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Abstract

Since Norway passed the first quota mandate for women's representation on corporate boards in 2003, governments have looked to gender quotas as a tool to accelerate gender equality. Though the effects in Norway were at first mixed, as the so-called "golden skirt" problem resulted in only a few women occupying multiple board seats, several European countries followed Norway's footsteps and mandated some form of gender quotas on corporate boards.

France passed the quota law of 2011 to increase women representation at the highest corporate level in the country's largest firms. In this article, I examine the early effects of the quota. By examining board members of firms that were affected by the law (those in the CAC 40 Index) and comparing them to the slightly smaller public firms (the CAC Next 20), I find that France has thus far avoided its own 'golden skirt' situation: the 2011 law has resulted in a significant increase in the total number of women who hold corporate board seats. In addition, I find that the French law has had a greater impact than may have been anticipated, as firms not compelled under the 2011 law to add women to their boards have followed the path of the largest French firms and increased representation of women among directors. First, a history of gender diversity and quotas in corporate boards is provided. Then, by examining the percentages of women in different boards the papers explains the current situation in France. Finally, I point to paths for future research by proposing a more thorough analysis of the characteristics of these women.

Keywords

gender diversity, corporate board seats, France, women

Disciplines

Business

Gender Diversity in Corporate Boards in France:

An Analysis

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An Undergraduate Thesis submitted in partial fulfillment of the requirements for the

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May 2017

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Since Norway passed the first quota mandate for women's representation on corporate boards in 2003, governments have looked to gender quotas as a tool to accelerate gender equality. Though the effects in Norway were at first mixed, as the so-called "golden skirt" problem resulted in only a few women occupying multiple board seats, several European countries followed Norway's footsteps and mandated some form of gender quotas on corporate boards.

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Keywords: Gender diversity, corporate board seats, France, women

Introduction:

Women have traditionally been underrepresented in all levels of the corporate ladder. Studies show that gender discrimination explains at least some of this underrepresentation. Koch et al.¹ found that for male-dominated jobs, men were preferred, whereas there was no significant discrepancy for female-dominated or gender-integrated jobs. Perhaps to compensate, women feel pressure to be omnipresent, always working, sometimes at the expense of their own health and family. Surveys conducted by Abt Associates in 2012 found that 25% of mothers surveyed went back to work within just two weeks of giving birth, even if it was against medical advice.² Although the problem of gender bias is particularly felt in the United States, European countries have also struggled with it. In France, employment levels of women are 7% lower than those of men, according to a study by the European commission published in 2016.³ Women representation is feeble at the highest levels of the corporate ladder, contributing to less representation in all other levels. Numerous European countries have taken steps to address this issue by imposing quotas, a policy meant to at best, dramatically increase board gender diversity, and at the very least, invite companies to reconsider their hiring decisions. As the IMF also

¹ Koch, A. J., D'mello, S. D., & Sackett, P. R. (2015). A meta-analysis of gender stereotypes and bias in experimental simulations of employment decision making. *Journal of Applied Psychology, 100*(1), 128-161. <http://dx.doi.org/10.1037/a0036734>

² Abt Associates Inc. (2012). Appendix F: Tables of Detailed Results. *Managing for World Class Safety*, 230-262. doi:10.1002/9781118591444.app6

³ Employment statistics. (n.d.). (2016). http://ec.europa.eu/eurostat/statistics-explained/index.php/Employment_statistics#Employment_rates_by_sex.2C_age_and_educationa_l_attainment

noted in 2014, women's economic participation is a "part of the growth and stability equation".⁴ Women's representation is feeble at the highest levels of the corporate ladder, which contributes to lower representation in all other levels. Numerous European countries have taken steps to address this issue by imposing quotas, a policy meant to, at best, dramatically increase board gender diversity, and, at the very least, invite companies to reconsider their hiring decisions

Women's presence on corporate boards is still at its early stages, as men continue to claim most board positions. Sweden, Norway, Spain and France are among the countries that have used a hard quota to increase the number of women on corporate boards. France passed a law in 2011 requiring companies with more than 500 employees or with a yearly turnover of €50 million or more to have at least 40% of board seats occupied by women by the end of 2016.⁵ While the 40% may at first seem arbitrary, if we consider that boards tend to have 9 or more members, the goal is to establish the same number of women or men in a board of that size, so that both sides are equally heard.

