

**Gender Diversity in Boardrooms:
Trends and Assumptions Along the Path to the Boardroom**

Karl Valentini (karlvale@wharton.upenn.edu)

Faculty Advisor:

Professor Matthew Bidwell, Associate Professor of Management

mbidwell@wharton.upenn.edu

Wharton School of the University of Pennsylvania

Discipline(s): Management, Business

ACKNOWLEDGEMENTS

Throughout the summer, I learned so much working and conducting research in Norway and England. For that, I would first like to thank the Wharton School for affording me the opportunity through the Social Impact Research Experience grant. Thank you to Dr. Utsav Schurmans for encouraging me to apply and for supporting me throughout the program. I could also not have completed this project without the guidance, help and support of Professor Matthew Bidwell.

During my research, I was lucky to interact, work with, interview and meet so many wonderfully interesting and welcoming people. Thank you to everyone who agreed to meet with me and who agreed to get interviewed. In particular, I want to thank professors Mari Teigen and Morton Huse in Norway, and professor Mustafa Ozbilgin and Scarlett Brown in London for helping me further develop my research and for sharing their insights with me.

Lastly, I want to thank my parents. Thank you for letting me work and travel in Europe for ten weeks during the summer – it was truly an enriching experience.

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	2
TABLE OF CONTENTS	3
ABSTRACT.....	4
INTRODUCTION	5
SECTION ONE: CONTEXT.....	7
Gender in the boardroom: Norwegian Context.....	7
Gender in the boardroom: United Kingdom Context.....	9
What is the role of the corporate board?	10
What is Corporate Governance?	10
SECTION TWO: RESEARCH OVERVIEW	11
Boardroom Recruitment and Appointments	11
Status of Gender and Boards.....	13
Debate on the effectiveness of the gender quota	15
SECTION THREE: METHODOLOGY	17
Interview Design	18
Interview Sampling	19
Interview Analysis	21
SECTION FOUR: RESULTS.....	21
Growing Importance of Nominations Committees and Head Hunters.....	22
The Myth of the Ideal Board Member	24
Replacing the “Old Boys Club” with an “Old Girls Club”	25
Women Choosing the Boardroom over the C-Suite.....	26
Additional Findings and Areas for Future Research.....	27
FINAL REMARKS.....	28
REFERENCES.....	29

ABSTRACT

With the increased attention given to corporate governance, there has been more of a focus on the lack of gender diversity in boardrooms. Within the context of corporate governance, this project studies the impacts of gender diversity initiatives for boardrooms. The thesis focuses on the path that women take to the boardroom and on how gender diversity initiatives affect the dimensions of that path. Gender diversity initiatives in both Norway and in the United Kingdom are studied, but the analysis narrows down and focuses on the Norwegian experience and the impacts of the Norwegian board quota. By analysing interviews with a broad range of participants in Norway, the thesis gives a qualitative view to the dimensions of the path to the boardroom through four themes: the role of formal mechanisms in the recruitment process, the assumptions related to the ideal board member, the emergence of new elite networks, and the transition from executive to board careers. These themes contribute to the literature on board recruitment and boardroom diversity. Finally, they serve as reference points for examining the current research on gender diversity in boardrooms and for starting new research.

Keywords: Board recruitment, Board diversity, Social networks, Norwegian quota law, Women on Boards

INTRODUCTION

With the onset of globalization, companies have made concerted efforts towards improving diversity in the workplace, but the door leading to the boardroom has largely remained closed. After decades of social, political and economic progress, women continue to be underrepresented on corporate boards of directors, which poses business and ethical concerns. A Credit Suisse global survey of over 3,000 companies found women occupied only 14.7% of board seats worldwide (Dawson, Kersley, and Natella 2016, 4). Not only can women bring new skills and opinions to boardrooms, but they should be afforded equal opportunities for accessing the top positions in business. The issue of gender diversity in boardrooms merits further investigation and additional solutions must be sought to further gender equality.

To address the issue, in the early 2000s, Norway embarked on a major legislative initiative forcing public companies to abide by a quota specifying the proportion of women needed on each corporate board of directors (Hinds 2015, 10-11). Soon enough other countries, such as France, Italy and Spain, began to implement similar quota systems. Meanwhile, a different approach, spearheaded by the United Kingdom, has been to make companies establish voluntary targets (Hinds 2015, 4-5). Each approach has its own merits and drawbacks, but critically, each shows ambition for improving gender equality.

Government efforts have been supported more research on gender diversity in business and in the workplace. The current literature on boardrooms is primarily focused on two areas: the impacts of gender diversity on firms and the composition of boards. From a business perspective, many studies have examined whether gender diversity can improve corporate governance, bring more innovation, and boost the financial performance of firms (Bertrand, Black, Jensen, and Adriana Lleras-Muney 2014; Adams and Ferreira 2009; Carter and Wagner 2011; Matsa and Miller 2013; Miller and del Carmen Triana 2009; Noland, Moran, and Kotschwar 2016;

Robinson and Dechant 1997). The conclusions are not unanimous, but there is enough support to make the claim that greater gender diversity brings at least some positive benefits. Intuitively, it would make sense that gathering more people with different ideas, backgrounds and characteristics could lead to more productive discussions and decision making. The second focus relies on studying board members to understand why women are underrepresented, and there are many competing theories. Some find evidence that boards look for certain characteristics few women possess; some explain that biases may be present during the board appointment process; and others suggest that societal structures and norms, such as maternity leave, prevent women from advancing up the corporate ladder (Dobbin and Jung 2011; Doldor, Vinnicombe, Gaughan, and Sealy 2012; Huse 2011, Sealy and Doherty 2012; 30% Club).

