**) is a national organisation with seven state and territory divisions. The AICD is calling for all boards to ensure that 30 percent of their directors are female and urges S&P/ASX 200 companies to meet this new target by the end of 2018. They note that the 30 percent target would apply to all company structures, as the AICD has a broad membership (over 35,000) that extends well beyond the top listed companies to small ASX entities, private business and not-for-profit organisations. However, the AICD recognises that the four-year time frame to achieve the target for ASX 200 boards may not be appropriate for smaller listed and non-listed companies and has not set a specific target date for these organisations to meet it.

AICD has also introduced a range of practical activities to increase the number of women on boards. These include the Chairmen's Mentoring programme, the Diversity Scholarship programme jointly-funded with the Commonwealth Government, a Public Sector Mentoring programme and the Victorian Women's Governance Scholarship.

The **Australian Council of Superannuation Investors** (ACSI) released new governance guidelines which consider recommending against the re-election of directors in companies with limited gender diversity at the board level in October 2015, in follow-up to an ACSI policy released in 2014 that targeted 30 percent women on each ASX 200 board by the end of 2017.

In 2013, the **Business Council of Australia** announced its goal of increasing the number of women in senior roles in BCA member organisations to 50 percent by 2023.

In April 2010, the Sex Discrimination Commissioner, Elizabeth Broderick (of the Human Rights Commission) brought together some of Australia's most influential male CEOs and Chairpersons to form the **Male Champions of Change** group. The group aims to use their individual and collective influence and commitment to ensure the issue of women's representation in leadership is elevated on the national business agenda. The action plan established in 2012 has four themes: stepping up as leaders, creating accountability, disrupting the status quo and dismantling barriers for careers. The group produces an Annual Progress Report, which in 2015 reported, among other things, on achievements in encouraging gender reporting and target setting, promoting pay equity, mainstreaming flexibility and parental leave strategies, and running formal sponsorship programmes. It also reports on changes women's representation in senior management positions in member organisations.

Women on Boards (Australia)
The Women on Boards network was established in 2001 by a group of Australian business women to improve the gender balance on Australian company boards, and has over 21695 members. WOB believes that "targets are essential and quotas will sometimes be necessary to achieve these numbers anytime in the near. Transparency in recruitment and selection processes along with improved corporate governance regimes are critical to ensuring larger numbers of women are on the radar of those making appointments." WOB offers a range of leadership programmes.

Chief Executive Women (CEW)

CEW advocates for gender balance and greater participation of women at all levels of business and governance. In 2015, CEW had a membership of more than 300. It provides a CEW scholarship programme, which in 2014 was valued at $250,000, a Leaders programme for emerging female executives throughout Australia, a Gender Diversity Kit which helps leaders to gather the facts about gender balance within their own organisations and the CEO Conversations programme where members work with CEOs and boards to ensure companies can focus on attracting, retaining and promoting talented women. CEW has also collaborated with Male Champions of Change to create the Leadership Shadow, which is a resource for leaders of organisations of any size who want to better understand how to create an organisational culture that values gender diversity.

Women's Leadership Institute Australia

Women's Leadership Institute Australia (WLIA) works to increase the numbers of women represented in leadership positions, addressing issues such as unconscious bias and structural issues to ensure equality of opportunity for women into leadership positions.

30 percent Club

The 30 percent Club Australia launched in May 2015 with the primary objective of campaigning for 30 percent women on ASX 200 boards by 2018. The 30 percent Club does not support the introduction of mandatory quotas. Membership is open to Chairs, CEs and equivalents, usually of listed companies or leading professional services firms. The Club has a series of working groups including a mentoring scheme and a careers strategy group. The Club is global with chapters in Canada, Hong Kong, Ireland, Italy, Malaysia, the UK, and the US.

The Women's Empowerment Principles Leadership Group

In 2011, UN Women and the UN Global Compact established a Women's Empowerment Principles Leadership Group (WEPs LG) to provide strategic guidance to the WEPs initiative. The WEPs LG represents business, academia, civil society and women's organisations and international institutions.

United Kingdom (UK)

At the end of 2015 women's participation on UK FTSE 100 boards was 26.1 percent (DBIS: Women on Boards, 2015). As at April 2016:

- FTSE 350-59 (16.8 percent) companies have 33 percent or more women directors; 291 companies need to appoint one or more women directors to meet the 33 percent target.
- FTSE 100-20 (20 percent) companies have 33 percent or more women directors; 80 companies need to appoint one or more women directors to meet the target.
- FTSE 250-39 (15.6 percent) companies have 33 percent or more women directors; 211 companies need to appoint one or more women directors to meet the target. Women were far more likely to be non-executive than executive directors.

Of the Scottish-based companies in the FTSE 100, 25 percent of board positions were held by women and at the FTSE 250 level, they represented 18 percent of board positions (Scotland Office, 2015).

In October 2015, the DBIS (2015) noted that, in 2011, 21 FTSE 100 companies had all-male boards; by October 2015 no companies did. In FTSE 250 companies, the number of all-male boards fell from 131 in 2011 to only 15 in 2015.

In a recent survey, 34 Executive Search firms responded to options for future action. Over half (59 percent) supported extending the 25 percent target to all listed companies, while half (52.9 percent) supported extending the scope of work to include executive committees and/or direct reports to executive committees.

A sample of UK Investors (19) also supported extending the 25 percent target to all listed companies (47.4 percent). They favoured extending the target beyond 25 percent for FTSE 350 companies. Over half (57.9 percent) agreed that the scope of work should be extended to include executive committees and/or direct reports to executive committees. However, only 42 percent of investor companies had a policy that clearly covered gender diversity on the boards of FTSE100 and FTSE 250 companies, including voting against the re-election of Chair.

The October 2015 five-year summary report (DBIS 2015) makes five next step recommendations:

- **Voluntary approach:** Continue the national call for action and voluntary, business-led approach for a further five-year period, to ensure substantive and sustainable improvement in women's representation on boards of FTSE 350 companies into the future.
- **Increased target, more chairs and action from all listed companies:**
    - o Increase the voluntary target for women's representation on Boards of FTSE 350 companies, to a minimum of 33 percent to be achieved in the next five years (by 2020).
    - o All stakeholders to work together to ensure increasing numbers of women are appointed to the roles of Chair, Senior Independent Director and into Executive Director positions on boards of FTSE 350 companies.
    - o All FTSE listed companies to assess the gender balance on their boards and take prompt action to address any shortfall.

- **Focus on the executive layer:** FTSE 350 companies to extend the best practice seen at board level to improve gender balance and look to fundamentally improve the representation of women on the Executive Committee and senior-most leadership positions.
- **Independent steering body:** Reconvene an independent steering body, made up of business and subject matter experts with a newly appointed Chair and members, to support business in their efforts, act as a catalyst for sustained progress, monitor and report periodically upon progress.
- **Maintaining momentum:** The newly convened steering body to review the above recommendations and in consultation with key stakeholders, publish more detailed comments as appropriate, at the beginning of 2016.

The five-year summary of the Davies Review (DBIS: Women on Boards, 2015) found three elements contributed to the success of the initiative to date:

- developing a strong business case for change, delivered in language that businesses can understand (eg economic arguments around better talent management, global reputation and competitiveness).
- taking a real partnership approach with key stakeholders, including the business community, investors and executive search firms, government, regulators, academics, the media and women themselves
- monitoring progress on a regular basis to identify trends and highlight good practice.

More recently it has been reported that progress to appoint more women to the boards of the UK's largest companies has slowed compared to 2015 (Cranfield School of Management, July 2016). The report, The Female FTSE Board Report[12] has indicated that:

- Less than a quarter of FTSE 100 board recruits in the six months to March 2016 were women, the lowest level since 2011.
- Fewer than 10 percent of the three most senior positions at FTSE 100 firms were held by women, compared to nearly a third of less powerful non-executive roles.
- FTSE 350 companies remain a long way from Lord Davies' target, staying at just 22 percent and few women continue to be in executive positions
- 15 of the UK's top 350 companies continue to have no women on their boards.

A Scottish report (Sutherland et al, 2015) identifies five other initiatives to support and promote women:

- **Changing the Chemistry** aims to increase board diversity across the public, private and voluntary sectors, with members supporting each other through advice, coaching, identifying and sharing information about board vacancies and a peer-to-peer support network.
- **Equate Scotland** supports women studying and working in the fields of science, engineering, technology and the built environment, including offering training, coaching and support for women throughout their careers and offering advice and training for employers.
- **Engender** works to achieve gender equality in Scotland. In relation to gender equality on boards, their work includes providing consultancy, guidance and/or coaching to organisations on equalities issues and equality-proofing.

[12] file:///C:/Users/Malcolm/Downloads/Female%20FTSE%20Board%20Report%202016.pdf

- **Opportunity Now** is a Business in the Community campaign that seeks to improve women's success at work by providing tailored advice to employers on how to maximise the potential of their female employees and improve their recruitment and retention. A particular focus is on improving the gender balance of leadership progression.
- **An Inspirational Journey** offers a range of programmes and events to help improve the diversity of senior management. These include the Pearls Programme that provides career support to women in middle to senior management to address the "leaking female talent pipeline", the Two Percent Club which acts as The Voice of Corporate Women and ArchEven which supports women and men who have been identified as having the potential to reach executive level within seven years.

Diversity reporting in the private sector

The Financial Reporting Council (FRC) is responsible for the UK Corporate Governance Code, which was first issued in 1992 and is regularly updated. It operates on the principle of 'comply or explain' and sets out good practice, covering issues such as board composition and effectiveness, the role of board committees, risk management, remuneration and relations with shareholders.

Under the Financial Conduct Authority Listing Rules, listed companies are required either to comply with the provisions of the Code or to explain to investors in their next annual report why they have not done so. The 'comply or explain' approach enables judgements about, for example, the composition and performance of the board to be made on a case-by-case basis. It is supported by companies, investors and regulators in the UK, and has increasingly been adopted as a model in other markets.

The Council argues that the inherent flexibility of the 'comply or explain' approach means that it is possible to set more demanding standards than can be done through hard rules. Experience has shown that the vast majority of companies attain these standards. In addition, requiring companies to report to shareholders rather than regulators means that the decision on whether a company's governance is adequate is taken by those in whose interest the board is meant to act (FRC, 2010:8).

The UK Corporate Governance Code issued by the Financial Reporting Council in September 2014 includes five references to gender, beginning with a statement in the Preface:

> One of the ways in which constructive debate can be encouraged is through having sufficient diversity on the board. This includes, but is not limited to, gender and race.

The Code calls for formal, rigorous and transparent procedures for the appointment of new directors to the board. 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. The reporting requirements are spelt out:

> A separate section of the annual report should describe the work of the nomination committee, including the process it has used in relation to board appointments. This section should include a description of the board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives. An explanation should be given if neither an external search consultancy nor open advertising has been used in the appointment

of a chairman or a non-executive director. Where an external search consultancy has been used, it should be identified in the annual report and a statement made as to whether it has any other connection with the company. (Financial Reporting Council 2014:12)

Executive search firms develop voluntary code

Once the Davies Review was published (DBIS: Women on Boards 2011), the search community drafted their own Standard Code of Conduct for recruiting women to FSTE boards. It is now endorsed as best practice by over eighty firms. Three years later the search community drafted a more exacting best practice code, the Enhanced Code of Conduct, this time with hard performance criteria, as well as qualitative measures.