It is undeniable that the effect of women on boards must be examined. However, before one can delve into their effectiveness and their interactions with their male counterparts in driving firm strategy, it is crucial to understand the characteristics of these women. Why were they chosen? What attributes do boards seem to be looking for? Do social networks and other traditional board selection factors play a role when legislation requires the board to act a certain

⁴ Elborg-Woytek, K. et al. (n.d.). Women, Work, and the Economy: Macroeconomic Gains from Gender Equity. Retrieved March 1, 2017, from Women, Work, and the Economy: Macroeconomic Gains from Gender Equity

⁵ Werdigier, J. (2011, February 24). In Britain, a Big Push for More Women to Serve on Corporate Boards. Retrieved February 27, 2017, from <http://www.nytimes.com/2011/02/25/business/global/25board.html>

way anyway? Do companies respond to legislation by taking concrete measures to increase diversity in a way that will impact their firm strategy or are women simply tokens to be added in an already well-functioning board? In this paper, I will try to provide answers to some of these questions by examining the effect the French quota has had on gender diversity by delving into board composition of the largest 60 companies in France. First, a history of gender diversity and quotas in corporate boards is provided. Then, by examining the percentages of women in different boards the article explains the current situation in France. Finally, I point to paths for future research by proposing a more thorough analysis of the characteristics of these women.

A History of Corporate Gender Diversity:

In 1963, *The Feminine Mystique* by Betty Friedan ignited the movement advocating for workplace gender equality. Friedan denoted inequality “the problem that has no name” and managed to illustrate the frustration of college-educated housewives who were left unfulfilled and trapped. Friedan alludes to an internal struggle women often face and have not been able to dispel:

The chains that bind [the suburban housewife] in her trap are chains in her own mind and spirit. They are chains made up of mistaken ideas and misinterpreted facts, of incomplete truths and unreal choices. They are not easily seen and shaken off.⁶

Friedan managed to spark a movement, inviting women to seek fulfillment outside of the house and reclaim their right to work. Numerous steps have been taken since then in the right direction, starting with Title VII of the Civil Rights Act of 1964, which prohibits workplace discrimination

⁶ Friedan, Betty. 1963. *The feminine mystique*. New York: W.W. Norton & Company, Inc., 32.

based on race, color, religion, sex, and national origin.⁷ The law had a clear impact in female employment, with the percentage of employed women increasing steadily from around 32% in 1964 to 48% in 1992.⁸

Though the flow of women into the paid workforce has been fast, a small trickle of women have risen to the top of large corporations. In particular, women have been underrepresented on corporate boards relative to their share of the workforce, both in the United States and internationally. Corporate boards help drive the strategy of firms, and cover issues from financial policy to corporate and social responsibility. Gender diversity in positions of power has been in the forefront of research for years, yet it is only recently that the debate on competence to serve on boards has focused on the selection process and decision-making impact of women. While many have pointed to “the glass ceiling” as one of the main reasons women cannot rise in top managerial positions, there are other factors at play, such as the ownership structure of firms and absence of legislation, that have only recently started to be examined.⁹ In addition to a moral argument for diversity and women’s advancement, research suggests that greater gender diversity on corporate boards would enhance their effectiveness. Daehyun and Starks argue that women bring unique skills to the table that serve to enhance firm performance.

⁷ Title VII of the Civil Rights Act of 1964. (n.d.). Retrieved February 27, 2017, from <https://www.eeoc.gov/laws/statutes/titlevii.cfm>

⁸ Cohen, P. (2012, November 06). Converging Toward Equality: Female Employment From 1964 to Today. Retrieved February 27, 2017, from <https://www.theatlantic.com/sexes/archive/2012/11/converging-toward-equality-female-employment-from-1964-to-today/264625/>

⁹ Nekhili, Mehdi, and Hayette Gatfaoui. 2013. "Are Demographic Attributes and Firm Characteristics Drivers of Gender Diversity? Investigating Women’s Positions on French Boards of Directors." *Journal Of Business Ethics* 118, no. 2: 227-249. Business Source Complete, EBSCOhost (accessed September 18, 2016).

By providing additional expertise, women enhance boards' advisory effectiveness.¹⁰ Team composition at the highest level is strongly correlated with innovation¹¹, and thus, gender diversity and the unique skills women bring to the table, should be promoted.

According to Adams and Kirchmaier, women in the STEM and Finance (STEM&F) industries feature lower representation of women on corporate boards that in other fields.¹² While it comes as no surprise that corporate boards seats tend to be filled by men in these industries, since women are underrepresented in these fields throughout the corporate ladder, it is crucial that corporate leadership teams and policy makers consider how to make boards more diverse. Moreover, Burgess and Tharenou provide a review of the characteristics of the women who have made it into the 'old boys club'. They examine factors such as the proactive creation of networks, self-promotion techniques, training and career development, which can all contribute to women attaining board directorship positions; they suggest the need to examine data across more countries.¹³

¹⁰ Kim, Daehyun, and Laura T. Starks. 2016. "Gender Diversity on Corporate Boards: Do Women Contribute Unique Skills?†." *American Economic Review* 106, no. 5: 267-271. Business Source Complete, EBSCOhost (accessed September 18, 2016).

