Increasing Gender Balance on Boards: The case for Legislative Gender Quotas in Ireland

National Women's Council

Acknowledgements

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Foreword

Equal representation of women and men in society is critical for achieving gender equality in Ireland. Whilst significant gains have been made over the decades women remain substantially underrepresented in senior roles and decision-making spaces - addressing this underrepresentation has been a core goal for NWC.

Building on previous NWC research that established the social and business case for corporate gender quotas (Better Boards, Better Business, Better Society) this report makes the case for legislative quotas. The pace of change is too slow, if we are to make real the concept of equality for this generation substantive changes are required. Quotas are designed to jump-start women's representation – to move from incremental gains to substantial growth in women's presence, this must start at the top.

The immense and disproportionate impact of Covid-19 has been felt by women across Ireland, with many carrying additional caring responsibilities, we cannot afford to lose what little ground has been made in getting more women in boardrooms to this pandemic. Evidence suggests that many women have had to leave the labour market or are downshifting their careers, to counter this shift ambitious plans should be adopted by companies to retain and lift-up women.

A voluntary target-led approach has not produced the results necessary to justify the continuation of soft-approaches. A legislative quota of 40% women on non-state boards is a blunt instrument, but a necessary tool if we are to enact meaningful change. This report outlines the benefits of more women on boards, for society and for business.

We have an opportunity for change and NWC is proposing a set of key recommendations to spark that change. Structures must be changed so that every woman has equality of opportunity.

Our boardrooms should be reflective of society today.

Orla O'Connor
Director, National Women's Council

The **immense and disproportionate impact that Covid-19 has had on women as workers and carers** is now well established[1] as is how countries with women leaders have experienced better public health outcomes and lower mortality rates.[2] Analysis from McKinsey suggests women are **leaving the labour market or downshifting their careers** in significant numbers as a direct result of the pandemic. As a result, companies **risk losing women in leadership—and future women leaders—and unwinding years of painstaking progress toward gender diversity.**[3] Due to the severe economic strain suffered by many companies during the pandemic, gender-equality measures **may fall down the agenda of governments and company boards**—especially since across the EU women make up only 34 % of board members and just 9% of chairs.[4]

However, analysts suggest that this would be a mistake and that the crisis represents an opportunity for companies **to invest in building a more flexible and empathetic workplace,** they can retain and nurture women to achieve their potential over the long term with demonstrable economic benefits.[5] The most recent data for Ireland indicates a persistence of all male boards and slowing rate of female Board appointments.[6] The **Citizens' Assembly on Gender Equality** underlined actions were required to confront the slow progress on gender equality in leadership and decision making. They recommended **the enactment of gender quota legislation that requires companies to have at least 40% gender balance on their boards.**[7]

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The global spread of corporate quotas for women over the past 30 years is both remarkable and consequential.[8] After adoption, quotas have influenced the **number of women on boards, the performance and outcomes of decision-making bodies, and broader public attitudes.** Quotas redistribute power at the top of the labor market that has positive trickle-down benefits: for companies in improving financial performance; for other women at all levels in a firm that include smaller gender wage gaps more flexible work options and measures to combat sexual harassment.[9] Legislative quota laws **are most successful** in increasing women's board representation.[10]

Building on previous NWC research that established the social and business case for corporate gender quotas (*Better Boards, Better Business, Better Society*)[11] here we argue that legislative gender quotas are essential to increase **gender balance on non-state company boards in Ireland.** In this review we make the case for mandatory corporate gender quotas in Ireland. We begin by underlining the efficacy of gender quotas to deliver significant increases in gender balance on corporate boards. The report explains what legislative corporate quotas are, and the difference between them and voluntary targets. Drawing on international evidence, we detail the limits of voluntary quotas and targets. Acknowledging where some progress has been achieved in Ireland, we continue by illustrating how such progress has now slowed and why Ireland would benefit from a system of mandatory quotas. In a series of international case studies, we detail what is distinctive about a legislative approach to gender quotas, where they have worked well and under what conditions.

In our assessment we address analyses that has criticized the gains made with legislative quotas and argue for **a contextual assessment** that makes clear the value of mandatory quotas. Drawing on new data we place Ireland in comparative context to reveal the slow pace of progress compared to countries that have applied mandatory quotas. We conclude with an endorsement of the introduction of a legislative gender quota in Ireland alongside a series of recommendations aimed at achieving gender parity on corporate boards.

The pace of change is slow.