Search firms accredited under the Enhanced Code need to demonstrate that in the previous 12-month period:

- One in three of their FTSE 350 board appointments went to women
- at least four women were appointed with their support to FTSE 350 boards
- they had a proven record of helping women achieve their first appointment to FTSE 350 boards.

In response to a survey, executive search companies identified successful strategies in driving the increase in representation of women on FTSE boards. These were, in order of level of support:

- extending the search process to look deeper and wider into the female talent pool (72.5 percent)
- collaborative effort and the launch of the standard voluntary code of conduct (July 2011) (64.7 percent)
- raising the bar on best practice and the launch of the enhanced code of conduct (50 percent)
- focus on women-specific career management and development programmes (41.2 percent)
- added value services, maximising board effectiveness, long-term succession planning (38. 2 percent).

Lack of executive directors

While as a group, the FTSE 100 companies met the 25 percent target in 2015, success is concentrated in a few companies and there are still 61 FTSE 100 companies that fall short of this target. Progress is heavily weighted in non-executive directorships, with 27.9 percent of non-executive directorships among FTSE 100 companies held by women, in comparison to 8.4 percent of executive directorships. (Note: this had risen to 9.6 percent as reported in DBIS: Women on Boards, 2015). Progress is worse in smaller companies. Among the FTSE 250 group, only 17.4 percent of board members are female and there are 29 companies with no female directors at all (EWL 2015).

The DBIS (2015) report acknowledges the low figure for women as executive directors, but points out that the number of FTSE 100 Executive positions has reduced by more than 10 percent since 2010, with often only the CE and financial director now occupying positions on the board. This means that the number of women in executive positions increased, both in terms of number and proportionally.

The report notes that:

> We anticipated that increasing the number of women Executive Directors would be the longer term challenge, as these are the highest ranking and often highest paid roles in any FTSE company. However, going forward we should expect to see more women move into senior most ranks as we are now five years into the journey. (DBIS 2015:18)

Lack of sanctions

While listed companies are required to report against the Corporate Governance Code, companies face no penalty for non-compliance.

Talent pool

One of the concerns about introducing targets or quotas for women on boards is that a small number of very experienced women will end up sitting on a substantial number of boards. Research reported in the DBIS summary (2015) showed that only 13 percent of FTSE 100 and 20 percent of FTSE 250 women directors held more than one directorship. A fifth (22 percent) of new female director appointments had no previous listed company experience, which suggests that the pool of new talent available for future board positions is expanding. Women came to their directorships with broad experience in non-executive roles, but with less experience in executive roles.

Policy, regulatory and legislative settings

In 2010, the UK Government commissioned a major inquiry into gender equality on private sector boards. The report recommended a voluntary business-led framework, with ten recommended actions for board chairs and CE’s of UK companies, supported by investors and executive search firms. Governments would play a supporting role (DBIS: Women on Boards, 2011).

Key recommendations were that:

- Chairs of FTSE 100 boards set targets for female representation, beginning with a target of 25 percent by 2015.
- Quoted companies (ie companies whose shares can be bought or sold on the Stock Exchange, be required to disclose each year the proportion of women on the board, in senior executive positions and in their whole organisation).
- UK Corporate Governance Code should require listed companies to establish a policy concerning boardroom diversity and disclose their progress.
- Companies should periodically advertise non-executive board positions to encourage greater diversity in applications.
- Executive search firms draw up a Voluntary Code of Conduct addressing gender diversity and best practice.
- Improved training and development of potential women board members be developed and include women from outside the corporate sector (such as academics and senior civil servants).

The five-year summary review (DBIS: Women on Boards, 2015) made a number of recommendations described in more detail below. The main points were to retain the voluntary approach, extend targets and reporting requirements, focus on improving the proportion of women in leadership positions and to set up an independent body to oversee progress.

Parental leave and child care entitlements

In the UK statutory maternity leave entitlement is 52 weeks, made up of:

- Ordinary Maternity Leave (first 26 weeks)
- Additional Maternity Leave (last 26 weeks)
- Statutory Maternity Pay (SMP) is paid for up to 39 weeks.

Mothers get: 90 percent of average weekly earnings (before tax) for the first 6 weeks; £139.58 or 90 percent of average weekly earnings (whichever is lower) for the next 33 weeks. Since 1 April 2015, parents have been able to take shared parental leave. Shared parental leave is designed to give parents more flexibility in how to share the care of their child in the first year following birth or adoption. Parents will be able to share a pot of leave, and can decide to be off work at the same time and/or take it in turns to have periods of leave to look after the child.

Flexible working arrangements

All employees with 26 weeks or more service can request flexible working, which employers in turn must address in a reasonable manner. Options include working from home, part-time working, flexi-time, job sharing and shift working.

Key organisations in the private sector and non-government sectors

The Institute of Directors has been supporting businesses and the people who run them since 1903. It aims to support members, encourage entrepreneurial activity and promote responsible business practice for the benefit of the business community and society as a whole. The Board's website notes that: "The composition of UK Boards should reflect the diversity of UK society as a whole. Having a Board of Directors that resemble one another too closely will not be in the interests of the company's customers, shareholders or employees. A good Board of Directors should look within itself to ensure that the company's interests are being met and that will include a broader participation of gender, race or religion in order to move the business forward. Executive recruitment policies should be changed to ensure this".

The 30 percent Club launched in the UK in 2010 with a goal of achieving a minimum of 30 percent women on FTSE-100 boards. Currently there are 26.1 percent women on boards, up from 12.5 percent in 2010. They recommended five factors for success:

- a measurable goal with a defined timetable
- political consensus that the status quo was unacceptable
- change driven by those in power
- openness to collaborate
- a concerted and consistent series of actions and programmes, from schoolrooms to boardrooms.

Women on Boards (WOB) in the UK has 16,370 members. It aims to help women make the right connections and career choices to get to the top in their own company or to take on a board or committee role as a non-executive director, trustee or governor. WOB provides information, connections and encouragement to ensure more women are appointed to boards across all sectors. It also provides women with a strategic framework for getting a board role and offers pragmatic advice along the way. WOB actively encourages recruiters to open up their field of vision by advertising more board positions.

Canada

In 2015, women made up 31 percent of board members on federally appointed corporate boards, but only 19.4 percent of corporate seats on the Financial Post 500 list of public and private companies. Forty percent of publicly traded companies had no women on their boards. The 2014 Catalyst Census reported on S&P/TSX 60 companies and found that 20.8 percent of board members were women.

The Ontario Government was the first jurisdiction to champion new 'comply or explain' securities law rule amendments to encourage greater representation of women on boards and in executive officer positions. This regulatory approach has now been adopted by 10 Canadian jurisdictions. A review by securities regulatory authorities of the disclosures of issuers with a year-end between 31 December, 2014, and 31 March, 2015, and that filed corporate governance disclosures by 31July, 2015, showed only incremental improvements for women directors. However, it is far too soon to fully assess the impact of the rule amendments (Catalyst, 2015a).

The new Prime Minister of Canada, Justin Trudeau, recently appointed a Cabinet with equal numbers of women and men, because he said, "It's 2015." In other areas, progress continues to be slow.

Canada continues to lag behind other developed nations in terms of gender balance on corporate boards. Although more women than men graduate annually from Canada's universities and colleges, Canadian women continue to be under-represented on boards and in senior management. The challenges faced by women from diverse communities are even more pronounced.

A recent Catalyst report (2015a) argues that to accelerate progress, a more collaborative approach between government and business is needed. Encouraging issuers to set specific targets, implement at least one mechanism to facilitate board renewal and establish a written policy to increase the representation of women on boards could help drive meaning.

Canada has a voluntary target of 30 percent women on boards

In June 2014, a federal advisory council of business leaders recommended a target level of 30 percent female board representation within five years, but rejected a quota system.

The Board of Directors Modernization Act was introduced to the Canadian Parliament on 8 December, 2015. If passed, the Board Modernization Act will require public corporations formed under the Canada Business Corporations Act (CBCA), as well as federally regulated corporations, including Schedule I banks, insurance companies and trust companies, to maintain an approximate gender balance on their boards.

Mandatory reporting using comply or explain model

From December 2014 the Disclosure of Corporate Governance Practices regulations require companies to report on:

- director term limits and other mechanisms of renewal of the board of directors
- policies regarding the representation of women on the board

- the board or nominating committee's consideration of the representation of women in the director identification and selection process
- the issuer's consideration of the representation of women in executive officer positions when making executive officer appointments
- targets regarding the representation of women on the board and in executive officer positions
- the number of women on the board and in executive officer positions.

Policy, legislative and regulatory settings

A Government of Canada Advisory Council was set up in 2012 to develop recommendations aimed at promoting the participation of women on corporate boards. The report recommended that:

- the Government of Canada take a leadership position on gender balance by setting an ambitious goal (30 percent over five years) for public appointments of women
- Canada adopt short-and medium-term goals to achieve 30 percent over five years (2014-2019) for the representation of women on boards in the private and public sectors, recognising that the long term goal is achieving gender balance on boards
- the '**comply or explain'** approach is an excellent way to move publicly traded companies toward an identified goal. Corporations should publish:
    - company-specific goals and timelines within the broad public policy framework
    - associated policies and modalities
    - annual progress reports within existing financial reporting; and
    - explanation of results
- publicly traded companies should report and explain results against their goals, reinforced as required, by regulatory authorities as part of their transparency oversight responsibilities
- Federal Ministers and the Advisory Council work with prominent individual Chairs, FP 500 companies, national business associations, large shareholder groups and advocacy organisations to promote increased representation of women on boards. It would be advantageous and critical to work towards:
    - adopting a strong commitment, sound implementation strategies, and reporting mechanisms, while maintaining flexible approaches
    - making gender balance on boards a priority to be advanced by board governance through policies, human resources, and board recruitment and nomination committees
    - encouraging nomination and recruitment committees and executive search firms to ensure that both qualified women and men candidates are presented for consideration for board vacancies.
- the Government of Canada build on the positive efforts it has achieved, by launching a national initiative to encourage the private sector to attain gender-balanced boards
- the Government of Canada work with business to develop a sustained and deliberate communications strategy, including media outreach and initiatives to celebrate success, in order to demonstrate that increased representation of women on boards is good for business and good for inspiring a new generation of female leaders

- through targeted communication and engagement activities, private companies are encouraged to emulate publicly traded companies and undertake similar measures in their own business interests.

In 2014, the Ontario Securities Commission implemented a mandatory ‘comply or explain’ amendment, requiring businesses to report annually on the gender composition of their boards of directors. Most jurisdictions across the country have followed suit and adopted the same amendments. To complement the efforts of provincial and territorial counterparts, the Government of Canada announced, through Economic Action Plan 2015, its intention to amend the Canada Business Corporations Act to promote gender diversity among public companies, using the ‘comply or explain’ model of disclosure.