¹¹ Bantel, K. A. et Jackson, S. E. (1989). "Top management and innovations in banking : does the composition of the top team make a difference?" *Strategic Management Journal*, 10, 107-124.

¹² Adams, Renée B., and Tom Kirchmaier. 2016. "Women on Boards in Finance and STEM Industries†." *American Economic Review* 106, no. 5: 277-281. Business Source Complete, EBSCOhost (accessed September 18, 2016).

¹³ Burgess, Z., & Tharenou, P. (2002). "Women board directors: Characteristics of the few. " *Journal of Business Ethics*, 37(1), 39–49.

A report published by EY in 2014 alludes to the fact that there are more men named John on company boards in the US than there are women.¹⁴ In the UK, a name check study performed by The Guardian had similar findings; there are more men named John running FTSE100 companies than there are women.¹⁵

History of Women in Corporate Boards:

The history of women in corporate boards has been a long one. Norway was the first country to pass a law requiring that in boards of more than nine members, 40% of seats are filled by women in 2003.¹⁶ By mandating gender diversity in the board room, Norway managed to increase female representation by 31%, from 11% in 2003, to 42% by 2008.¹⁷ Norway is a special case, in that the country already had measures promoting gender equality on the corporate ladder before the board quota mandate was adopted. Starting with the Norwegian Equality Act of 1978, gender quotas have been a common policy in Norway to promote equality

¹⁴ EY. (2014). Women on US Boards: what are we seeing? . Retrieved from [http://www.ey.com/Publication/vwLUAssets/EY_-_Women_on_US_boards:_what_are_we_seeing/\\$FILE/EY-women-on-us-boards-what-are-we-seeing.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Women_on_US_boards:_what_are_we_seeing/$FILE/EY-women-on-us-boards-what-are-we-seeing.pdf)

¹⁵ Rankin, J. (2015, March 06). Fewer women leading FTSE firms than men called John. Retrieved February 27, 2017, from <https://www.theguardian.com/business/2015/mar/06/johns-dauids-and-ians-outnumber-female-chief-executives-in-ftse-100>

¹⁶ Corporate governance and directors' duties in Norway: overview. (n.d.). Retrieved February 27, 2017, from <http://uk.practicallaw.com/6-551-0927?q=#a639402>

¹⁷ Bøhren, %, & Staubo, S. (2015). Mandatory Gender Balance and Board Independence. *European Financial Management*, 22(1), 3-30. doi:10.1111/eufm.12060

policies, more so than in other Scandinavian countries.¹⁸ In the domain of politics, various parties have introduced internal quotas to promote gender equality which has resulted in women occupying approximately 38% of the seats in parliament and 44% of cabinet seats between 2005-2009.¹⁹ Nevertheless, although Norway has had a history of advocating for gender equality in all aspects of society, a study done by Grønmo and Løyning in 2003, found that only 14.3% of directors in Norwegian banks and the 200 largest companies in the year 2000 were women.²⁰ In 2003, the Norwegian Government mandated that boards of directors of all companies bound by law should be gender balanced. After dialogues between the government and the private sector, however, the government agreed to withdraw the amendment if companies complied voluntarily by July 2005. Nevertheless, a study by the Norwegian Government in 2008 revealed that the proportion of women was not near being equal to that of men – it had only risen to 16%. Therefore, to promote utility and justice, the Norwegian government passed a quota law requiring all state-owned, municipality-owned and cooperative companies attain a 40% women board representation within two years.²¹ State intervention managed to increase women's representation but 'golden skirts' suggest its impact was limited. The 'golden skirts' effect as it

¹⁸ Skjeie, H., & Teigen, M. (2005). Political constructions of gender equality: Travelling towards a gender balanced society? *NORA Nordic Journal of Feminist and Gender Research*, 13(3), 187—197.

¹⁹ Seierstad, C., & Opsahl, T. (2011). For the few not the many? The effects of affirmative action on presence, prominence, and social capital of women directors in Norway. *Scandinavian Journal of Management*, 27(1), 46

²⁰ Grønmo, S., & Løyning, T. (2003). *Sosiale nettverk og økonomisk makt*. Bergen, Norway: Fagbokforlaget.