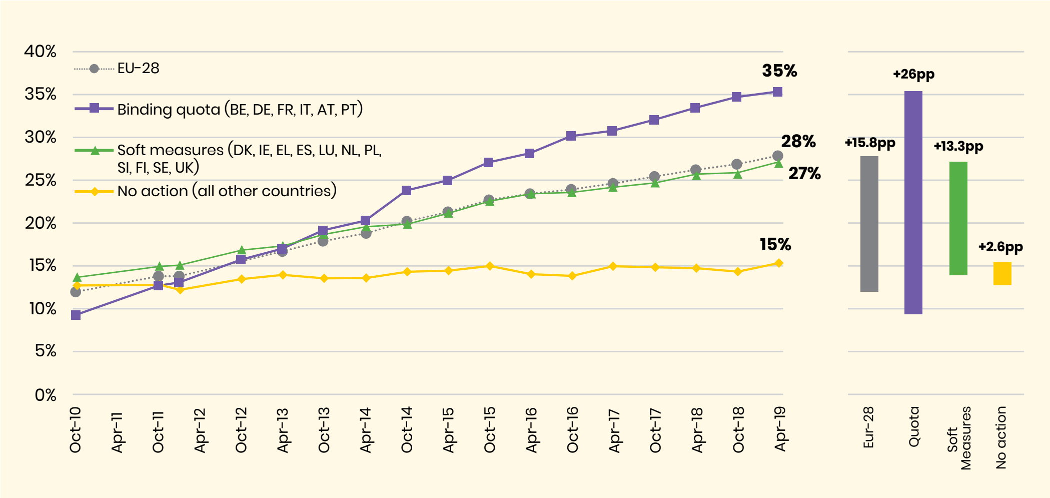
On state boards, change without a quota has been snail-like in pace. NWC welcomes the progress made on state boards where women now represent 41.5% of directors but it has taken 25 years to meet this target of 40%, first introduced in 1993.

Representation of women on the boards of Ireland's 20 biggest publicly quoted companies has reached 30 per cent according to Balance for Better Business Review Group, a monitoring, target led initiative established in 2018 to improve gender balance in senior leadership in companies.[12] This progress is from a low base of 18% recorded in 2015 and indicates an impulse for change. At the same time advances remain fragile with the potential for reversal in turnover and appointments.[13] Overall the path towards gender balanced **representation on company boards is uneven, with elements of inertia and risks of backsliding in efforts** made to deliver sustainable and durable gender balance.

In October 2020, women accounted for 29.5% of board members in the largest publicly listed companies[14] registered in the EU Member States, a mere 1.0 percentage point increase since October 2019.[15] The Gender Equality Index 2020[16] published by the European Institute for Gender Equality (EIGE) confirms that legislative measures such as quotas for the underrepresented sex are important tools for accelerating slow progress on gender balance in economic decision-making (see Table 1).[17] In a EIGE statistical brief published May 18 2021 considered six quota countries in the analysis reporting that their share of women on boards increased by an average of 0.9 pp each year before the quota was introduced. This jumped to an average increase of 3.0 pp per year after the quota was introduced. Progress in countries without legally binding quotas stagnates at just 0.7 pp per year.[18]

Ireland's reliance on a target led approach has made gains moving from us from 17th to coming 11th in EU ranking as of April 2021. However, a slow and uneven rate of change across the EU[19] means that EU averages signify a modest benchmark at best.

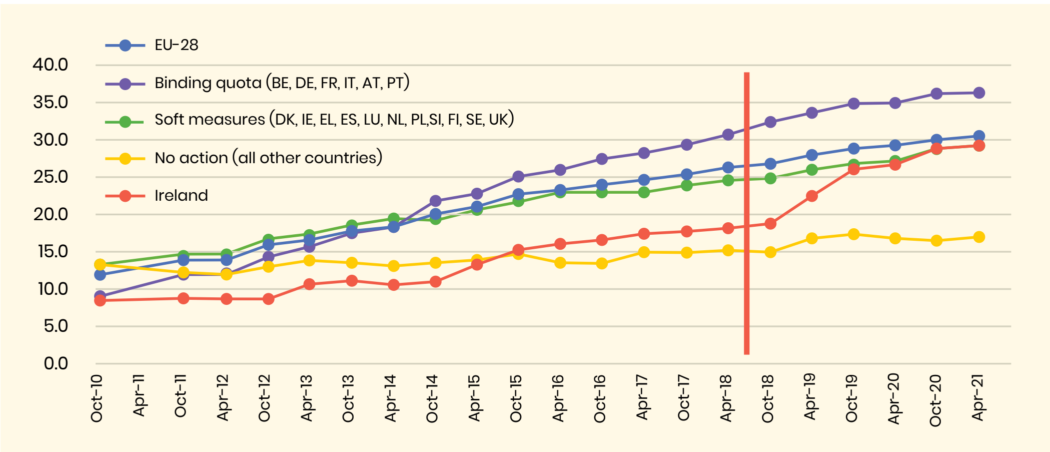
Table 1 Change in the share of women on boards of the largest listed companies October 2010- April 2019 by type of action taken.