Parental leave and childcare entitlements

Entitlements depend on workers’ Employment Insurance arrangements.

Flexible working arrangements

No national policies.

Key organisations in the private sector and non-government sectors

There are a number of leading organisations in Canada promoting the importance of board gender balance, including Catalyst Canada, the Canadian Board Diversity Council and the Women’s Executive Network**.** Both Catalyst and the Canadian Board Diversity Council produce lists of board-ready women and both organisations operate mentoring and championing programmes.

The Catalyst Accord continues to call on Canadian corporations to increase the overall proportion of FP 500 board seats held by women to 25 percent by 2017**.**

Canada has also seen the creation of the Canadian branch of the successful UK initiative, **the 30 percent Club**. The inaugural Chair has been given the mandate to seek Canadian board chairs and chief executive officers to join the organisation and pledge their support for gender diversity on boards. In addition, a number of executive search firms targeting women have emerged in recent years, providing opportunities for the skills and expertise of women business leaders to be showcased.

Nordic countries

In a *Huffington Post* blog, Zahidi (2014) refers to the World Economic Forum's Gender Gap Report and notes the achievements of the Nordic countries. She points out that:

> All Nordic countries reached 99 percent-100 percent literacy for both sexes several decades ago, and girls fare just as well as boys in terms of access to primary and secondary education. At the tertiary level, in addition to very high levels of enrolment for both women and men, the education gender gap has been reversed and women now make up the majority of the high-skilled workforce. In Norway, Sweden and Iceland, there are over 1.5 women for every man enrolled in university, while in Finland and Denmark, women also make up the majority of those in tertiary education.
>
> While many developed economies have succeeded in closing the gender gap in education, few have succeeded in maximizing the returns on this investment. The Nordic countries are leaders in this area; all five countries feature in the top 25 of the economic participation and opportunity pillar of the Global Gender Gap Index. This is because of a combination of factors: high female labour force participation; salary gaps between women and men among the lowest in the world, although not non-existent; and abundant opportunities for women to rise to positions of leadership.
>
> While patterns vary across the Nordic countries, on the whole, these economies have made it possible for parents to combine work and family, resulting in more women in the workplace, more shared participation in childcare, more equitable distribution of labour at home, better work-life balance for both women and men and, in some cases, a boost to waning fertility rates.
>
> Policies in these countries include mandatory paternal leave in combination with maternity leave, generous, state-mandated parental leave benefits provided by a combination of social insurance funds and employers, tax incentives and post-maternity re-entry programmes. Together, these policies have lowered the opportunity costs of having children and led to relatively higher and rising birth rates, as compared to other ageing, developed economies.

Denmark, Sweden, Germany, Finland and Norway score relatively highly in flexible organisation with a little more than half of all employees using some kind of flexibility in their working hours.

Denmark

26 percent of board roles are held by women. In October 2015 the OMX Copenhagen 20 Index[13] reported that women made up 21.7 percent of board members; however, no women were in chair roles (DBIS 2015). A year later, EWOB (2016) reported an increase to 26.5 percent. In 2013 Denmark introduced a requirement to set targets and report against them.

A survey by BCG (Boston Consulting Group 2016) found that Danish companies are behind their Nordic competitors in terms of female leadership. Their survey showed that companies performed better at promoting women into middle management roles, but there was a clear drop-off in the number of women promoted to more senior levels. They identified a number of reasons for this:

- Misperceptions about women's ambition and talents among executives. Many executives believe that a large share of women lack the motivation to seek senior leadership roles.
- A lack of awareness and buy-in from middle management. Even if an executive team and HR leaders are committed to gender diversity, that support may not filter down to middle management.
- A perceived lack of natural next steps. Among other challenges, many female leaders say that there are no natural next steps on the career ladder and that they lack female role models among their leaders.
- A failure to provide enough flexibility. Women leaders do not progress often due to family priorities or a lack of flexible work arrangements that would help women meet their work and their external responsibilities.

The survey suggested five priorities for change. Companies should, with support from the CE, the 'C suite' and boards:

- create transparency and accountability
- use middle managers to promote change
- strengthen career planning for women
- make flexible work arrangements the new norm
- tailor recruiting toward women to increase the pipeline of female talent.

'Comply or explain' reporting

Guidelines for Corporate Governance 2013; from 2008 the 'comply or explain' code requires that diversity must be taken into account in all appointments.

Policy, legislative and regulatory settings

Since April 2013, legislation has required a broad group of companies to work actively toward gender equality. The boards of various Danish companies are required to set targets for the under-represented gender in the boardroom and to adopt policies for increasing the under-represented gender in management positions. These requirements apply to companies with publicly listed shares or debt, large non-listed companies, limited liability companies owned by the government, and governmental institutions.

[13] The OMX Copenhagen 20 (OMXC20, formerly KFX) is the top-tier stock market index for the Copenhagen Stock Exchange, which is part of the NASDAQ OMX Group. It is a market value weighted index that consists of the 20 most-traded stock classes.

Operation Chain Reaction was launched in 2010 and aimed to strengthen the competitiveness of Danish companies by increasing the number of women serving on their boards. It included recommendations for more women on company boards and a set of guidelines prepared by prominent members of the Danish business sector and the Danish Minister of Equality. As with the Charter for Women in Management (see below), participation in Operation Chain Reaction is voluntary. By adopting Operation Chain Reaction, the companies committed themselves to making special and active efforts to train and recruit female candidates to their boards. In 2012, only 55 companies had adopted Operation Chain Reaction.

A number of laws affect the position of women in the labour market. They include: Equal Pay Act 2008; The Maternity, Paternity and Parental Leave and Benefit Act 2006; Act on reimbursement of pregnancy and related payments in the private sector 2005; and the Act on the equal treatment of men and women in occupational social security schemes 2006. In 2014 the Equal Pay Act was amended so that companies with a minimum of ten employees are obliged to make gender-disaggregated pay statistics.

Parental leave and childcare entitlements

The legislation on parental leave covers 52 weeks of parental leave with compensation. Mothers take up the larger share of the parental leave although fathers' share of the leave increased from 7.7 percent in 2010 to 10.2 percent in 2013. A proposal to earmark up to three months of the proposed leave for the father was rejected on the grounds that "there was a risk of the total leave period being reduced if part of the leave would be earmarked for the father but left unused, especially due to lack of economic compensation for salary reduction" (European Union, 2015).

Flexible work arrangements

The Danish labour market is constructed and regulated in a way that ensures you the most productive, flexible and secure working conditions possible. The Danish labour market is internationally known for its 'flexicurity model'. A mix of the terms 'flexibility' and 'security', this concept refers to a welfare state model that combines a flexible labour market with social security for all workers. Most labour market issues are settled by employers and employees rather than by law.

Key organisations in the private sector and non-government sectors

In Denmark, the Charter for more women in management encourages companies to inspire more women to take up management positions and to evaluate their initiatives every second year. The aim of the Charter is "to ensure that women and men have equal opportunities to pursue management careers; to launch specific, measurable initiatives in companies and organisations to increase the proportion of women at all levels of management; and to make sure that public and private sector enterprises deploy all talents". The Charter was developed by five public enterprises and five private enterprises and presented in March 2008. The numbers of enterprises signing the Charter has increased from 70 to more than 110 in 2016.

Finland

According to the DMX Helsinki 25 Index[14], as at October 2015, 29 percent of board members on large companies were women (DBIS: Women on Boards, 2015). Most recent data puts this at 30 percent. The proportions were slightly lower for medium (23 percent) and small (20 percent) companies; that percent of women on boards increased to 31.6 percent in 2016 (EWOB 2016).

In listed companies, the number of women in executive management teams and other executive positions is even lower than the number of women on the boards. In 2012, there was only one female CEO in all of the listed companies in Finland. Only 16 percent of the executive management team members, including CEOs, in listed companies were women in 2012 (19 percent excluding CEOs). In 2012, 36 out of 350 directors for business operations, excluding CEOs, were women, which is 9.3 percent. If CEOs are factored in, the percentage of women among directors for business operations is 7.3. Women with responsibility over business operations are more common in the fields of activity generally dominated by women such as the service sector.

Despite this slow progress, resistance to legal quotas continues. The Government Action Plan for Gender Equality (2012 – 2015) declared that an evaluation of the progress regarding gender equality on company boards would be conducted in June 2014 and if this were not ‘sufficient’, legislative measures would be undertaken (EWL, 2015).

Mandatory quotas and targets

There are no mandatory quotas for the private sector in Finland. Despite not having The Government-led action led has increased women’s participation at in senior management and on private and state-owned boards.

The Government set a target in in 2004 for state-owned enterprises to have 40 percent of women on boards. Companies reached this target by 2009. The percentage of listed companies in Finland with women board members has increased to 91 percent in 2014. The Finnish government is considering whether there is a need for legislation on quotas. This is not supported by the Finland Chamber of Commerce and the Directors’ Institute of Finland that would rather promote self-regulation as a means to progress the numbers of women on boards (Deloitte, 2015).

Length of board tenure

A board member’s independence is reviewed yearly once they have been on a board for more than ten years. The review does not look at the need for diversity.

Policy, legislative and regulatory settings

The main legislation on diversity is the Act on Equality between Women and Men which was passed in 1992 and has been amended several times since then.

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[14] OMX Helsinki 25 (OMXH25, formerly HEX25) is a stock market index for Helsinki Stock Exchange. It is a market value weighted index that consists of the 25 most-traded stock classes.

‘Comply or explain’ approach

The Finnish Securities Market Association Corporate Governance Code (CG Code) states that “both genders shall be represented on the board.” Listed companies must follow the CG Code on a ‘comply or explain’ basis (ie they must specify and explain the basis for each deviation on their website and in their annual Corporate Governance Statement). The application guidelines for the CG Code state that it is not a sufficient rationale for not having women on boards for a company to state that a suitable women director could not be found or that it was a decision of the Annual General Meeting not to include women directors.

Despite the growing number of women board members, an equivalent gain has not been seen in CE positions. There are currently only two women CEs heading Finnish listed companies.

Parental leave and childcare entitlements

The combined maternity and parental leave results in about 280 weekdays. Finland also has paternity leave which the Government has been trying to make more appealing to new fathers. Maternity leave lasts for 105 weekdays and for the first 56 days the mother retains about 90 percent of her salary. After this period, the mother gets about two-thirds of her pay. Nearly all mothers take maternity leave. About 70 percent of Finnish fathers take paternity leave which lasts for 18 weekdays. Fathers do not get the initial period where they retain 90 percent of their salaries. Instead, they receive about 70 percent of their salaries. In addition to maternity and paternity leave, Finland also offers parental leave.

ECE is organised in day-care centres and schools free of charge for all children. Participation became compulsory in August 2015.