²¹ The Norwegian Government (2008). Representation of both sexes on company boards. <http://www.regjeringen.no/en/dep/bld/Topics/Equality/rules-on-gender-representation-on-compan.html>

was called in Norway, meant that women were appointed to multiple boards and, thus, the pool of women rising to the top did not expand significantly. As a result, the law has been less effective, at least in the short-term, of expanding the pipeline for women to get to the top, since the pool of choice for most large companies remained very narrow. Moreover, a fewer number of women spread thin on multiple boards suggests they would not have the time or influence to serve as strong voices and mentor up-and-coming women managers or potential board members.

Norway was the first country to implement gender quotas for board composition, and set the example for more European governments to follow in its footsteps. An examination of the impact of quotas in Italy showed more promising results. While Italy is generally thought to be a more conservative country, where men thrive in the corporate world while women's careers are often left behind, research results showed that the introduction of a quota helped not only increase gender diversity on Italian corporate boards, but also resulted in enhanced education levels of directors, and had a positive effect on the stock market. Companies in Italy realized that in order to achieve greater representation of women they had to change their board selection mechanisms, which further helped companies. The factors that usually prohibit women from entering a board, such as stereotypes, limited access to networks, and missing leadership or mentorship were overcome in the Italian case.²² Italy's example illustrates that it is possible to achieve an increase of the diversity in the board pool, and perhaps other countries have also succeeded.

²² Ferrari, G., Ferraro, V., Profeta, P., & Pronzato, C. (2016, December 12). Gender quotas beat Italy's "male gerontocracy". Retrieved March 1, 2017, from <http://www.niussp.org/article/gender-quotas-beat-italys-male-gerontocracies-quotas-de-genre-branlent-la-gerontocratie-masculine-en-italie/?print=pdf>

The type of quota various European countries have passed varies, from quotas with sanctions, without sanctions, to voluntary targets.²³ France, Italy, and Belgium have all implemented quotas with sanctions.²⁴ The quota mandated by France in 2011 required a minimum of 20% of corporate board seats to be filled by each gender by 2014, with the percentage rising to 40% by 2017.²⁵ A law passed in Italy required 33% of each gender on boards of public and state-owned companies by 2015, while also instituting a progressive warning system in the event of non-compliance that would eventually lead to the dissolution of the board.²⁶ Belgium passed a similar quota requiring 33% representation by each gender, with firms threatened by fines for failure to comply.²⁷

Gender quotas without sanctions have been implemented in Spain, Iceland, Germany, and the Netherlands.²⁸ In 2007, Spain encouraged large publicly traded companies to enact a 40%

²³ European Commission. 2012. Women in economic decision-making in the EU: Progress report. Luxembourg: European Union, http://ec.europa.eu/justice/gender-equality/files/women-on-boards_en.pdf

²⁴ Sweigart, A. (2012). Women on Board for Change: The Norway Model of Boardroom Quotas As a Tool For Progress in the United States and Canada, *Northwestern Journal of International Law & Business*, 32(4), 81-105. Retrieved March 1, 2017.

²⁵ Law 2011-103 (January 27, 2011) entitled “On the equal representation of men and women on boards of directors and supervisory boards and professional equality.”

²⁶ Zampano, G. (2012, June 5). Italy to push pink quotas. *Wall Street Journal*. Retrieved March 1, 2017, from <https://www.wsj.com/articles/SB10001424052702303395604577431832161133916>

²⁷ Teigen, M. (2012). Gender quotas on corporate boards: On the diffusion of a distinct national policy reform. In *Firms, boards and gender quotas: Comparative perspectives*, 29, 115-146. Emerald Group, http://www.gig.gu.se/digitalAssets/1443/1443377_csr-2012m_teigen1.pdf

²⁸ B. (2014, August 11). Legislative Board Diversity. Retrieved March 01, 2017, from http://www.catalyst.org/legislative-board-diversity#footnote1_k692yzn

board composition by 2015.²⁹ Iceland followed in 2010, also requiring a 40% representation in all publicly listed companies as well as companies with more than 50 employees by 2013.³⁰ The Netherlands was next, requiring public and private firms with more than 250 employees have at least 30% of each gender on their executive and supervisory boards, while also instituting a “comply or explain” mechanism for firms who fail to do so.³¹ Germany was the most recent country, in 2015, to enact a board diversity law: that at least 30% of new German board seats must be reserved for women in 2016, increasing the ratio to 50% by 2018.³²

The United Kingdom has adopted the policy of voluntary targets for corporate boards, stressing in a 2011 Lord Davies report that FTSE 100 companies should have strived for a 25% female representation by 2015.³³

France as a Focal Point:

This study focuses on boards in France, a country usually applauded for its women-friendly workplace policies. We chose France as my country of study not only because I am

²⁹ Giovinco, A. (2014). Gender Diversity In The Boardroom. Context And Spanish Case. *Corporate Board: role, duties and composition*,10(3).