Nonetheless, there are few research projects that bring the focuses together and that consider how gender diversity initiatives affect other forms of diversity in boardrooms (Kelan and Wang 2013). Researchers will focus on a specific part of a woman's path to the boardroom, such as their interactions with executive search firms or potential biases in the hiring process. What is lacking, however, is a holistic view of a woman's entire path to the boardroom, which is what this research project tries to provide. The majority of the current research is also quantitative. Most projects count specific measurable characteristics, such as gender and age, instead of looking at the entire profiles of board members. Although there has been a rise in qualitative research more recently, it often only focuses on a specific portion of the recruitment process and rarely is the research sample broad enough to analyse the whole variety of stakeholders (Doldor et al. 2012). Thus, there is a gap in qualitatively-based research on a woman's career trajectory to the boardroom, which this research project seeks to address.

The overarching goal of the research project is twofold. First, it is to examine the steps in a woman's career trajectory to the boardroom. Second, this paper seeks to explore and analyse the barriers women face in that trajectory to the boardroom. With both of these comes the secondary purpose of using the qualitative research to unearth new research questions and areas for future research. The qualitative research consisted of conducting interviews and then analysing them for thematic analysis. The findings identify four themes representing barriers women face, and highlight new potential areas for research.

The project was conducted in Norway and in the United Kingdom. In Norway, the interviews informed the research goals and provided the basis for thematic analysis. Meanwhile, the interviews in the U.K. were used to understand the global context for gender diversity initiatives and also to learn more about the research on women on boards. Thus, the thematic barriers and research areas relate to the mandatory gender board quota in Norway. Norway was selected for the study for two reasons: it was the first country to impose a mandatory quota for women in boardrooms, and its quota has existed long enough, over ten years, for the quota-related impacts to appear. The United Kingdom was chosen as a secondary location because it is leading the push for gender diversity in boardrooms and is spearheading the voluntary approach to promoting gender diversity. Finally, it is important to note that for the purpose of this paper the terms director and board member will be used interchangeably.

SECTION ONE: CONTEXT

Gender in the boardroom: Norwegian Context

Since the discovery of significant oil reserves, Norway has consistently ranked as one of the world's wealthiest countries, and also counts itself as one of the most socially progressive. Historically, it was common for both Norwegian men and women to work; the family unit has

always been prioritized, as seen today through the generous parental leave schemes (Braund 2010). Perhaps unsurprisingly then, Norway emerged as a pioneer in gender diversity initiatives when it implemented a mandatory quota for public companies to have at least 40 percent of their board members from either gender.

First, an overview of Norwegian business can be instructive. A Norwegian company can either be ASA or AS – an ASA company is a publicly listed company whereas AS delineates private companies. Public companies with more than 200 employees must have corporate assemblies to elect board members and the boards must include an employee representative (Korn Ferry Hay Group 2016). Unlike in most western countries, in Norway the Nominations Committee is a separate, external body, which assesses candidates that the corporate assembly then votes on (Braund 2010). Moreover, at least half of the board members and the chairperson must be Norwegian – in fact, around 68% of board members are Norwegian (Korn Ferry Hay Group 2016). Some of Norway's largest public companies are also majority government-owned, including Statoil and Telenor, and this can result in added requirements and regulations. Many Norwegians hold multiple board seats, but it is important to note that board compensation is very low compared to compensation in other western countries (Braund 2016).

As a socially progressive country, Norway first introduced the concept of gender quotas in the 1980s, but by 2000, women made up only around five percent of board members (Bertrand et al. 2014). Unhappy with this perceived inequality, Ansgar Gabrielsen, then the Minister for Trade and Industry, started to push for a quota on all public companies in 2001. Only two years later, the quota law became enshrined in Norwegian law through changes to the Norwegian Company Act. From then on, the board of every ASA company had to have at least a 40/40 gender split, but with progress slow, the government then threatened companies with sanctions in

2005, including forced dissolution (Bertrand et al. 2014). Since 2008, the proportion of women on ASA boards has been around 40 percent (Bertrand 2014, 3-7; Hinds 2010, 10).

Gender in the boardroom: United Kingdom Context

In contrast to Norway's approach, the United Kingdom opted for a voluntary targets approach. Culturally, the U.K. is much different from Norway, and there is perhaps more of a stigma surrounding the "career woman" (Braund 2010). There is also a strong history of exclusive, mostly-male groups dominating business and political circles, which could have factored into the U.K. wanting to avoid a mandatory quota. In the U.K., companies can either be privately or publicly listed, and most publicly listed companies have unitary boards (Korn Ferry Hay Group 2016). The U.K. Corporate Governance Code sets the regulations for boards; these regulations include for boards to have audit, remuneration and nomination committees as well as that half the board members must be independent (Korn Ferry Hay Group 2016, 42).

The Corporate Governance Code updated in 2010 put more of a focus on gender diversity, but the real breakthrough came when the Davies Report was published in 2011 (Braund 2010). Spearheaded by Lord Davies of Abersoch, the report argued for FTSE 100 companies to target having women represent at least 25 percent of board members (Hinds 2015, 4). The authors of the report did not believe a mandatory quota was needed or well-suited to the U.K. (Braund 2010). The target was one of ten recommendations, which informed new changes to the Corporate Governance Code in 2012 (Doldor et al 2012). Among the revisions in the code was a provision for companies to annually disclose their policy on gender diversity as well as the status of any initiatives related to that policy (Braund 2010, 13). Taken as a whole, the target proved relatively successful with women making up around 23.5 percent of FTSE 100 board members in 2015, but there remained 23 boards with no female members (Hinds 2015, 4).

What is the role of the corporate board?