Flexible working arrangements

According to a study by Grant Thornton International (2014), 92 per cent of companies surveyed around the world rated Finland as the country which provides the maximum flexibility at work. Denmark, Sweden, Germany, Finland and Norway score relatively highly in flexible organisation with a little more than half of all employees using some kind of flexibility in their working hours.

Key organisations in the private sector and non-government sectors

The Finland Chamber of Commerce organises a mentoring programme for women executives in order to assist women in developing experience and confidence in preparation for leadership positions. The **Finnish Business and Policy Forum EVA** has published best practices on how to get women to the top in the business world.

Board Professionals Finland (BPF) has over 140 female members, representing high quality and successful women directors active at executive and top levels in different organisations and companies. It aims to strengthen diversity on boards through public discussions, professional networking and seminars as well as inspiring activities for the members. Regular activities include seminars, training programmes, mentoring programmes, networking with other women leaders’ organisations in Finland. The association has decided to strengthen its international networking and collaboration in order to create a platform for seeking cross-border directorships for its members.

Iceland

Between October 2011 and April 2014 there was a 25 percent increase in the number of women on boards. In 2015, 46 percent of board members and 9 percent of CEs were women (EWL, 2015). Women board members are in general younger than male members and more likely to have a university degree. In contrast to other European countries, the number of women on Icelandic business boards is higher in small companies.

Mandatory quotas

In March 2010, quotas set at 40 percent by 2013 for companies with 50+ employees. While the Icelandic quota laws have been quite successful, there are no penalties for failing to abide by the rules and no request to explain why the rules are not followed. Most people support the quota laws, but women, those with university education and the older generation, are most supportive. In 2012 only 11 percent of women board members were critical of the quota legislation compared to 38 percent of their male counterparts. It is still too early to see if the gender quotas result in more women being promoted to leading positions in business in general, not only the boardrooms (EWL 2015:15).

Policy, regulation and legislation settings

A noted above, in 2010 the Icelandic Government adopted mandatory quota of 40 percent women on boards, which took effect on 1 September 2013. This applied to publicly owned and publicly limited companies with more than 50 employees. In 2008, Iceland legislated for at least 40 percent male/female representation on boards and in senior management in public corporations.

The **Centre for Gender Equality** is a national bureau which administers the Equal Status and Equal Rights of Women and Men Act (No. 10/2008). The aim of the Act is to establish and maintain equal status and equal opportunities for women and men. The Centre provides counselling and education on gender equality, for governmental and municipal authorities, institutions, companies, individuals and non-governmental organisations. Iceland has other legislation supporting gender equality including: the Gender Equality Act (2008); Maternity, Paternity and Parental Leave Act (2000) and various measures to enhance health and safety in the workplace, including support for pregnant and breastfeeding women.

Parental leave and childcare entitlements

Women's participation in the labour market in Iceland is the highest in the world at 88 percent (Rudolfsdottir, 2014). Childcare is heavily subsidised; in Reykjavík a married couple would pay the equivalent of £132 per calendar month for eight hours of childcare a day (includes food); a single parent would only pay £78.

Each parent is entitled to three months of parental leave; with an additional three months that parents can decide how to jointly use. This is the longest parental leave entitlement for fathers in the world, which they cannot pass on to the mother. In the 1990s schools began reorganising the school day so that children could stay at school while their parents were at work. Children receive meals at school at a reasonable cost and have the option of participating in special after school activities in the afternoon.

Flexible working arrangements

The Icelandic labour market is flexible. In November 2008, the Unemployment Insurance Act (2006) was changed in order to allow employees, who had been asked by their employer to work shorter hours, to obtain unemployment benefits so that they could be compensated for any fall in earnings. There is an ongoing debate on whether to shorten the working week, which is currently 40 hours (Plantenga and Remery, 2010).

Key organisations in the private sector and non-government sectors

In May 2009 the **Confederation of Icelandic Employers** (SA), together with FKA (Félag kvenna í atvinnulífinu in Icelandic - Association of Women Business Leaders in Iceland) and the Iceland Chamber of Commerce agreed to increase the proportion of women on boards andin management to be not less than 40 percent by the end of 2013 (Blondal and Bendixen 2012).

The **Icelandic Women's Rights Association** (IWRA) was established on 27 January, 1907 in Reykjavik. The main focus of IWRA is equality between elected officials in the Parliament and the municipalities, as well as gender balance in leadership positions in both public and private companies. They are also looking to address issues such as violence against women, prostitution, trafficking in women and the gender pay gap.

Six percent of Icelandic men are **HeforShe champions** and is encouraging more men to sign up.

Norway

The percentage of board roles held by women in 2016 has increased to 41 percent
In the EWL (2015) report, the General Manager of The Norwegian Institute of Directors commented:

> In 2006, the decision to introduce a minimum 40/60 percent gender balance for boards of directors was highly controversial. Today, acceptance is more or less universal, and we hear seasoned business executives and board chairs saluting the add-on effect of bringing about a general professionalization of board director recruitment, and of making boardrooms more diverse. So while I would like to have seen more rapid change in the C-suite and on the boards of smaller companies, I am confident that in the long run the gender fabric of business in general will change. More women than men are now completing university degrees, and with better results, and generous family policies are enabling men and women to split family leave between them. That said, change must be not only desired, but also monitored and nurtured. More so than today, companies need to build diversity into their long-term recruitment and succession planning, and women need to pursue opportunity, and be ready to take on responsibility when opportunity knocks.

Mandatory quotas

At least 40 percent of board members of listed and non-listed public limited companies, inter-municipal companies, state companies, municipal companies and cooperative companies must be women. The EWL (2015) reported that there has been no further progress in terms of reaching 50/50 representation among companies which are subject to the quota, with a one percentage point drop from 41 percent in 2012 to 40 percent in 2014. A 2014 study, led by Marianne Bertrand of the University of Chicago, could not find any evidence that the quota legislation had made any significant difference to the gender pay gap, or to women reaching other senior roles. “The reform had very little discernible impact on women in business beyond its direct effect on the newly-appointed female board members.”

Policy, legislative and regulatory settings

In February 2002, the Government set a deadline of July 2005 for private listed companies to raise the proportion of women on their boards to 40 percent. By July 2005, the proportion was only at 24 percent. In January 2006 legislation was introduced giving companies a final deadline of January 2008, after which they would face fines or even closure.

Full compliance was achieved by 2009. Norway has increased from 9 percent women on boards in 2003 to 40 percent in 2012.

Only 25 percent of women were in favour of a quota approach and some companies opposed a quota approach on the basis that they should be free to choose who to appoint and there could be negative perceptions that women were not being appointed on merit. A number of companies relocated or changed its incorporation status to avoid the complying with the quota (Sutherland, McDougall and Glass 2015:34).

The Working Environment Act addresses the rights of the individual employee, with regard to the working environment, including health and safety. The Act also provides regulation on employment protection, protection against discrimination, employee rights in relation to transfers of undertakings, as well as rights of information and consultation of employees (that are not covered by collective agreements).

Parental leave and childcare entitlements

In Norway, statutory parental leave is either 49 weeks at 100 percent salary or 59 weeks at 80 percent salary to be divided between both parents, but with some constraints as to how much a mother and father must take. By law the mother must take nine weeks of that leave for herself. The father is entitled to take two weeks paid leave when the baby is born and must take an additional 14 weeks of paid leave. Parents need to decide how to use the remaining weeks.

Flexible working arrangements

All employees are entitled to flexible working hours, in agreement with their employer.

Key organisations in the private sector and non-government sectors

When the quota scheme was introduced in 2003, the **Norwegian Employers' Association** created a Female Future training programme which focused on management development, the role and task of a board director, networking and presentation skills. Companies identify talented women for the programme and motivate them to take up management and board positions at the end of a two-year period. The programme remains active but only a few public limited companies still participate.

Professional Women's Global Network offers The Executive Forum, a customised programme that provides:

- increased visibility
- personal branding and executive presence
- leadership development opportunities
- international events and seminars
- exposure to executive search companies
- participation at customised conferences.

Sweden

The OMX Stockholm Index reported that the percentage of women on boards was 36 percent The numbers of women in senior positions in the private sector is low and greater numbers work in the public sector.

The Swedish labour market is still highly segregated and pay differences remain. More women are in more part-time work than men.

Voluntary targets

Companies are required to “strive for gender parity on boards”.

Mandatory reporting

Companies are required to report on gender breakdowns at both board and senior management levels.

Policy, legislative and regulatory settings

Deloitte’s (2015:64) report notes that:

> In Sweden, the debate about gender balance in the boardroom is intense. The topic is frequently raised and discussed by journalists, politicians, and shareholders alike. The Swedish Corporate Governance Board has published a number of initiatives to promote increased gender equality in listed companies. These initiatives are based on a self-regulation policy. In October 2014, the Swedish government declared that it will review the gender balance in the governing boards of listed companies after the annual general meetings in 2016. If the proportion of women is not at least 40 percent by 2016, a legislative proposal on quotas will be presented.

Guidelines for Corporate Governance 2004, updated in 2007 and 2010, require companies to strive for gender parity on boards.

The Equality Ombudsman is a government agency that fights discrimination and protects equal rights and opportunities for everyone. The Equality Ombudsman reviews situations concerning gender equality in the workplace, the school system and other areas. It is also responsible for ensuring that the law regarding parental leave is followed and that parents who go on leave are not adversely affected at work.

The Equality Ombudsman primarily oversees compliance with the Discrimination Act 2008. This law prohibits discrimination related to gender, transgender identity or expression, sexual orientation, ethnicity, religion or other belief, disability or age. The Minister for Gender Equality is ultimately responsible for gender equality issues. However, all ministers are required to ensure that a gender equality perspective is mainstreamed into their ministries and their areas of responsibility.

Parental leave and childcare entitlements

Parents are entitled to share 480 days, or around 16 months, of paid parental leave when a child is born or adopted. This leave can be taken by the month, week, day or even by the hour. Women still use most of the days, with men taking around one-fourth of the parental leave on average. Ninety days, or around three months, of leave are allocated specifically to each parent, and cannot be transferred to the other. A single parent is entitled to the full 480 days.

Public childcare is guaranteed to all parents and it operates on a whole-day basis: most childcare facilities are open from 6.30 a.m. until 6.30 p.m. Pre-school is free for children aged between three and six for up to 15 hours per week. Parental fees are directly proportional to parents' income and inversely proportional to the number of children in a family. The fee can be up to 3 percent of the family's monthly income, but no more than 1,260 SEK (about €146) per month. The parental fees cover, on average, only 11 percent of the real cost of a place in pre-school which means that the cost for childcare is heavily subsidised.

Flexible working arrangements

At least 60 percent of men and women access some form of flexible working arrangements in Sweden. Staggered hours are an important form of flexible working time schedules. Parents have a right to flexible work until their child is eight years old (Plantenga and Remery 2009).

Key organisations in the private sector and non-government sectors

The programme "Styrelsekraft" ("Board power") is run by a private company, **ALMI Företagspartners,** and aims to increase the numbers of women on boards. The programme includes board training, networking and mentorship. The participants are provided with a mentor for a year and they receive financing for a board training class of their own choice. The majority of the women participating in the programme have been appointed to board roles.