³⁰ Id 25.

³¹ Velte, P., & Stiglbauer, M. (2013). The Economic Versus Moral Perspective of Board Diversity. *The International Journal of Organizational Diversity*,12(2), 71-77.

³² Zeldin, W. (2015, March 17). Global Legal Monitor. Retrieved March 01, 2017, from <http://www.loc.gov/law/foreign-news/article/germany-gender-quotas-for-large-companies-and-for-federal-bodies/>

³³ (Women on Boards Report) - Gov.uk. (2011, February). Retrieved March 1, 2017, from https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/31480/11-745-women-on-boards.pdf2fuploads%2fattachment_data%2ffile%2f31480%2f11-745-women-on-boards.pdf&p=DevEx,5062.1

studying abroad there, which gives me easier access to data, but also because of the law adopted that by the end of 2016, 40% of board seats of the largest listed and non-listed companies should be women.³⁴ This law affects the companies that belong to the CAC 40 Index, which denotes the 40 most capitalized companies in the country. Companies include AXA, Total, LVMH, and Kering to name a few. Many feminist activists and scholars view this quota legislation as a step in the right direction, with the French government realizing the issue women face (commonly referred to as “plafond de verre”) and trying to accelerate diversity via mandates for gender diversity on corporate boards. The French law also opens the door for other types of diversity (religious, racial, etc.) to be implemented in the country in later years. Nekhili and Gatfaoui argue that various factors, such as the ownership structure, the existing corporate governance characteristics, and the demographic attributes of female directors influence the number of board seats occupied by women. In particular, they find that family ownership is an important factor, and tends to lead to more women directorships, while institutional ownership is not significantly correlated with the appointment of women directors. They do, however, find that managers with significant ownership stakes “support women with higher levels of education and a business background”.³⁵ While France is one of the countries with the highest women board representation; according to Terjesen et al. 22% of board directors are women, the institutional

³⁴ Nekhili, Mehdi, and Hayette Gatfaoui. 2013. "Are Demographic Attributes and Firm Characteristics Drivers of Gender Diversity? Investigating Women's Positions on French Boards of Directors." *Journal Of Business Ethics* 118, no. 2: 227-249. Business Source Complete, EBSCOhost (accessed September 18, 2016).

³⁵ Nekhili, Mehdi, and Hayette Gatfaoui. 2013. "Are Demographic Attributes and Firm Characteristics Drivers of Gender Diversity? Investigating Women's Positions on French Boards of Directors." *Journal Of Business Ethics* 118, no. 2: 227-249. Business Source Complete, EBSCOhost (accessed September 18, 2016).

context is only now being shaped and the laws only now enforced for them to rise to the top³⁶. It remains to be seen whether this legislation will have an impact on corporate effectiveness and firm risk by further studies. Has the quota requirement been embraced by existing boards because they understand its merits, or has it just become another ‘requirement’ they have to fulfill? One wonders whether firms will start mentoring and developing women to occupy board seats or look to hire from outside, as they have done traditionally.

In this paper, I will explore French legislature and how it has impacted the representation of women in boards. Whether as ‘business experts’ or ‘support specialists’, women have not been as well represented in French boards, even though they often exhibit a higher educational level than their male counterparts.³⁷ Have French companies have been proactive in their board selection process? Norway managed to increase the number of women present, and while the Norwegian story is not always mentioned as an example of success in expanding the applicant pool, it is crucial to note that Norway set the path for other European countries.

In an interview with Siri Terjesen, one of the prominent figures in the field of gender research in Norway, the success of the quota lies in its ability to shape the composition of the corporate ladder. Having women in the board room is an effective way to counteract the culture of bias that still permeates the corporate world and ensure that not only are more women

³⁶ Terjesen, Siri, Ruth Aguilera, and Ruth Lorenz. 2015. "Legislating a Woman's Seat on the Board: Institutional Factors Driving Gender Quotas for Boards of Directors." *Journal Of Business Ethics* 128, no. 2: 233-251. Business Source Complete, EBSCOhost (accessed September 18, 2016).

³⁷ Oé, Mamadout. 2014. "Les déterminants individuels du plafond de verre : cas de la composition des instances de gouvernance des entreprises françaises cotées." *Management International / International Management / Gestión Internacional* 18, no. 4: 48-67. Business Source Complete, EBSCOhost (accessed September 18, 2016).

represented throughout the ladder, but also that board effectiveness is improved.³⁸ It is with this in mind that we set out to explore gender diversity in corporate boards in France.