The board of directors plays a critical role in the corporate governance and senior leadership of a company. Although it is the executives making the daily decisions, they are held accountable by and must report to the board of directors. In turn, the board is responsible to the shareholders, and must ensure that the company is producing shareholder value. In working with top management, the board also sets the overall strategy of the firm. From a legal perspective, the board must implement controls and have monitoring committees to ensure that all laws are respected and that the shareholders are protected (Doldor et al. 2012, 15)

Corporate boards can take different forms, but two are used most frequently. A Unitary System is when a company has a single board consisting of a firm's executive directors and non-executive directors. The system is used in many countries, including in the United States, Canada, the United Kingdom and Australia. In contrast, most European companies – around 38% of them – use a Two-Tier System, which consists of a top management board for company executives and a supervisor board for non-executive directors. Some countries, such as Norway, Germany and Austria, make the Two-Tier System mandatory. A third Mixed System is found in some countries, like Sweden and France; it is the same as the Two-Tier System with the exception that certain executives can be on the supervisory board as well. Regardless of the system, each board has a Chairperson, who can act as the de-facto leader of the board. In some countries, the main board must also have additional committees, such as a Remunerations Committee, Nominations Committee or Audit Committee (Doldor et al. 2012, 15-16).

What is Corporate Governance?

Besides country-specific gender diversity initiatives, there are other currents to consider within the wider context of corporate governance and boardroom legislation. First, in the early 2000s, there were several accounting scandals, including the Enron scandal, which brought more

attention to corporate governance. Second, the 2008 financial crisis served as another timely reminder of the need to strengthen corporate governance (Roberts 2015). Placing more focus on corporate governance can lead to measures that facilitate gender diversity and can cause boards to hire more women. Given countries have updated their governance codes in the past ten years, it is important not to conflate the impacts of gender diversity initiatives with the impacts of updated governance codes (Braund 2010, 11). In fact, in Norway during the same time period as the quota's introduction, the government made several changes to the corporate governance code. One of the changes, unrelated to the quota, was to make companies form their own independent Nominations Committee, and that change alone could perhaps have caused the increased proportion of female board members (Braund 2010, 11).

SECTION TWO: RESEARCH OVERVIEW

Boardroom Recruitment and Appointments

Despite their importance, boards have not always been held to the highest standards, and board recruitment practices have often been characterised by nepotism. For example, in a longitudinal study of board members in the U.K. started in 1989, researchers found the recruitment process was informal, with many members recruited through connections with the Chairman or other board members (Doldor et al. 2012, 23). Recently, there has been a concerted effort to formalize the recruitment process, but an overview of the relevant literature reveals two things. First, there is not enough research on the subject of board recruitment, and particularly, on the interactions between all the stakeholders in the recruitment process. Second, the current research shows that the process remains obscure, hard to interpret and difficult to access (Doldor et al. 2012; Holgersson 2012; Vinnicombe, Doldor, Sealy, Pryce, and Turner 2015).

A formalized board recruitment process now usually includes two mechanisms: Nominations Committees and Executive Search Firms (ESFs). Often a subpart of the board, the Nominations Committee is officially responsible for recruiting new members. According to a survey conducted by the ESF firm Korn Ferry Hay Group (2016), around 91 percent of the European companies surveyed had a Nominations Committee. Typically, the committee will outline what qualities or qualifications the board is looking for, and then try to find people who fit the profile. To help find people, these committees have increasingly begun to use ESFs since these firms have large databases of potential candidates for a committee's long lists and short lists (Doldor et al. 2012, 25-28). A head hunter can also help with organizing interviews and with contacting and enlisting candidates (Doldor et al. 2012, 23).

Despite these formal mechanisms, the research still finds that personal networks remain influential in the recruitment process of new members. A 2011 study of FTSE 350 companies found that, for some companies, a select few board members had a large influence on appointments, even in the presence of a Nominations Committee and the use of an ESF (Doldor et al. 2012, 21). One study has even suggested that some companies implement formal recruitment mechanisms, but then do not necessarily utilize them in their process (Doldor et al. 2012, 23). What boards look for in new recruits can also remain ambiguous, which allows for the increased use of personal networks (Holgersson 2012). There is, however, a longstanding preference for candidates who have profit and loss experience in executive roles (Doldor et al. 2012, 32; Holgersson 2012, 458-460). Likewise, some researchers have found that ESFs can be conservative since they will advocate for candidates from large, well-known companies who are "easy choices" (Doldor et al. 2012, 27-30). ESFs now play an increasingly critical role in defining talent, and ideally, that should be positive. However, these firms have their own biases

mixed with profit incentives, which can taint their reasoning and their choices of candidates. For some boards, it could thus become a matter of replacing the Chairman's personal network with the one of an ESF.

Unfortunately, an overview of the current literature shows that there is not enough research detailing the exact processes of Nominations Committees or ESFs. There is even less research on how women deal with both of those actors (Doldor et al. 2012, 33). Part of this can reasonably be explained by accessibility issues. Since ESFs must market their services as unique to attract clients, they are unlikely to open up their practices to outsiders. Doing so could either reveal important, unique competitive advantages, or show that the value they provide is dubious. Similar fears could dissuade Nominations Committees from providing access to researchers.

Status of Gender and Boards

As highlighted in the introduction, the statistics regarding women on boards make for stark reading. An MSCI study found only around 20 percent of surveyed boards had three or more women; and the same MSCI study found over 25 percent of boards had no female directors (Dawson et al. 2016, 4; Lee, Marshall, Rallis and Moscardi 2015, 3). Such studies are not unique; there is almost widespread agreement among researchers that there are too few women in board positions (Hinds 2015; Noland, Moran, and Kotshar 2016). It can be argued that the current literature focuses too much on finding different statistics to show the lack of female board members, rather than on exploring new themes in gender diversity on boards. A survey of the current literature on the subject shows two main views on female boardroom exclusion: one based on human capital and another based on social capital.