Allbright is a non-profit foundation which:

- promotes diversity in Swedish directorates
- reports yearly on the diversity and gender equality of Swedish companies and publishes the results in its annual report The Allbright Report
- seeks to inform public opinion through media, social media and debates
- has developed a global measurement tool of equality - EDGE in Sweden.

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European Union (EU) countries

On 14 November 2012, the European Commission adopted a proposed Directive to achieve 40 percent of the 'under-represented sex among non-executive directors in publicly listed companies by 2020'.

Small and medium-sized companies (companies with less than 250 employees and an annual turnover not exceeding EUR 50 million) are exempt, while publicly owned companies will have to comply by 2018.

In practice, this means that men and women are to be treated equally on the basis of their relevant skills and experience, and, if candidates are equally qualified, priority should be given to the 'under-represented sex'.

If member states already have measures in place, these can be maintained as long as they are at least equally as effective as the proposed Directive. Member states are free to further develop their responses to diversity.

While these measures only refer to non-executive positions, the Directive also includes a measure seeking to increase women's representation on executive boards. In the vast majority of EU-28 countries, the proportion of women on executive boards is far lower than on non-executive boards. In an attempt to tackle this aspect of the problem, the proposed Directive requires companies to set their own, self-regulatory targets to increase the proportion of female executive directors and to report annually on progress made. These self-imposed targets will have to be met by 2020, or, in the case of publicly owned companies, by 2018. Non-compliance and sanction arrangements were left up to the member states (EWL, 2015).

The EWL views certain aspects of the proposed Directive as weak and notes that it does not go far enough to bring about real change. Particularly concerning are the:

- lack of uniform, tough sanctions
- exemption of small and medium companies from the legislation
- lack of binding measures for executive directorships
- lack of measures to address the lack of women in CE positions.

In March 2011 the EU Justice Commissioner challenged all publicly listed companies in Europe to sign up to the Women on the Board Pledge for Europe and commit voluntarily to increasing women's participation on corporate boards to 30 percent by 2015 and to 40 percent by 2020.

In November 2012 the Commission proposed legislation that would seek to increase the percentage of women filling non-executive board-member positions in publicly listed companies to 40 percent, with the exception of small and medium enterprises. The proposal has been opposed by the British government and others.

Deloitte's most recent report (2015) notes that several EU member states have introduced different types of national regulation for company boards. Eleven have used legal instruments to promote a better gender balance on corporate boards (Belgium, France, Italy, the Netherlands, Spain, Portugal, Denmark, Finland, Greece, Austria and Slovenia). These measures vary considerably by country with respect to targeted quotas, the scope of the companies covered, deadlines for implementations and sanctions for non-compliance. European Commission advises that independent directors should not serve longer than 12 years (EY, 2013).

In other European countries, equal-access legislation is being considered. This, along with voluntary initiatives that have been developed in almost all EU member states, including those that have already introduced legislative or administrative quotas, strives to address the gender imbalance in decision-making positions. These initiatives can take the form of national corporate governance codes that address gender diversity on boards; charters that companies may sign and that establish quantitative goals; voluntary targets set by businesses; and coaching, training, mentoring, recruiting and networking programmes aimed at promoting more women directors on boards.

Austria

In 2015, women made up 16 - 17 percent of board roles in listed companies, ATX 20 companies and the 200 top companies. This was an increase from 10.7 percent as at 1 May 2014. As at 2015, there were no women board chairs or women CEs in the companies.

There is a gap between the number of women on state-owned and private sector boards (European Women's Lobby, 2015). State-owned companies have made significant progress in appointing women to their boards and have exceeded an intermediary target set for state-owned companies, reaching 33 percent in 2014.

Mandatory quotas

The Austrian Council of Ministers implemented a quota for supervisory boards in March 2011, applying to companies in which the state's ownership equals or exceeds 50 percent. These companies were required to have 25 percent representation of women on their boards by the end of December 2013, increasing to 35 percent by the end of 2018. These quotas apply only to supervisory board members who are nominated by the ministry and not to the entire board.

Voluntary targets

In 2012, the Code of Corporate Governance included an interim target of 25 percent by 2013 for companies and SOEs, rising to 35 percent by 2018.

Mandatory reporting

For listed companies, there is an obligation to report on the initiatives taken to promote women into leadership positions in their corporate governance reports. The latest amendment to the corporate governance code (January 2015) requires companies to state the current percentage of women in management positions and at board level, as well as the measures taken to promote women in these positions for the year.

Policy, legislative and regulatory settings

The Austrian Code of Corporate Governance was revised in 2012 by a Working Group based in the Office of the Representative for Capital Market Development and Corporate Governance, Federal Ministry of Finance. The Code applies primarily to Austrian exchange-listed companies including exchange-listed European companies (Societas Europaea) registered in Austria. Companies voluntarily undertake to adhere to the principles set out in the Austrian Code of Corporate Governance.

Austria has a number of laws that impact on women and work. These include the 2004 Equal Treatment Act; Federal Equal Treatment Act; Maternity Protection Act; Fathers Leave Act; Child Care Allowance Act; General Social Insurance Act; Unemployment Insurance Act and the Civil Code.

A UN Women report (2015) summarises Austria's commitments to gender equality:

> Vowing to tackle gender stereotypes, Austria will expand gender-sensitive vocational orientation and educational guidance, and encourage women in science and

technology. Ongoing implementation of the National Action Plan on Gender Equality in the Labour Market will address the high gender pay gap and strengthen income transparency. Other actions will aim to reconcile family work, for women and men, and extend child-care facilities. Intensified mentoring and training programmes will encourage women to stand for elections on all political levels, while women's roles in company management and board positions will also be promoted.

Parental leave and childcare entitlements

Maternity leave starts eight weeks before the expected birth date and lasts for a further eight weeks afterwards (12 weeks in the case of multiple births or a caesarean birth). Mothers are compensated at a level corresponding to their average earnings in the last three months before starting their maternity leave.

Parental leave can be claimed until a child turns two. Part of this leave can be after this. Since 2010 parents have had the choice between two schemes of childcare allowance: flat-rate childcare allowance that they can claim whether or not they were employed prior to the birth of the child, and an income-related childcare allowance. The latter is designed to give parents who earn more the opportunity to withdraw from the labour market for a limited period of time to look after their children. The number of fathers who receive the allowance has increased since the new system was introduced. Payment of a full childcare allowance is linked to five medical examinations during pregnancy and five check-ups of the child. These examinations are free of charge. In 2010 pre-school education became compulsory. It is provided free of charge.

Flexible work arrangements

In 2004 the right to part-time work for parents was introduced. Parents can switch from full-time to part-time work until the child's seventh birthday if they work for a company with at least 20 employees and if they have been employed with the company for at least three years. During the period they work part-time, these employees are entitled to the usual protection against dismissal and the right to return to full-time work.

Key organisations in the private sector and non-government sectors

In Austria, professional networks and leadership training are provided by the Federal Ministry of Economy, Family and Youth, the Federation of Austrian Industries and the Austrian Federal Economic Chamber.

Woman in Business is a network within the Austrian Federal Economic Chamber for 100,000 female entrepreneurs in Austria. Women lead around 33 percent of Austrian companies. One focal point is lobbying for a better reconciliation of family and entrepreneurship.

Women on Chamber Boards is part of the EU project "Women on board of local development" started in 2007. The aim of the project is to promote women in decision-making positions within the Chamber. This project is a follow-up to the project "Chamber against stereotypes".

Zukunft.Frauen is a programme for women leaders initiated by the Austrian Federal Economic Chamber, together with the Federation of Austrian Industries and the Federal

Ministry of Economy, Family and Youth. It aims at the promotion of women in decision-making positions. Zukunft.Frauen activities include: workshops, network building and mentoring with top-class lecturers and expert discussions. It has also developed a publicly accessible database for women in supervisory boards.

Belgium

The BEL 20 Index reported that women made up 28.5 percent of board roles in October 2015 (DBIS 2015), up from the 23.4 percent reported in the Catalyst 2014 Census.

Women's employment rate is lower than men's, and women are more likely to work part-time. Companies in Belgium have also been slower to implement comprehensive gender diversity programmes than other countries in Europe (McKinsey and Company, 2012).

Mandatory quotas

A 33 percent quota for women on boards was mandated in 2011 to be achieved by 2017.

Mandatory reporting

Compliance must be reported annually under Code of Corporate Governance.

Policy, legislative and regulatory settings

Belgium passed a law on 28 July, 2011 requiring boards of state-owned and listed companies to comprise at least one-third of each gender by 2012 (state-owned companies), 2017 (listed companies) or 2019 (listed SMEs). The quota applies to the board as a whole, considering executives and non-executives together. Any appointments after these dates which do not meet the quota requirement will be considered void. Failure to comply with these schedules will result in nominations being void and directors' benefits being suspended.

The Corporate Governance Committee was established on 22 January, 2004. The Committee was created on the initiative of the Banking, Finance and Insurance Commission (FSMA), the Federation of Enterprises in Belgium (FEB) and Euronext Brussels. In May 2007, the Committee became a private foundation and was expanded to include certain stakeholders, such as the Institute of Registered Auditors, the Central Economic Council (CEC) and the Belgian Association of Listed Companies. Belgian listed companies are obliged to refer to the Belgian Code on Corporate Governance 2009.

Parental leave and child care

Women have the right to paid maternity leave (15 calendar weeks), which is lower than the average maternity leave duration of 23 weeks in the EU as a whole. Nine weeks of this maternity leave must be taken after childbirth and at least one week has to be taken before the baby's due date. Parental leave can be taken in one of the following ways: four months full-time leave from work, eight months working half-time or 20 months of work at 80 percent of normal working hours. These different modalities, available to both parents, can also be combined in a flexible manner. For instance, one month off work could then be followed by six months working half-time.

Flexible work arrangements

In, the Belgian Government introduced the Time Credit scheme in 2002 to improve the work-life-balance. Employees have the option of putting their career on hold, with an entitlement to one year's time credit during their working life (full or part-time). During this period they receive a part of their wage from their employer, complemented with state allowances from the National Employment Office and their social security and working rights are protected during the times out of work.

Key organisations in the private sector and non-government sectors

In May 2009, the Ministry of Equal Chances of the Flemish Region, along with chambers of commerce and the Belgian Institute of Directors, established a programme to promote the representation of women on company boards and in management positions. The programme includes coaching initiatives and the establishment of a public database of male and female director candidates.

A branch of **Women on Boards** (WOB) has been working in Belgium since 2009, offering mentoring and training opportunities. The initiative's main goals are to create a pool of women ready to serve on boards and to provide Belgian companies with access to that pool.