Research Question:

Our research is two-fold; first, we want to explore whether France has fallen into the same trap as Norway. Per Seierstad and Opsahl data³⁹, the number of directorships held by individual women in Norway increased dramatically from 2003 to 2009. In 2002, one woman was considered a prominent director if she was on four boards, whereas in 2009 the number had increased to eight. We want to explore whether the same has happened in France; are different companies picking the same few already acclaimed women and adding them to their boards? Our hypothesis is that women representation on boards has increased, but the number of different women in boards has not, or, at least, increased at a substantially lower rate. Based on the experience of Norway, we hypothesize that the pool of women directors has not expanded as much as a proponents of the quota law might have expected.

I plan to explore the composition of boards in various industries in France with the hope of understanding some of the factors that influence gender diversity. Multiple European countries have instituted legislature that aims to increase the presence of women in corporate boards, as gender diversity has a significant impact on firm profitability and strategic decision

³⁸ IStockphoto, (n.d.). The secret behind Norway's gender quota success. Retrieved March 1, 2017, from <http://kjonnsforskning.no/en/2016/10/secret-behind-norways-gender-quota-success>

³⁹ Seierstad, C., & Opsahl, T. (2011). For the few not the many? The effects of affirmative action on presence, prominence, and social capital of women directors in Norway. *Scandinavian Journal of Management*, 27(1), 44-54

making.⁴⁰ My overarching goal is to study the characteristics of the women that managed to break the barriers and the ‘plafond de verre’ and gain entrance into the ‘old boys’ club’.

In addition, we hypothesize that companies only add women directors under compulsion. To test this hypothesis, we compare companies ranked 31-40 on the CAC 40 to the next 10 companies (ranked 41-50), which have not yet been impacted by the legislation. Our expectation is that the law is carrying all the weight and in the 41-50 companies we see limited or no change in the number of women in the board from after the law came into effect until today. In that way, I believe I can have a meaningful contribution to the research community, since I will be expanding on the Burgess & Tharenou paper⁴¹ by examining their suggestions in the context of a new country, France.

Before conducting my research, I need to search for similar studies in other countries that passed legislation before France, such as Norway and Sweden. In Norway women tend to be appointed to more senior management positions than in other countries before being appointed to a board⁴², and I would like to investigate whether the same is true in France. Is this a factor that was considered when picking women for French boards? Are there others that seem more important? The ‘golden skirts’ effect as it was called in Norway, meant that women were

⁴⁰ Kim, D., & Starks, L. T. (2016). Gender Diversity on Corporate Boards: Do Women Contribute Unique Skills? *American Economic Review*, 106(5), 267-271. Business Source Complete, EBSCOhost (accessed September 18, 2016).

⁴¹ Id 10.

⁴² Anne Sweigart, Women on Board for Change: The Norway Model of Boardroom Quotas As a Tool For Progress in the United States and Canada, 32 Nw. J. Int'l L. & Bus. 81A (2012).

appointed to multiple boards and, thus, the pool of women rising to the top did not expand significantly.

Regarding the second part of my project, I am assuming that the law is carrying all the weight and the companies that are not in the CAC 40, and thus not impacted by legislation, have not taken steps to increase gender diversity in their boards. It would be surprising if we found that companies 41-50 of the top 100 by market capitalization have changed their board composition to remain competitive and in anticipation of new legislation.

Data Collection

We model our methodology after Nekhili & Gatfaoui's⁴³ paper, which examined the drivers of gender diversity on boards before the results of the reform were accounted for. I categorized companies by market capitalization and conducted my analysis on the companies comprising the CAC 40 Index. This is a capitalization weighted index which includes the 40 most liquid French stocks traded on the Paris stock exchange. My analysis is not as extensive as Nekhili and Gatfaoui's, and hence I only focus on collecting the annual reports of the companies to record the number of women directors in each. After obtaining a list of all the women that occupy board seats, I assess how many women are in each of the boards of CAC 40 companies and record the percentages of women occupying board seats. I am then able to judge whether companies have been successful in following the reforms or if punitive measures will follow. In examining the data, we can test our first hypothesis, whether the pool of women directors has not

⁴³ Nekhili, Mehdi, and Hayette Gatfaoui. 2013. "Are Demographic Attributes and Firm Characteristics Drivers of Gender Diversity? Investigating Women's Positions on French Boards of Directors." *Journal Of Business Ethics* 118, no. 2: 227-249. Business Source Complete, EBSCOhost (accessed September 18, 2016).

expanded significantly. Moreover, it has enabled us to model the analysis of the CAC 40 to include the CAC Next 20, and thus check whether companies 41-50 of the French market capitalization index have changed their board composition to include more women in anticipation of the law.