The human capital view analyses the experiences, qualifications and skills of current board members. The analysis is meant to show that women have a human capital deficit, and that if they fixed it then they would be represented more highly on boards (Holgersson 2012, 458-

460). For example, many researchers have found that more and more boards look for people with finance degrees or financial experience (Sealy and Doherty 2012). Likewise, people with past board experience are more likely to seem like attractive candidates (Ahern and Dittmar 2012; Davies 2011; Doldor et al. 2012; Sealy and Doherty 2012). Board recruitment is not based solely on qualifications, but also on biases, informal networks and conceptions of “fit”. In fact, some industries, such as retail or marketing, are more likely to have female board members than others, reflecting potential bias according to some researchers (Brammer, Millington, and Pavelin 2007; Doldor et al. 2012). There is also research finding that men may be preferred over women who perform jobs functionally similar, and that women can be held to much higher standards than men (Brown 2017; Holgersson 2012, 458-460). Yet, while certain skills are highlighted as desirable, there is no consensus in the literature as to what constitutes the ideal board member. Part of the reason for this is because different corporations have different needs at different times, which makes finding an ideal mix of skills and experiences nearly impossible (Brown 2017; Zattoni and Cuomo 2010). Nonetheless, it is important to note that by only studying the backgrounds of recruited board members, researchers ignore the characteristics of rejected or aspiring women, which could be just as informative (Brown 2017). Overall, these trends highlight the difficulties women face in the recruitment process.

While the human capital perspective looks at experiences and qualifications as reasons for a woman’s boardroom exclusion, the social capital view focuses on deficits in social networks. When boards or ESFs recruit, one of their first steps is to look at their personal networks (Doldor et al. 2012). Personal networks could be used to seek out references that serve to gauge the reputational risk of candidates (Brown 2017; Gaughan 2011). Thus, research has shown that accessing the proper channels and networks can be critical during the recruitment

process (Brown 2017; Bushell 2015). Unfortunately, researchers have found that women are often unable to access the most powerful networks (Brown 2017). Intuitively, the findings make sense since the “Old Boys Network” is a very commonly cited phenomenon during any recruitment process. The majority of the most powerful business executives are also still men, and so fewer women have access to the powerful networks of these executives. It is also possible to account for these findings historically. Male labour force participation has always exceeded female participation until only recently, meaning that men have had decades to establish their own networks in largely male-dominated social contexts. Having never been part of these networks before, it is unlikely that once they enter the workforce women would be able to access them and use them to find jobs. Ultimately, there is growing evidence that informal social networks can serve as barriers to female progression onto corporate boards.

Debate on the effectiveness of the gender quota

Since the introduction of its quota, Norway now has one of the highest proportions of female board members of public companies in the world. In that sense, the quota achieved its first purpose, which was to increase female representation on boards. That success has led many researchers to study the effectiveness of quotas, producing mixed and often opposing conclusions. In an important study on the performance of firms after the quota, Bertrand et al. (2014) found that there was no meaningful change to the disparity in earnings between men and women, and that there was not a higher proportion of women in top positions. The claim about earnings is backed up by other researchers who report Norway still having a relatively high gender wage gap (Korn Ferry Hay Group 2016; Hinds 2010, 10). Another study comparing listed and unlisted firms in Norway and in other Nordic countries found that companies subject to the quota experienced higher relative labor costs and lower short-term profits (Matsa and Miller 2013, 138). Another potential unintended consequence was that the quota led many public

companies to avoid compliance by delisting (Bertrand et al. 2014). In fact, the research shows that there has been little change in the percentage of women on the boards of private companies since the quota's introduction, which ostensibly means that the business climate has not fully accepted female board members (Korn Ferry Hay Group 2016; Hinds 2010, p. 10). Yet, a low level of women on private boards could also be used as evidence that without a mandatory quota, then companies would rarely promote gender diversity voluntarily. Moreover, there is conflict within the literature on the "Golden Skirts" phenomenon – when women occupy many board positions at once. Some researchers still claim it is a negative consequence of the quota, whereas others have largely debunked the severity of the phenomenon (Noland, Moran, and Kotschwar, 2016; Huse, 2011). Some of these reasons and the debate within the literature provide a basis for supporting the use of voluntary targets.

Nonetheless, there is still strong academic support for the quota law. For the impacts on firms, the support is largely based on the benefits of having more women and of having gender diversity in the boardroom, rather than on the impacts of the quota directly (Adams and Ferreira 2009; Carter and Wagner 2011; Carmen Triana and Miller 2009). According to Doldor et al. (2012, iii), the business case consists of "four key dimensions: improving performance, accessing the widest talent pool, being more responsive to the market and achieving better corporate governance". Researchers Adams and Ferreira (2009, 295-304) also found that boards with more female directors have higher proportions of equity-based pay for directors and get rid of CEOs overseeing negative stock performance more quickly. Both measures imply better corporate governance. From a financial perspective, researchers have found that companies with more gender diverse boards boast better returns on assets, returns on sales and returns on invested capital (Carter and Wagner, 2011; Christiansen, Lin, Pereira, Topalova, and Turk 2016,

22). Researchers account for potential financial benefits mainly through two explanations. First, women can bring important skillsets to companies. Second, some companies discriminate against women, which gives those who do not a competitive edge (Noland et al. 2016, 16). Finally, the literature also addresses the question of fairness, and if women are indeed disadvantaged in the recruitment process, then policies should be implemented to even the playing field (Kelan and Wang, 2013; Doldor et al., 2012).