Accelerate! is a three-year EU-funded project run by the Sofia Foundation in Brussels that provides support for on boards and women in the media. It was funded under the EU's PROGRESS programme and launched at the Deauville Women's Forum in October 2014. The Women on Boards working group has developed a searchable database of board-ready women across Europe from diverse educational and professional backgrounds who are looking for board roles in SMEs, public and semi-public institutions, NGOs, and charities. They have published a guide for organisations wishing to create a resource database, which will include a toolkit with recommendations for board selection criteria, guidelines for selection committees to assess applications, online questionnaires for applicants, needs analyses, and tips for awareness raising and brokerage events. Working group members come from Belgium, Italy, Poland and Portugal.

The **Belgian Institute for the Equality of Women and Men** published a status report on the application of the 'quota-law' for boards of directors.

France

Women representation on boards in France is at 37 percent and exceeds the intermediary 2014 target of 20 percent (Catalyst 2015). More than nine out of 10 French companies have at least one woman on their board, and over half of French companies have at least three female directors (EWL, 2015).

The labour market in France is highly segregated occupationally. Women are frequently over-represented in occupations that are characterised by low salaries and limited professional development; 30 percent of women work part-time.

Mandatory quota

France set a mandatory quota of 20 percent women on boards by 2014 for all listed companies and companies that have 500+ employees and revenue of €50m or more. This will rise to 40 percent by 2017. The mandatory quota was extended to companies with 250+ employees or those with revenue of €50m or more on 4 August 2014. Where companies do not comply, fees will not be paid to the directors. Recruitment agencies increasingly look internationally to meet the set quotas.

Mandatory reporting

In anticipation of the quota legislation, AFEP-MEDEF, representing the largest listed companies in France, adopted recommendations related to board composition in its Corporate Governance Code (April 2010). The Code includes a 40 percent threshold subject to a 'comply-or-explain' approach.

Policy, regulatory and legislative settings

The Gender Equality Law was introduced in 2011. This was enabled by a change to the French constitution in 2008 (the Cope-Zimmermann Law). As noted above, France set a mandatory quota of 20 percent women on boards by 2014 for all listed companies.

The legislation was amended in August 2014 so that there must be at least a 40 percent representation of both genders on the boards of:

- companies whose shares are admitted to trading on a regulated market
- companies, listed or not, with revenues or total assets over 50 million euros, employing at least 500 people (250 people effective January 1, 2020) for three consecutive years. For companies with boards comprising eight directors or fewer, the difference between the number of directors of each gender should not be higher than two.

This will be effective from 1 January 2017.
Since January 2014, companies whose shares are traded on a regulated market have been required to reach a 20 percent representation of women directors by their first annual general meeting.

France's Corporate Governance Code notes that directors no longer qualify as being independent if they have been on the board for more than 12 years as they are considered as not meeting the board criteria of independent directors.

A number of pieces of legislation underpin efforts to improve gender equality including the creation of a High Authority Against Discrimination and For Equality in 2004, amendments to anti-discrimination and equality legislation on pregnancy, maternity protection, and on maternity, parental and paternity leave in 2009.

Parental leave and child care entitlements

Women on maternity leave receive their full salary for 16 weeks (26 weeks if it is their third child). Fathers are entitled to 11 consecutive days of paternity leave with pay. The Act for Real Equality between Women and Men (4 August 2014) amends the “supplement for free choice of activity” (CLCA) to implement an equal share of the parental leave. This measure intends to support women returning to work and to evenly distribute parental responsibilities between the couple.

France has developed a comprehensive system of childcare and pre-school services. Nurseries welcome infants from two months (or at the end of maternity leave). They are managed by local authorities, businesses or parent associations. Pre-school is free and benefits 92 percent of children aged between three and six years. Thirty-nine (39) percent of children under three years attend childcare services[15].

Flexible work arrangements

Flexible working arrangements have been offered in France for some time. Recent legislation introduced the concept of work flexibility. This was not only for the benefit of the employees, but also to allow businesses to adapt to change. Recent laws facilitate the use of short-term work in order to avoid redundancies and the annualisation of working time to avoid overtime payments in periods of high activity.

Key organisations in the private sector and non-government sectors

Twenty-seven companies have signed agreements with the Ministry of Women’s rights on the feminisation of management positions, including those on executive committees. Ten more agreements are underway.

Several organisations give awards to companies that successfully promote gender equality.

The Annual Capitalcom Barometer on GenderMixed Work publishes a gender-based ranking of the forty main French companies listed on the stock market. The aim is to raise awareness on gender equality and motivate companies to take action to improve their performance. Criteria for the ranking include the percenaget of women on boards, women employees and work undertaken towards gender equality.

The Accelerate! organisation operates in France.

Voxfemina advocates for women in the media, as interviewers and panellists.

Association des Femmes Diplômées d’Expertise Comptable Administrateurs (AFECA) actively promotes getting more women accountants on boards.

[15] 2013 data

Germany

The percentage of women on boards is at 27 percent. This is an increase from 21.3 percent of women on boards in 2015 (DBIS: Women on Boards, 2015[16]) and up from 18.5 percent reported in the Catalyst 2014 Census (Catalyst 2015).

Mandatory quota

In March 2011, Germany passed legislation requiring major companies to allocate 30 percent of non-executive board roles to women. The quota of 30 percent is low compared to other European countries. EWL (2015) noted that the new legal requirements are weak, will affect around 100 German companies and only discuss supervisory board positions (where female employee representatives already boost the proportion of women on boards). Around 3,500 companies will be subject to self-regulation plans, where there are no sanctions in place for not meeting the targets that the companies have set themselves.

Mandatory reporting

Supervisory and management boards must report on targets and progress in their annual reports.

Policy, regulation and legislation settings

Initiatives that support gender equality include the General Act on Equal Treatment 2006; the Federal Law on Parental Allowance and Parental Leave in 2006; the 2001 Federal Law on Furthering Gender Equality.

Germany's legislation requiring major companies to allocate 30 percent of seats on non-executive boards to women has been gradually introduced from 2016 as new board positions become available. Positions on boards that have been allocated to women have to remain empty until they are filled by women. Companies that are either listed or have employee representation on their supervisory boards will be required to set their own targets to increase the proportion of women on executive and supervisory boards as well as in top management positions.

The German Corporate Governance Code (2014) for listed companies contains recommendations to promote greater gender diversity on supervisory and management boards of directors.

Parental leave and childcare entitlements

As an employee, a parent is entitled to parental leave until their child's turns three. Their job remains open and their contract cannot be terminated by their employer. Parental leave can be taken by the mother and father individually or jointly. Provided the employer consents parents can ask for a maximum of 24 months parental leave for children born from 1 July 2015 and who are aged between two and seven years.

[16] The DAX is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange.

The parental allowance is roughly two-thirds of the claimant's previous income (at least 300 up to a maximum of 1,800 Euro). It is paid for twelve months. If mothers and fathers share the parental allowance, they receive a joint parental allowance for a maximum of 14 months. Each parent can draw a minimum of two and a maximum of twelve months' parental allowance.

For births from 1 July 2015 onwards, parental allowance is available as:

- a basic parental allowance which corresponds to the previous parental allowance arrangement
- Parental Allowance Plus. Mothers and fathers can use this entitlement to combine parental allowance and part-time work. Parents who return to work early on a part-time basis receive parental allowance for a longer period. Parental Allowance Plus amounts to a maximum of half the amount of parental allowance but it is paid for twice as long.

Since 1 August 2013, every child between the ages of one to school entry age has the legal right to early childhood support in a daycare centre or day nursery. Although the German Länder and municipalities are primarily responsible for providing childcare facilities or day care centres, the Federal Government provides extensive financial and qualitative support for the needs-based expansion of daycare services for children younger than three years.

Flexible working arrangements

There is no government legislation on flexible working arrangements. There has been some growth in flexible working arrangements and numerous statutory provisions offer flexible working models.

The Federal Ministry for Family Affairs, together with business and the unions, promotes a family-friendly working environment and provides support for employers. Initiatives include the business programme Success Factor Family and the Family-conscious Working Hours initiative.

Key organisation in the private sector and non-government sectors

Companies in the DAX30 have announced their individual targets for increasing the numbers of women in management positions, ranging from 12 percent to 35 percent women, with various deadlines for achieving these targets.

Since 2006 **FidAR** has been striving for more women to be appointed to the supervisory boards of German companies. FidAR is an independent non-partisan German network for women and men, who support the idea of equal chances.

The **European Women's Lobby** advocates for companies to implement stronger measures to address the imbalance in the number of women on boards.

Italy

The percentage of women on board roles is now 30 percent. This increased from 22.2 percent in June 2014, 17.8 percent in 2013, 11.6 percent in 2012 and 7.4 percent in 2011. There has been an increase in the number of diverse-board companies, from 135 to 220, for the same time period. More than 90 percent of companies have both genders represented on their boards[17].

Mandatory quotas

The quota was originally set for the board of state-owned companies. It was set at 20 percent women on boards by 2012, and then 33 percent in the second and third renewals of board roles. The expectation is that the 33 percent quota will now apply to companies listed on the stock exchange. Failure to comply may include fines and directors losing their board role. However, a lack of application of sanctions and the temporary nature of the legislation (it is due to expire after the third renewal of the board role) raise concerns about whether the targets will actually be reached or maintained.

Policy, legislative and regulatory settings

In 2011 the Gender Parity law was passed, which fixed gender quotas. The implementation of strict sanctions means that there is high motivation to meet new requirements. The Italian Securities and Exchange Commission (CONSOB) can change the composition of companies' boards and impose fine of up to €1m.

Underpinning legislation includes a Code of Equal Opportunities between Men and Women 2006; implementing the EU Directive on the principle of equal treatment for men and women on access to employment, vocational training and promotion and working conditions.

Women Mean Business: The PROGRESS project, co-funded by the European Commission and Economic Growth-Promoting Gender Balance in Company Boards aimed to promote balanced representation of women and men in economic decision-making. Papers analysed in detail the transparency of hiring processes at different stages of a woman's career, the participation of women in top management and the participation of women in decision-making positions. The report provides best practice guides on how to support women leadership in business, including how companies could support women by developing specific work-life balance policies.

Parental leave and childcare entitlements

Reforms were put in place in 2015 aimed at giving more maternity protection and increasing work-life balance for employees. Mothers will be able to make up the days of maternity leave lost due to premature childbirth, even when this exceeds the compulsory period of five months of maternity leave. Mothers may also suspend and reactivate their maternity leave in the event of the hospitalisation of their child. In addition, the period during which parents can share parental leave of 10 months has been increased from eight to 12 years. The period in which parents receive payment of 30 percent of their salary during paternity leave has also been extended from when the child is aged three to when the child is six. It is also possible

[17] 2014 Report on Corporate Governance of Italian Listed Companies published by CONSOB.

that employees will be able to request that an employer changes their employment contract from full-time to part-time for the duration of parental leave.

Flexible work arrangements

Provisions for flexible working have been provided in law and in national collective agreements for some time. Part-time work is popular. The provisions mainly target parents, people with medical conditions or those who need to assist relatives with severe health problems.