Findings:

France has managed to avoid Norway's golden skirt problem. Although some of the women who have been chosen for CAC Next 20 boards that are also in a CAC 40 board, there doesn't seem to be such a huge discrepancy as was the case in Norway. The most board positions any one woman has is 4. It is interesting to note that Clara Gaymard, the only woman who occupies four board positions in France, is the ex-head of General Electric in France, and was asked to join the boards of LVMH, Danone, Bouygues and Veolia Environnement. The percentages of women in corporate boards is illustrated in the following table:

CAC 40	Number	%
Total Number of Women on Board of Directors	209	100
Total Number of Women in 2 Boards in CAC 40	17	8.1
Total Number of Women in 3 Boards in CAC 40	3	1.4
Total Number of Women in 4 Boards in CAC 40	1	0.5

After analyzing all the CAC 40 companies⁴⁴, we observe that the ratio of women represented in multiple boards is not as significant as was in the case of Norway. Overall, French companies seem to have avoided the problem of ‘the golden skirts’ encountered by Norway. 8% of women are members of two corporate boards, while the number drops to just over 1% for three boards. Perhaps this is due to the fact that France learned from Norway’s mistakes, with companies being more cautious when choosing who to appoint to their boards. Another possible reason, much more practical in nature, is that the French quota law only applied to a very specific set of companies, ranging a variety of industries, and thus there could not be a significant number of common candidates among them. The pool of women on boards seems to be quite diverse, since we do not observe the extremes seen in Norway where a woman could hold as many as 8 board positions.

Regarding the second question we are asking, that is whether the CAC Next 20⁴⁵ have altered their board composition in anticipation of legislation, I determined the percentages for the companies that have more than 40% women for the branches 41-50 and 51-60 of the group and the range for the ones that do not yet have more than 40% women. We note two interesting findings. First, regarding our original question of whether the CAC Next 20 companies have adhered to the quota in anticipation of a law applying to them, too, we observe that they have. 50% of companies in the 41-50 group have more than 40% women, while the rest are between 20 and 36%. In the next 20 companies, 40% have boards that are consistent with the quota mandate,

⁴⁴ CAC 40 | Euronext. (n.d.). Retrieved December 27, 2016, from <https://www.euronext.com/en/products/indices/FR0003500008-XPAR/market-information>

⁴⁵ CAC NEXT 20 | Euronext. (n.d.). Retrieved December 27, 2016, from <https://www.euronext.com/en/products/indices/QS0010989109-XPAR/market-information>

while the rest are at 20-39%. Our null, that the law would be carrying all the weight and companies would not try to employ as many women if not already compelled by a law, can thus be rejected. The law affecting the companies comprising the CAC 40 definitely had an impact in the board composition of the CAC Next 20, as can be seen in the following table. Data was collected from the annual reports of CAC Next 20 companies in order to observe the progression of women seats on the board. We observe that the percentage of women in boards jumped from 2009 (when the law had not been implemented yet) to 2010 (when the law was passed) for most companies. We recognize that this is a small data set, and as such it is hard to draw conclusions, but the progression of the number of women on boards gives us an indication. Some companies went from a non-existent or minimal number of women to more than 40% women directors in 2016. The increase in the number of women is too high to be a mere coincidence, and rather alludes to a secular trend because of legislation.

CAC next 20 - % of Women on Board Evolution			
	2016	2010	2009
ALSTOM	36.4	3.0	1.0
ARKEMA	45.5	18.2	11.1
ATOS	43.8	16.7	8.3
BUREAU VERITAS	45.5	0.0	0.0
CASINO GUICHARD	40.0	13.3	13.3
DASSAULT SYSTEMES	36.4	0.0	0.0
EDF	45.5	0.0	0.0
EIFFAGE	30.0	20.0	20.0
GEMALTO	29.4	0.0	0.0
GROUP EUROTUNNEL	45.5	18.2	9.1
HERMES INTL	42.1	22.2	22.2
ILIAD	38.5	-	-
INGENICO GROUP	37.5	-	1.0
NATIXIS	45.5	12.5	6.7
SCOR SE	41.7	6.3	0.0
SES	33.3	5.9	5.9
STMICROELECTRONICS	33.3	0.0	0.0

SUEZ	20.0	1.0	1.0
THALES	45.5	6.3	0.0
ZODIAC AEROSPACE	30.0	27.3	10.0

Moreover, by conducting an analysis similar to the one for CAC 40 companies, we observe the overlap in women sitting on different boards. Here, the overlap is very little, with only 2.1% of women in two boards in the CAC Next 20 and only 1.1% of women in 3 boards, as can be seen from the following table.