Ultimately, there is support both for and against the quota, and the conflict between researchers on either side of the debate is unlikely to end anytime soon. Moreover, the debates within academia on the quota also reflects wider societal debates. Just as researchers differ on the quota's effectiveness, some countries have adopted a quota like Norway's whereas others have resisted and favored the voluntary approach of the U.K.. Even though not all countries have followed Norway's exact policy, the country's implementation of the quota is still credited with initiating major discourse and policies in other countries on the subject of gender diversity, akin to a "snowball" effect (Machold, Huse, Hansen, and Brogi 2013).

SECTION THREE: METHODOLOGY

The overarching objective of the research project was to examine the impacts of the Norwegian quota law on the career trajectory of women, and on the barriers women meet during their trajectory to the boardroom. The first step was to examine the current literature on the subject of women on boards. A review of the current research on boardrooms, on women in boardrooms, on the recruitment process, on the profiles of female boards members and on the impacts of gender diversity on firms served to inform the broad research objectives and the interview questions.

Since the research project had a qualitative focus, it relied primarily on the use of interviews as a research tool. The interview questions and the guided discussions were intended to show the different paths people can take to the boardroom, and how the steps in these paths could interrelate. From these interviews, it was expected that there would be several different trajectories to the boardroom, but that they would share specific commonalities, which could represent barriers women face. Another hypothesis was that people neglect to account for confluent drivers when evaluating the success of gender diversity initiatives, such as the tangible impacts of governance codes or of using head hunters. Finally, it was important to examine the interviews to potentially discover new research areas.

The first contact point for interviews in Norway was at the BI Norwegian Business School, which led me to other interview candidates. Likewise, a personal contact in the Norwegian private equity business was extremely helpful in facilitating several meetings with high profile businesspeople with boardroom experience. A similar process took place in the United Kingdom. The first step was to contact academics and university researchers, and then personal contacts in the business community were used to reach out to other candidates. To benefit from the potential “snowball effect”, at the end of each interview, the interviewees were asked to recommend and facilitate meetings with other possible candidates.

Interview Design

For the research, a total of 15 in-depth interviews were conducted in Norway and an additional 10 were conducted in the U.K.. All the interviewees were guaranteed anonymity. They were also asked to give their consent to getting recorded. Every official interview was recorded and later transcribed; the recordings were also codified by assigning each saved recording a number to ensure anonymity. Typically, the interviews lasted between 20 and 30 minutes.

Regardless of the position or title of the interviewee, the baseline questions and interview focus remained the same. Nonetheless, the interviews were all semi-structured, with the structure changing depending on the flow of each interview. In that sense, the interviews were dialectic, and the questions were kept open-ended to facilitate discussions. Since the questions were open ended, the answers allowed for follow up questions, which helped probe deeper into certain opinions, experiences and statements. Another reason for using the approach was to get long, non-traditional answers and stories which could be analyzed for thematic content, and which could hint at possible future areas of research. With this approach, the interviews could capture a greater range of information, and also allowed the interviewees to have more freedom in giving their opinions. The questions were developed with the help of Professor Bidwell from the Wharton School, and researchers met in Norway studying the topic of women in boardrooms, including Professors Mari Teigen and Morten Huse.

Interview Sampling

In both Norway and the U.K., the method of sampling consisted of volunteer sampling, and the people interviewed were contacted either through personal contacts or directly through cold emails. In Norway, the main goal was to get as diverse of an interview sample as possible. In that ideal sample, there would be male and female academics, public servants, executives, current or former board members and board chairs, and professionals seeking board memberships. When interviewing board members, the ideal interviewee was someone with board experience both pre- and post-quota. There was no preference for male or female interviewees, and men and women were contacted in equal numbers. The selection of the sample in the U.K. was similar, but there was less of a need to interview people with boardroom experience. The main purpose of the interviews in the U.K. was to learn about the global context for gender diversity initiatives, thus making it more instructive to interview academics and researchers.

In Norway, a total of 15 in-depth interviews were conducted. The gender breakdown consisted of 10 women and five men. Of the 15 people formally interviewed, they have cumulatively occupied board positions on 24 different Norwegian public companies. They include past or current board members, deputy Chairpersons and Chairpersons of four of Norway's 10 largest companies and of five companies listed on the OBX, which is an index tracking the 25 most traded companies on the Oslo Stock Exchange. Some were also current or former CEOs and senior executives of four different OBX companies. Besides businesspeople, the group includes a department head at the Confederation of Norwegian Enterprise (NHO) as well as a prominent retired Conservative Party politician and Cabinet Minister.

In the U.K., a total of 10 interviews were conducted, with a gender breakdown of eight women and two men. The group counted in its ranks professors, academics, heads of women in business advocacy groups, a head hunter, a banking executive, and two current board members of public companies. One interviewee was a member of the Davies Steering Committee, playing a critical role in the creation and review of the Davies Report, and is currently part of the Advisory Board of the Sir Philip Hampton/Dame Helen Alexander Review.

Overall, the interview sample in Norway proved much larger, more diverse and more experienced than the one in the U.K. There are several possible explanations for why that was the case. First, the research objectives meant a greater emphasis was put on interviewing people with boardroom experience in Norway. Second, it was much easier to access these experienced people in Oslo. The Oslo business community is small, and so once in contact with one prominent businessperson, then it is easier to contact others within that same single elite network. In contrast, London's companies and business community are much larger. This means people are even more busy and harder to access, and it is unlikely London has as much of a

single cohesive business community that can be tapped into. For these reasons, the increased access in Norway allowed for more interviews, and thus a more diverse and experienced sample than the U.K. sample. Finally, many of the people interviewed in Norway had already been interviewed several times about the Norwegian gender quota law since the quota has been the subject of a lot of research and is now over 10 years old. It is possible that Norwegians are therefore more familiar with interviews on the subject, which may also make them more welcoming, willing and accommodating to getting interviewed.