Key organisations in the private sector and non-government sectors

Valore D was founded in 2009 by 12 large companies in Italy in order to support women's leadership business. It now has 144 members. Valore D promotes an innovative corporate structure to address gender bias and provide women managers with the tools and knowledge relevant to support their career development. It has proposed a new cultural model that includes the full participation of women in the economic and social life of the country. Through the programme 'In the Boardroom', Valore D is helping over 200 women in business, academia and politics to strengthen their competencies and skills.

Companies can support women by identifying career paths based on talent and merit, creating talent pools on which they can draw for senior positions and by promoting the recognition of different leadership styles. A programme, launched in 2012, with GE Capital, Linklaters and Egon Zehnder, encourages companies to identify potential candidates and provides participants with training, coaching and networking opportunities, as well as with information and support in applying for board positions.

PWN/Global Network offers a mentoring programme.

Professional Women's Association/Women on Boards launched an initiative in 2008 to promote skilled and experienced board-ready women.

Netherlands

28 percent of board members were women according to AEX[18]. This is an increase from 19.5 percent as at May 2014 and the 2014 Catalyst Census figure of 21 percent.

Voluntary target

Companies must 'strive to have' 30 percent women on boards by 2016; this requirement is likely to be extended to 2019.

'Comply or explain' reporting

There are no sanctions for companies that do not comply. However companies that do not meet the target have to explain why in their annual report. The most common argument used by companies for not meeting the 30 percent gender quota is that there are not enough women suitable for board roles. In response, the culture minister and the chair of the largest employers' organisation in the Netherlands have jointly announced plans to establish a database for board-ready women.

All Dutch listed companies are legally required to apply the rules of the Dutch Corporate Governance Code (Code Frijns), on a 'comply or explain' basis in their annual reports. The Code states that the supervisory board should make a profile sketch of its size and composition, taking into account the expertise and background of its members. The ode further requires the profile to contain specific objectives with regard to gender diversity. The profile should be publicly disclosed.

Policy, legislative and regulatory settings

On 1 January, 2013, the Dutch Management and Supervision Act became effective. One of its main elements is the introduction of a gender quota, stating that executive and supervisory board members should be at least 30 percent male and 30 percent female by 2016. The appointment of the remaining 40 percent is at the company's discretion. The guidance applies to listed and non-listed companies that meet two out of the following three criteria:

- A balance sheet greater than €17.5 million.
- Gross annual revenue larger than €35 million.
- An average number of employees of at least 250.

A 2015 news release notes that: Based on current representation data, the Dutch government is likely to extend its gender targets for women on company boards to December 2019. The bill which applies to 4,900 companies is currently being discussed with relevant bodies in the Netherlands. It aims at having at least 30percent men and 30percent women on executive and supervisory boards.

[18] The AEX index, derived from Amsterdam Exchange index, is a stock market index composed of Dutch companies that trade on NYSE Euronext Amsterdam,[2] formerly known as the Amsterdam Stock Exchange. Started in 1983, the index is composed of a maximum of 25 of the most actively traded securities on the exchange

There are various pieces of legislation in place supporting the equal treatment for women and men in employment, including in labour contracts and equal pay.

Parental leave and child care entitlements

Mothers are entitled to 16 weeks paid leave. Leave must start four weeks before birth (up to six weeks can be taken before the birth), with 10 weeks after the birth. It is obligatory to take leave. Mothers are paid 100percent of earnings up to a ceiling equivalent to the maximum daily payment for sickness benefit (€194.85). It is funded from the unemployment fund, which is financed by employers contributing 4.15 percent of employees' earnings.

With parental leave, the entitlement is 26 times the number of working hours per week per parent per child. For example, a full-time job of 38 hours a week gives a leave entitlement of 988 hours (ie 26 weeks). Leave is an individual, non-transferable entitlement. Leave has to be taken part-time; full-time is only possible when the employer agrees. So in the example given above, the worker would work 50 percent of normal working hours (ie 19 hours) for 12 months. Other part-time options are possible (eg fathers often take only one day of parental leave per week, which enables them to extend the period of leave over a longer period). Parental leave is unpaid, but all parents taking parental leave are entitled to a tax reduction of €4.24 an hour for each hour of leave.

Flexible working arrangements

In 2000, the Netherlands adopted the Working Hours Adjustment Act (Wet Aanpassing Arbeidsduur) giving workers the right to choose their work hours. The Working Hours Adjustment Act says (in part):

- The employee may ask the employer to adjust work hours, if the employee is employed by that employer at least one year prior to the intended commencement date of that adjustment.
- The request for adjustment of working hours must be made in writing to the employer at least four months before the intended commencement date of the adjustment.
- The employer shall consult the employee about his request.
- The employer shall grant the employee's request for adjustment of working hours in so far as it concerns the commencement date and the size of the adjustment, unless serious business or service interests dictate otherwise.
- This Article does not apply to an employer with fewer than 10 employees.

A survey found that, during two years, 15 percent of all employees applied for reductions in hours. Of these requests, 60 percent were fully accepted, 11 percent partially accepted, 11 percent rejected and the rest were pending.

Key organisations in the private sector and non-government sectors

Since 2007, **Talent to the Top** has been the main national gender diversity initiative in the Netherlands. Founded with a government subsidy that has been gradually reduced, the initiative engages the government, social partners and all sectors of business on the basis that gender diversity will only become an accepted norm if the business case is clearly understood and communicated. Organisations that sign up for the Charter of the Talent to the Top Foundation develop their own targets and timetables to increase the numbers of women in senior management and on boards. They submit annual detailed reports on their progress to the Talent to the Top Monitoring Commission, which also provides individual feedback to signatory organisations. Since its introduction, growth in the share of women in top management amongst the Charter signatories has grown. Two hundred organisations, covering a workforce of over 650,000 employees, have now signed the Charter (BIAC, 2012).

The **Professional Women's Network** (PWN Amsterdam) offers mentoring and leadership programmes.

Women on Boards works with Global Women to maintain a database of senior women.

Spain

The percentage of board positions held by women is at 20 percent, up from 6.2 percent of board roles in 2006. This proportion rose to 19.5 percent in 2015, as reported by the IBEX 35 (DBIS: Women on Boards, 2015).

Voluntary target

In 2007, the Government proposed a 40 percent target by 2015 for public companies and large listed companies. In 2015, the financial securities regulator noted that, by 2020, companies are expected to have at least 30 percent of women on boards. The Government has adopted a partnership model, signing agreements with individual companies.

'Comply or explain' reporting

Companies that do not comply with the Good Governance Code recommendations must explain why.

Policy, regulation and legislation settings

Spain passed gender equality law in 2007 obliging public companies and IBEX 35 companies with more than 250 employees to reach a minimum of 40 percent women on their boards within eight years (2015). Companies reaching this quota would be given priority status in the allocation of government contracts. There are no formal sanctions.

In March 2015, the National Securities Market Commission, Spain's financial securities regulator, recommended in the Good Governance Code of Listed Companies that women with appropriate business backgrounds should be considered when appointing new directors. The Good Governance Code recommends a 12-year limit for independent directors. Recommendation 14 notes that by 2020, companies are expected to have at least 30 percent of board seats reserved for women. Listed companies that do not comply with this recommendation must provide a suitable explanation.

Parental leave and childcare entitlements

Statutory maternity leave in Spain is currently 16 weeks' paid leave from work, of which six weeks must be taken after the birth. To qualify for this, the woman must have been registered with the social security office and made contributions for at least 180 days during the seven years before the birth of the child, or alternatively 360 days throughout their working life. The mother also has the right to take one year unpaid leave after the maternity leave. Although tt is possible to take up to three years unpaid leave and return to the same employer, after one year the employer is not obliged to offer the mother her previous role.

Fathers are entitled to 30 days' paternity leave (depending on their job). If there are complications for either the baby or the mother, the father is entitled to a longer period of leave.

Flexible working arrangements

Employees are entitled to submit a request to reduce the number of working hours, but employers may refuse such requests. Employees with children below the age of six or with relatives who need care have the right to reduce the working day as long as it is taken with a proportionally lower wage.

Key organisations in the private sector and non-government sectors

In January 2014, 31 Spanish companies (including 12 of the IBEX 35 companies) signed an agreement proposed by the Ministry of Health, Social Services and Equality to increase the number of women in senior management positions to at least 20 percent within four years (EWL 2015).

The Ministry of Equal Opportunities, the European Economic Area Grants[19], ESADE Business School[20] and the Spanish Confederation of Employers' Organisations started the project **"Promociona**" in 2011 (another phase was implemented in 2015). It aims to change the situation of the boards of directors of private companies in Spain by signing collaborating agreements with private enterprises. To participate, women must have had at least 15 years of expertise and have held a position of responsibility within their company. The project includes an academic programme at the ESADE Business School, individual mentoring and coaching, 2.0 communities[21] and many networking activities. In 2015, 80 women currently in middle management who had participated in the programme were expected to move into senior management.

EOI, Spain's school of industrial organisation, together with the secretary of Social Services and Equality, implemented a project in 2013/2014 specifically directed at women in middle management who wanted to progress to more senior levels.

In 2010, the Association of Organisations of Mediterranean Businesswomen (AFAEMME) developed the project 'Implementing gender policies in decision-making positions in SME's' to raise awareness among SME's about the social and economic benefits of promoting a higher number of women to decision-making positions. AFAEMME identified the barrier stopping women accessing senior positions in five Spanish regions, and proposed policies and measures to support women manage their career with family's commitments, develop role models in the enterprises, mentoring programmes and promote flexible working hours.

The **Women's Institute in Spain** seeks to improve the work-life balance for men and women in Spain.

[19] The EEA Grants and Norway Grants are the financial contributions of Norway, Iceland and Liechtenstein towards the reduction of economic and social disparities in the European Economic Area (EEA) and to strengthen bilateral relations with 16 EU and EEA Member States in Northern, Central and Southern Europe

[20] leading Spanish Business School in MBA and Executive Education

[21] Web 2.0 communities involve large numbers of users and communication between members is carried out in real time.

The United States (US)

As at 1 May 2014 the percentage of women on boards was 21.2 percent. Reports on how successful initiatives have been vary, depending on their data source:

- According to DBIS: Women on Boards report (2015), women made up 16.9 percent of NASDAQ 100 boards in October 2015.
- The 2020 Campaign report on its Gender Diversity Index showed that, in 2015, women made up 18.8 percent of board members in Fortune 1000 companies, an increase from 14.6 percent in 2011.
- In the top Fortune 100 companies, the percentage reached 22.9 percent, up from 19.6 percent. Forty-five percent of these companies had 30 percent or more women on their board.
- The 2014 Catalyst Census based its findings on information from 502 S&P companies, and found that 19.2 percent of board members were women (Catalyst 2015).
- The Credit Suisse (2014) figure was much lower at 13.7 percent. It is not clear which companies this survey covered.

Commentators (Catalyst, Fortune, McKinsey and Company) note that women are often appointed to roles that involve less decision-making such as human resources, public relations and communications, and finance and administration, which means that they can progress only to a certain point an organisational. In recent years the percentage of women in top management positions and on corporate boards has stalled, with little change in the last eight years.