CAC Next 20		
Total Number of Women on Board of Directors	94	100
Total Number of Women in 2 Boards in CAC Next 20	2	2.1
Total Number of Women in 3 Boards in CAC Next 20	1	1.1

Expanding our analysis, we observe the overlap between CAC 40 and CAC Next 20. Almost 10% of women are in two boards across the 60 companies, while only 2.3% are in 3 boards. France certainly did not behave like Norway; while a few women have been placed in 2 or more boards, companies have expanded the pool of candidates for directorships, thus truly increasing gender diversity in the board room. Another, also interesting finding is that out of 303 boards seats in the 60 companies, women make up 100. 33% of board seats across companies in those two indices are occupied by women, illustrating a step in the right direction, as well as the fact that French companies have tried to be proactive and increase their board diversity. Perhaps the fact that France is a larger and more diverse economy than Norway's provides some explanation, since the pool of women considered for board seats is not as narrow.

CAC 40 & CAC Next 20 Combined		
Total Number of Women on Board of Directors	303	100

Total Number of Women in 2 Boards in CAC 40 & CAC Next 20 Combined	29	9.6
Total Number of Women in 3 Boards in CAC 40 & CAC Next 20 Combined	7	2.3

Recommendations for Future Research:

In Norway, the phenomenon of ‘Golden Skirts’ meant that the original goal by the government to expand the pool of applicants was not successful. Does that mean, however, that there have not been any lessons learned? Perhaps a similar study could be carried out in France to examine the effect of quotas on boards selection mechanisms, as well as company performance measures. Burgess and Tharenou’s emblematic paper in this field provides a great starting point for anyone wishing to explore this issue.⁴⁶ The characteristics of the women who make it to French boards need to be examined to more comprehensively understand board selection processes and the impact of legislation. Overall education levels, access to mentoring opportunities, and network ties are a few of the factors with impactd on board selection mechanisms that would be worth analyzing. On the financial performance side,the impact of gender diversity mandates on risk-aversion and stock-market performance merits further study.

Another possibility would be to explore what the impact of French culture is on the board selection process and whether that has changed voluntarily after the quota was mandated. France is a country that has long promoted gender equality via labor law and social policy. For example, France was one of the first countries to allow both men and women to receive their full-time salary while they are on maternity leave, as well as the famous ‘allocations familiales’, stipends after the maternity leave period has passed, to ensure that the family does not suffer.⁴⁷ It would

⁴⁶ Id 10.

⁴⁷ France vs U.S. -- Paid Maternity and Paternity Leave. (2016, March 24). Retrieved March 1, 2017, from <http://peacockplume.fr/opinions/france/france-vs-us-paid-maternity-and-paternity-leave>

be interesting to see whether, in following years, more laws will come to pass not only aimed at retroactively improving gender diversity but also crystallizing the conditions necessary for women to more easily gain entrance into boards.

Conclusion:

In sum, France seems to have avoided the problems encountered by Norway. Gender equality in the board room has been a topic researchers have strived to explore, especially after Norway. While women certainly contribute unique skills and their presence helps companies in multiple ways, European countries are only now starting to catch up and proactively require a certain number of women in each company's boards. In France, the problem of 'Golden Skirts' has been avoided, perhaps simply owing to the small number of companies and little overlap in industries among them.

Regarding companies in the CAC 40, the overlap in corporate board seats is not significant, signifying an expansion of the gender pool, as the law had intended. Companies composing the CAC Next 20 have attained a board composition comparable to that of the CAC 40, despite not yet being affected by a law. Our findings suggest that France has been more successful than Norway was at the beginning of its quota trajectory, as well as the fact that French companies are proactively looking to increase women representation on their boards, even without a law in place. The CAC Next 20 already have a large percentage of women on their boards, and we can hope that other companies will follow in their footsteps. This paper acts as a preliminary analysis of the situation in France, but further examination is required to understand the role women play on corporate boards post-legislation and whether its impact on

board dynamics and firm performance has been positive as was the case in other countries. Studies that examine the impact of gender-diverse boards on firm productivity and gender-equality in the workplace should be carried out. Indicators such as risk avoidance and mentorship programs can help us understand whether having more women in the board room has actually improved the company's financial position and has had an effect on its human capital.

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