Interview Analysis

First, the interviews were transcribed, and then they were annotated in detail. The interviews were not designed to get pre-determined answers out of the candidates, which is part of why the questions were open-ended. Rather, the information from the interviews was used to formulate themes and a thematic analysis was conducted. Thus, the annotations did not reflect what was expected from the research, but simply highlights elements that merited further examination. The results of the interviews do not serve to confirm or validate the current literature. Instead, the interviews were analysed for consistency and resonance with the current literature. To do so, special attention was paid to key words, phrases or statements common to the interviews and the research. As discussed above, the analysis was primarily conducted on the interviews from Norway. The interviews conducted in the U.K. served to inform the background and context of the research whereas those in Norway were analysed for more unique insights into the impacts of gender diversity initiatives.

SECTION FOUR: RESULTS

A thematic analysis of the interviews conducted in Norway provided valuable information on the different paths to the boardroom. The analysis revealed four barriers related to the quota, organized in terms of four themes, that women face during their trajectories to the

boardroom. The first barrier deals with the recruitment process, and it was found that following the quota there was an increased use of Nominations Committees and head hunters, which could reduce the barrier. Second, the conception of the ideal board member emerged as a barrier for women. Third, certain key words and phrases suggested the existence of an exclusive pool of women, which can be called an “Old Girls Network”, and this network could exclude other women from board positions. Fourth, there seems to be a special importance ascribed to boards in Norway, and one potential result from that could be women abandoning their executive careers to pursue careers in boardrooms. Finally, there were some interesting additional findings and areas for further research that should be explored.

Growing Importance of Nominations Committees and Head Hunters

For women, the recruitment process serves as an important barrier to entry onto boardrooms. As highlighted in the literature review, the recruitment process could often be biased and informal, benefiting men who are in the proper networks. During the interviews, participants were asked about their experiences with the recruitment process, about any changes they have observed in recruitment and about their involvement with recruitment on boards. As a whole, the participants claimed that the boards had become more formalized, with many using the key words of “Nominations Committees” and “head hunters”. None of the interviewees touched on the actual practices of these firms or the added steps they undertook to formalize the process. Only one participant said that “now head hunters use more tests and in-depth interviews”. When pressed, most of the participants indicated that they thought the quota was at least somewhat related to the changes. The most common justification was that, as one participant put it, “because now [the boards] have to expand their horizon, so now they professionalize the whole process”.

Two participants contradicted that assumption, instead finding that the changes were the result of increased attention given to corporate governance. One interviewee with experience on the board of a large partially state owned public company categorically said the following:

No. The quota did not have that much of an impact. Now it goes through head hunters and Nominations Committees. It was more the focus on the governance of listed companies that allowed that. Part of the recommendation for governance was to have Nomination Committees.

This participant was the only one to highlight the changes to the Norwegian corporate governance code and their potential impact. The answer is significant because the current literature does not cover the relationship between changes to the governance code and the quota law. There are also no studies focused on the impacts to gender diversity of the governance code. From this, two potential questions emerge. Would the quota have been as effective without the changes to the corporate governance code? Could changes to the code have led to the same results independent of the quota?

Three interesting findings emerged as corollaries. First, the four interviewees with current or past experience on the boards of Norway's largest partially state-owned public companies observed that those companies had the most formalized recruitment processes they had experienced. Second, many questioned whether the gender makeup of the Nominations Committee could impact the gender of new board recruits. Third, comparing the interviews between people working at public and at private companies showed that private companies often have more male board members, do not have nominations committees and still recruit new board members through personal networks. Overall, it is clear that following the quota, the recruitment process remains a barrier to women, and that recently formalized mechanisms have been implemented in an attempt to reduce that barrier.

The Myth of the Ideal Board Member

The conversations revealed that there are particular assumptions regarding what skills, experiences and profiles people should have to become board members. When describing the most board-ready candidates, the head hunter explained that there was a preference for people with “broad profit and loss experience, and if possible, women with CEO experience”. Key words related to that preference include “profit and loss responsibility”, “executive/senior management experience”, “CEO experience” and “operational roles”. These words were touched on by eight of the 15 participants. Looking at the sample more closely, five of the six participants with experience on public boards used at least one of those key words. That view can be a barrier to women since they are less likely than men to occupy CEO, executive or operational roles. One interviewee also found the preference problematic because the division heads of some companies can have larger managerial responsibilities than some CEOs and yet they can still be overlooked.

The key words highlight that boards have not fully embraced diversity in the broader sense. Although some may be more accepting of female board members, there is less of a willingness to accept people from different professional backgrounds. One participant who is trying to get recruited to a corporate board expressed the concern that her background in marketing disadvantaged her in the recruitment process. The interviewees on the one hand lauded the benefits of a more “broad and vigorous process when recruiting a new member”, but do not express the need for different forms of diversity when thinking of the ideal board makeup. In a sense, the findings show that the recruitment process has not changed much; boards are still looking for the same profile, only now there is pressure to find women who fit that same desired profile. In the literature, there is a mixed view on the benefits brought by greater professional diversity and by greater diversity in a broader sense (ex: age, ethnicity) (Larcker and Tayan n.d.). More research should be undertaken on the subject, particularly within the context of how

women from non-traditional backgrounds can have impacts in boardrooms. If a positive effect can be shown, then it could reduce the barrier for women looking at boardroom positions.