Mandatory quotas

There are currently no quotas for women on boards or in senior management positions.

Mandatory reporting

A recommendation of the Securities Exchange Commission (SEC) is for companies to disclose whether gender is a consideration when directors are named; if so, how the policy is implemented and effectiveness evaluated.

Voluntary targets

- 2020 Women on Boards campaign – to increase the percentage of women on US company boards to 20percent or more by 2020.
- 30 percent Coalition, founded in 2011, strategies include: working directly with companies, supporting legislative efforts at all levels of government and mobilising executives to publicly advocate for gender diversity.
- Every Other One campaign where companies are encouraged to appoint one woman director for every man appointed.
- 40 percent target on all Fortune 1000 and S & P 500 companies.

Policy, legislative and regulatory settings

The Office of Minority and Women Inclusion (OMWI) was established at the SEC in July of 2011 and is responsible for ensuring that diversity and inclusion are leveraged throughout the agency to advance the SEC's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) authorises certain federal financial agencies to assess the "diversity policies and practices of the entities they regulate." On 10 June, 2015 six federal agencies issued a joint policy statement establishing standards for assessing those policies and diversity practices. Commentators note that while the policy statement provides a useful framework for identifying important components of an effective diversity and inclusion effort aimed at expanding employment and contracting opportunities for women and minorities and evaluating such progress, it is a voluntary compliance scheme that does not require employers to implement the standards.

The standards focus on five areas:

- promoting organisational commitment to diversity and inclusion
- evaluating and improving workforce profiles and employment practices
- improving procurement and business practices related to supplier diversity
- promoting practices that make workforce and supplier diversity and inclusion efforts transparent and public
- conducting annual self-assessments and disclosing related information.

The US Securities and Exchange Commission introduced a new code in December 2009, requiring the disclosure of how board nomination committees consider diversity in selecting candidates for board positions.

Parental leave and childcare entitlements

The US is one of only three countries in the world that does not guarantee paid maternity leave. The closest thing it has is the Family and Medical Leave Act (FMLA), which became law in 1993 and allows qualified employees to take 12 weeks of unpaid, job-protected leave for specific family and medical reasons. Having a baby, or caring for an adopted child, falls under this category.

To be eligible, women must have worked at least a year for the employer and work for a:

- company with at least 50 employees
- public agency
- public or private elementary or secondary school

More than 40 percent of US workers do not meet all of FMLA’s requirements, and even if they qualify for leave, many cannot afford to take unpaid leave.

Only 12 percent of US workers in the private sector get paid family leave through their employer (Department of Labor).

California was the first state to pass a law providing partial payment to workers who take time off after the birth of a baby. Since 1 July, 2004, the California Paid Family Leave Act, funded by workers themselves, has provided up to six weeks of leave at approximately 55 percent of a worker’s wage. The new San Francisco law requires that businesses with 20 or more workers cover the remaining 45 percent of wages. San Francisco is the first US city to mandate fully paid family leave. New Jersey and Rhode Island also provide partially paid family and medical leave, for up to six weeks and four weeks, respectively. As in California, the paid leave is financed by employee payroll deductions.

Flexible work arrangements

A comprehensive federal-based programme addressing flexible working arrangements does not exist in the US.

Flexible work has been introduced by employers where there is a need to retain and attract employees who have with family responsibilities or where they are complying with the legal requirements (eg to accommodate qualified employees with a disability). Arrangements such as working from home and/or adjusted work hours at either the beginning or end of the day are more commonly used in the US.

Key organisations in the private sector and non-government sectors

Thirty Percent Coalition: An organisation supported by asset managers, state pension funds, and women's organisations that aims to increase women on listed company boards to 30 percent by the end of 2015 (this was not reached). In March 2014, the coalition launched an initiative, Champions of Change, a group of seven CEOs and business leaders from prominent US companies who will act as advocates to encourage a greater gender balance on US boards.

The 30 Percent Club: This is based on the UK 30 percent Club and was launched in the US in April 2014. The 30 Percent Club seeks to actively promote efforts to reach a 30 percent representation of women on boards by 2015 (this was not reached). Founding members include CEOs and the chairs of large US private and public companies.

The **2020 Women on Boards** campaign was launched in 2010 and aims to increase the percentage of women on US company boards to 20 percent by 2020. The organisation conducts research into the gender composition of the boards of directors of US companies. The campaign has a database of public and private companies that it categorises on the composition of their boards. The 2020 Gender Diversity Index is a subset of the directory and is based on the 2010 Fortune 1000 list of companies. In June 2015, the group was instrumental in passing a non-binding resolution in the state of Illinois that urges publicly held corporations to have a minimum of three women directors on boards of nine or more and a minimum of two women directors on boards with fewer than nine directors, within the next three years. With no movement at the federal level for gender quotas of this kind, advocacy groups are currently targeting state governments; Illinois is the second US state to pass such a resolution after the state of California. A similar resolution to encourage corporate gender diversity is making its way through the Massachusetts state legislature but has not yet been officially passed.

The Alliance for Board Diversity: Operating since 2004, this collaborative effort among four nationally known diversity-focused organisations has the goal of strengthening shareholder value via the inclusion of women and minorities in corporate boardrooms.

Catalyst: Founded in 1962, Catalyst describes itself as "the leading non-profit membership organisation expanding opportunities for women and business. With offices in the United States, Canada, Europe, and India, and more than 600 members, Catalyst is a resource for research, information, and advice about women at work and undertakes regular surveys on various aspects of women on boards.

Appendix Two

Data sources

Information for this review was drawn from a range of sources. Policy data has been obtained through internet searches. The review prioritised sources such as EU websites that compare country data using a consistent format.

Information on parental leave and childcare entitlements has been drawn from official websites wherever possible, as has the information on flexible working conditions.

Most of the reviews draw on stock exchange information (eg the Catalyst survey summarised in the table below). The Egon Zehnder European Diversity Analyses draws on BoardEx data, which consolidates public domain information on the board of directors and senior management of publicly quoted and large private companies.

There are some issues on the comparability of the data sources. At least six organisations[22] that undertake regular surveys of women's representation on boards across a range of countries use different databases.

The review also considered the policy, legislative and regulatory settings that support women's career trajectories. These include government policies on mandatory quotas or voluntary targets, requirements to report and/or to have a diversity policy, partnerships with business, and family friendly policies such as flexible working arrangements, parental leave and access to childcare. Most of this information was based on official information sources in each country. Information on business initiatives and the work of advocacy and lobby groups has been sourced through an internet search.

Table One compares the Catalyst and Egon Zehnder survey information, as well as information from other statistical sources as appropriate. It also considers the policy, legislative and regulatory settings that support women's career trajectories. These include government policies on mandatory quotas or voluntary targets, requirements to report and/or to have a diversity policy, partnerships with business, and family friendly policies such as flexible working arrangements, parental leave and access to childcare. Most of this information was based on official information sources in each country. Information on business initiatives and the work of advocacy and lobby groups has been sourced through an internet search.
As the table shows, although sample sizes and survey designs vary considerably, the results tend to be similar.

Table 1 **COMPARISON BETWEEN TWO DATABASES**

	CATALYST 2015		EGON ZEHNDER 2015	
Country	**Index + (no. of companies included)**	**Women's share of board seats percent**	**Index + (no. of companies included)**	**Women's share of board seats percent**

[22] See: Catalyst 2015, Credit Suisse Research Institute 2014, Deloitte 2015, Egon Zehnder 2014, European Women's Lobby 2015, Korn/Ferry Institute 2013.

Australia	S&P/ASX 200 (202)	19.2	BoardEx (30)	22.6
Austria	ATX (20)	13.0	BoardEx (6)	10.7
Belgium	BEL-20 Institutional Index (20)	23.4	BoardEx (7)	20.2
Canada	S&P/TSX 60 (60)	20.8	BoardEx (50)	18.3
Denmark	OMX Copenhagen Index (19)	21.9	BoardEx (8)	20.2
Finland	OMX Helsinki 25 Index (22)	29.9	BoardEx (6)	32.1
France	CAC 40 Index (40)	29.7	BoardEx (58)	28.5
Germany	DAX Index (30)	18.5	BoardEx (44)	16.6
Iceland	EWL (2015)	46.0	No data	
Italy	EWL (2015)	19.0	BoardEx (19)	20.2
Netherlands	AEX Index (27)	21.0	BoardEx (22)	19.5
New Zealand	**NZX Index (125)**	**17.0**	**BoardEx (5)**	**17.8**
Norway	OBX Index (24)	35.5	BoardEx (7)	38.9
Spain	IBEX 35 Index (35)	18.2	BoardEx (20)	15.5
Sweden	OMX Stockholm 30 Index (29)	28.8	BoardEx (21)	27.5
United Kingdom	FTSE 100 Index(101)	22.8	BoardEx (70)	22.6
United States	S&P 500 (502)	19.2	BoardEx (100)	21.2

The New Zealand information in columns two and three comes directly from NZX; New Zealand, Iceland and Italy are not included in the Catalyst survey; Iceland is not included in the Egon Zehnder survey.

Table Two has compared the ranking of women on boards taken from the two surveys in Table One.

Table 2 RANKING OF WOMEN ON BOARDS IN TWO DATABASES

	CATALYST 2015		EGON ZEHNDER 2015	
Country	**Index + (no. of companies included)**	**Women's share of board seats percent**	**Index + (no. of companies included)**	**Women's share of board seats percent**
Iceland^	EWL (2015)	46.0	No data	
Norway	OBX Index (24)	35.5	BoardEx (7)	38.9
Finland	OMX Helsinki 25 Index (22)	29.9	BoardEx (6)	32.1
France	CAC 40 Index (40)	29.7	BoardEx (58)	28.5
Sweden	OMX Stockholm 30 Index (29)	28.8	BoardEx (21)	27.5
Belgium	BEL-20 Institutional Index (20)	23.4	BoardEx (7)	20.2
United Kingdom	FTSE 100 Index (101)	22.8	BoardEx (70)	22.6
Denmark	OMX Copenhagen Index (19)	21.9	BoardEx (8)	20.2
Netherlands	AEX Index (27)	21.0	BoardEx (22)	19.5
Canada	S&P/TSX 60 (60)	20.8	BoardEx (50)	18.3
Australia	S&P/ASX 200 (202)	19.2	BoardEx (30)	22.6
United States	S&P 500 (502)	19.2	BoardEx (100)	21.2
Italy	EU Commission	19.0	Boardex (19)	20.2
Germany	DAX Index (30)	18.5	BoardEx (44)	16.6
Spain	IBEX 35 Index (35)	18.2	BoardEx (20)	15.5
New Zealand	**NZX Index (125)**	**17.0**	**BoardEx (5)**	**17.8**
Austria	ATX (20)	13.0	BoardEx (6)	10.7

The New Zealand information in columns two and three comes directly from NZX; New Zealand is Iceland and Italy are not included in the Catalyst survey; Iceland is not included in the Egon Zehnder survey

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