Replacing the “Old Boys Club” with an “Old Girls Club”

In introducing the quota, there was a desire to reduce firms’ reliance on the “Old Boys Club” for recruiting, but it is possible that the quota instead created and started a new reliance on an informal “Old Girls Club”. One participant explained that “the ten most famous female board members will all name the same people for board positions – it is difficult to get out of that small pool of the same candidates”. This suggests that all of the prominent professional women know each other, and form their own exclusive group. Indeed, another board member also observed that for the most prominent boards it was “such a small select group of women”. Likewise, other board members described their networks as consisting of a “small pool” of women. A small pool of women leaves little room or openness for new entrants, and thus younger women are not currently accessing the important networks needed to get board positions. For most of both the men and women interviewed, their networks have not changed dramatically since the quota’s introduction. The existence of such a network would mean that high profile board positions are reserved for only a select few women, which prevents new women from getting valuable boardroom experience. In turn, that creates a vicious cycle that disadvantages women in the long run. Thus, in Norway, it is possible that the traditional “Old Boys Club” has been replaced by an equally exclusive network of elites, or in other words an “Old Boys and Girls Club”.

When discussing an elite female network, it is important to distinguish the findings from the academic literature on the “Golden Skirts” (Huse 2011). Research on the “Golden Skirts” uses counting to account for the average number of board seats occupied by men and women. Following from that method, the hypothesis is that the quota forces a few women to occupy many directorships because of the dearth of highly qualified women. Yet, the phenomenon of a

possible “Old Girls Club” would suggest that the average number of board seats occupied by women matters less than the possibility of the same women occupying the most important, high profile board seats. If that is the case, then it is problematic for the next generation of women who are being blocked by this network. The more experienced women are unintentionally acting as a barrier to younger women seeking directorship positions. In that sense, the quota could potentially have simply replaced the “Old Boys Network” by an “Old Girls Network”.

Women Choosing the Boardroom over the C-Suite

The literature review examined two primary explanations for women not reaching boardrooms: human capital and biases. Through the conversations, it emerged that another barrier could be a culture of women abandoning their executive careers to pursue board careers. The head hunter interviewed spoke of the trouble with finding women with executive experience since “a lot of young women who can get these positions go for board careers instead of an executive career because it is easier to get these board memberships”. Another participant with experience on an OBX company’s board also highlighted the same issue. As mentioned in the literature and as found in the interviews, high profile boards look for candidates with executive experience or strong professional career credentials. Thus, a mentality that prioritizes a board career is problematic because then not enough women will gain the executive experience needed to then get recruited onto high profile boards.

In Norway, the high value people place on boardroom positions can be at least partly attributed to the quota. The quota put the boardroom at the forefront of the business agenda, thereby ascribing to it added importance. One ambitious participant expressed more concern with getting a board role than moving up the executive ranks, which reinforces the perception that too much emphasis is put on the boardroom in Norway with the quota law. In that sense, by prioritizing boardroom changes, the quota could have the unintended consequence of fostering a

mentality where women prioritize the boardroom over the C-Suite. Although not yet the subject of much research, the barrier did emerge as a theme in a qualitative report by Claire Braund during her Churchill fellow research (2010). Since there are important implications for the boardroom opportunities afforded to women, it would be valuable to examine the trend of women leaving executive ranks for board careers with quantitative data.

Additional Findings and Areas for Future Research

In addition to the four main barriers, the interviews provided evidence of other interesting avenues to explore. A common thread in many of the interviews was the concept of natural progress. Many participants believed the quota should be eliminated and that it only served to hasten a process that would have happened naturally. Along those lines, some argued that it is difficult to attribute specific causal changes to the quota. Looking at the literature, however, there are a few counterarguments. First, the proportion of women on the boards of private companies not subject to the quota is much lower than it is for public companies (Korn Ferry Hay Group 2016; Hinds 2010, 10). Second, according to the accounts of participants with experience at private companies, these companies have fewer women in leadership positions.

An overview of the current literature shows that age is also a topic often examined (Huse 2011, Kelan and Wang 2013). Most of the research into the age of board members, however, is based on counting and on aggregating the ages of different board members across gender or other similar criteria. What can be perhaps more instructive is to look at age on a position-by-position basis relative to the prestige and size of companies. For example, it is possible that specific board seats are often reserved for older men or older women, whereas another type of board seat may be for younger people.

Finally, with qualitative research, it is sometimes difficult to find conclusive evidence, but the findings often serve to inform new research paths. Such is the hope with this research

project, and in that vein, there are a few questions that could spur further research. First, what is the link between corporate governance codes and gender diversity initiatives? How do they complement each other? Second, what is the impact of gender diversity initiatives on different types of diversity? Do these initiatives also help promote people from more diverse races, countries, ages, educational backgrounds or career backgrounds? Third, in what tangible ways do gender diversity initiatives change the discourse on gender and corporate governance? Do these initiatives change how people view and value board roles?

FINAL REMARKS

Over the coming years, the importance and stature of the board of directors of public companies will only continue to grow. It is critical that women are fairly included in every stage of that growth. In looking at gender diversity initiatives from a qualitative perspective, this paper sought to build on the current body of literature on the subject of women on boards. In the findings, the barriers described should add to the current body of literature, as they highlight importance steps along the career trajectories of women that should be further examined. In that sense, the themes can and should serve as important reference points for new research.

In the end, the decision to investigate gender diversity in boardrooms was born out of an interest in corporate governance, but also on a recognition of the need to continue pushing for equality in the workplace. None of the gender diversity initiatives explored in this research project have come to North America, which is why studying their impacts in Europe is so fascinating. Given the current debates on gender diversity in Europe, it will be interesting to see if any of the initiatives or discussions come across to the other side of the Atlantic. Moving forward, it remains critical that policymakers and business people keep an open mind to gender diversity initiatives.

REFERENCES

- Adams, R. B., and D. Ferreira. 2009. Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics* 94: 291-309.
- Ahern, K. R., and A. K. Dittmar. 2012. The changing of the boards: The impact on firm valuation of mandated female board representation. *The Quarterly Journal of Economics* 127 (1): 137-197.
- Bertrand, M., S. E. Black, S. Jensen, and A. Lleras-Muney. 2014. Breaking the glass ceiling? The effect of board quotas on female labor market outcomes in Norway. *NBER Working Paper Series*.
- Brammer, S., A. Millington, and S. Pavelin. 2007. Gender and Ethnic Diversity Among UK Corporate Boards. *Corporate Governance: An International Review* 15 (2): 393-403.
- Braund, C. 2010. The Winston Churchill Memorial Trust: Report by Claire Braund, 2010 Churchill Fellow. *Churchill Trust*.
- Brown, S., E. Kelan, and A. L. Humbert. 2015. Opening the Black Box of Board Appointments: Women's and Men's Routes to the Boardroom.
- Brown, S. "There's Never Been a Better Time to be a Woman? Gendered Discourses on the Route to the Boardroom." Thesis for the degree of Doctor of Philosophy, King's College of London, 2017.
- Bushell, M. A. "Women on Boards: The Role of Social Capital and Networking in Corporate Board Director Selection Processes." Doctoral Thesis, University of Warwick, 2015.
- Carter, N. M., and H. M. Wagner. 2011. The bottom line: Corporate performance and women's representation on boards (2004-2008). *Catalyst Inc.*

- Christiansen, L. E., H. Lin, J. Pereira, P. Topalova, and R. Turk. 2016. *Unlocking female employment potential in europe: Drivers and benefits*. Washington, DC: International Monetary Fund.
- Dawson, J., R. Kersley, and S. Natella. 2016. The CS Gender 3000: The Reward for Change.
- Dobbin, F., and J. Jung. 2011. Corporate board gender diversity and stock performance: The competence gap or institutional investor bias?. *North Carolina Law Review* 89: 809-838.
- Davies, M. 2011. Women on boards: February 2011.
- Doldor, E., S. Vinnicombe, M. Gaughan, and R. Sealy. 2012. Gender Diversity on Boards: The Appointment Process and the Role of Executive Search Firms.
- Heidenreich, V. 2013. "Consequences of the Norwegian gender quota regulation for public limited company boards." In *Getting Women on to Corporate Boards: A Snowball Starting in Norway*, edited by Machold, S., Huse, M., Hansen, K., and Brogi, M., 119-125. Cheltenham: Edward Elgar Publishing
- Hinds, B. 2015. Strategies for increase participation of women in leadership across the Commonwealth. *The Commonwealth Secretariat*.
- Holgersson, C. 2013. Recruiting Managing Directors: Doing Homosociality. *Gender, work, and organization* 20 (4): 454–466.
- Huse, M. 2012. "The "Golden Skirts": Changes in board composition following gender quotas on corporate boards." In *Diversity quotas, diverse perspectives*, edited by Gröschl, S., and J. Takagi, 11-23. Surrey: Gower Publishing Limited.
- Kelan, E., and M. Wang. 2012. The Gender Quota and Female Leadership: Effects of the Norwegian Gender Quota on Board Chairs and CEOs. *Journal of Business Ethics* 117 (3): 449-466.

- Korn Ferry Hay Group. 2016. Non executive directors in Europe 2016. *Korn Ferry Hay Group*.
- Larcker, D. F., and B. Tayan. Diverse Boards Research Spotlight. *Stanford Graduate School of Business Corporate Governance Research Initiative*.
- Linda-Eling, L., R. Marshall, D. Rallis, and M. Moscardi. 2015. Women on Boards: Global Trends in Gender Diversity on Corporate Boards. *MSCI*.
- Machold, S., Huse, M., Hansen, K., and Brogi, M. *Getting Women on to Corporate Boards: A Snowball Starting in Norway*. Cheltenham: Edward Elgar Publishing, 2013.
- Matsa, D. A., and A. R. Miller. 2013. A female style in corporate leadership? Evidence from quotas. *American Economic Journal: Applied Economics* 5 (3): 136-169.
- Miller, T., and M. del Carmen Triana. 2009. Demographic diversity in the boardroom: Mediators of the board diversity–firm performance relationship. *The Journal of Management Studies* 46 (5): 755–86.
- Noland, M., T. Moran, and B. Kotschwar. 2016. Is gender diversity profitable? Evidence from a global survey. *Peterson Institute for International Economics*.
- Roberts, A. 2014. The Political Economy of “Transnational Business Feminism.” *International feminist journal of politics* 17 (2): 209-231.
- Robinson, G., and K. Dechant. 1997. Building a business case for diversity. *The Academy of Management Executive* 11 (3): 21-31.
- Sealy, R., and N. Doherty. 2012. Women in finance: a springboard to corporate board positions? *The Association of Chartered Certified Accountants*.
- Sealy, R., and S. Vinnicombe. 2013. The Female FTSE Board Report 2013: False Dawn of Progress for Women on Boards? *Cranfield International Centre for Women Leaders*.

Sealy, R., E. Doldor, and S. Vinnicombe. 2016. Women on Boards: Taking Stock of Where We Are, The Female FTSE Board Report 2016. *Cranfield School of Management*.

Smith, N. 2014. Gender quotas on boards of directors. *IZA World of Labor* 2014 7.

Vinnicombe, S., E. Doldor, R. Sealy, P. Pryce, and C. Turner. 2015. The Female FTSE Board Report 2015. *Cranfield School of Management*.

Zattoni, A., and F. Cuomo. 2010. How Independent, Competent and Incentivized Should Non-executive Directors Be? An Empirical Investigation of Good Governance Codes. *British journal of management* 21 (1): 63-79.

30% Club. Barriers to Progression. *30% Club*.