Source: EIGE Gender Statistics Database – largest listed companies.

If we include additional analysis that separates Ireland out where a target led approach has been adopted (see table 2) we see evidence of initial progress especially from a low starting point. Targets have then had some effects especially when compared to contexts where no action is taken. However, targets are less successful when compared with the rate of progress achieved when binding quotas are applied.

Table 2 Change in share of women on boards of the largest listed companies October 2010 - April 2021 by type of action taken



Source: EIGE data and courtesy of Better Balance for Business

The European Union Directive on Gender Balance on Boards

The European Commission proposed legislation in 2013 to increase the number of women non-executive directors on the boards of publicly listed companies.[20] This initiative has stalled at EU level but the Commission President, Ursula von der Leyen, stated in her Political Guidelines that she will seek to unblock the Directive.[21]

Belgium introduced a legislative corporate gender quota in 2011 arguing that the over-representation of men in top offices could no longer be considered normal or appropriate. In France, where a legislative quota was introduced in 2010, ministers insisted that quotas for corporate boards were necessary to shock the system, which had stalled in promoting women on its own. They argued that only legal measures would bring about change. Progress has been quickest in contexts where binding and legislative corporate gender quotas have been applied.[22] France has a 40% quota for women on the board, Italy requires at least 1/3 of either gender. France continues to lead gender balance on boards, with an average of 44% women at that level, followed by Italy at 38%.[23] Greece adopted a binding quota in 2020 followed by the Netherlands in response to poor progress based on a non-legislative approach. Germany also adopted a mandatory gender quota in November 2020. It requires management boards with more than three members include at least one woman, reversing a voluntary system that failed to achieve the required shift towards gender equality.[24]

The Dutch context offers insights captured by a government report entitled 'No Law, No Progress'.[25] A voluntary target for companies to have 30 per cent female representation at board level from 2013 to 2020, it argued, simply had not worked and as a result a legislative measure was now required.[26] In fact, research now suggests that methods (such as mentoring and target-setting) offer slower paths to improving representation and do not bring about an increase in female representation in the highest ranks of a firm.[27] Positive laws imposing gender quotas rather than soft recommendations generate the most significant improvements in gender balance on boards.[28]

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What are Legislative Gender Quotas?

Gender quotas are designed to help women overcome obstacles to their appointment, such as cultural stereotypes that make them less likely to aspire to or be selected for such positions.[29] Quotas set a specific number or percentage—a threshold—for the selection or nomination of women, distinguishing them from less binding goals, targets, or recommendations.

Legislative quotas are usually binding and 'mandatory' with non-compliance likely to attract sanctions with varying degrees of severity.[30] They are often contrasted with the targets that rely on gender diversity related recommendations and principles in corporate governance codes that seek to persuade and encourage compliance. The design of the quota and the institutional context within which it emerges (the commitment across society, economics and politics to gender equality) are important indicators of how progressive it will be in increasing women's representation.[31] Corporate board quotas are legally regulated at the national level but often apply to only a subset of boards within a country. Quotas may apply to state-owned companies, publicly traded companies, and/or all companies above a certain number of employees or annual revenue threshold. Quotas generally do not apply to private companies, and are largely untested in that context.

Targets and quotas are not the same, although quotas can be 'soft' with few sanctions or 'hard' with comprehensive sanctions. Targets are aspirational goals that a firm or the state might set but not mandate any of its office holders to achieve. Quotas, on the other hand, are mandated outcomes that can be supported by legislation. The limits of targets and recommendations lie in their voluntary nature; hence, a firm that lacks a gender-balanced board can continue to operate, and only faces recommendations, warnings, and reports on the causes of noncompliance. In other words, while companies may have to give a 'compelling' reason explaining why they have not complied, soft regulations are essentially avoidable since there are no real repercussions for noncompliance.[32] The non-binding nature of the 'comply or explain' principle detracts from target effectiveness.[33] The design of the statutory quota also influences its effectiveness. A descriptive comparison of tough sanction countries with countries that impose moderate, or no sanctions shows that the countries with the toughest sanctions were able to increase the proportion of women the most.[34]

The Legislative Approach to Gender Balance on Corporate Boards

The legislative approach dates to Norway, where a 40% gender quota for public limited companies was introduced in 2003, with a grace period until 2008 to reach the target. Female representation had increased only gradually before 2003, but then jumped from 16% in 2004, to 37% in 2007, and finally reached the 40% target in 2008, and 42.5% in 2020.[35] This progress reveals how legislative intervention mandating gender balance on boards is the most substantial measure to improve the representation of women on boards as compared to any action taken by any individual, firm or industry.[36]

Recent research[37] on the impact of the Norwegian quota argues that it delivered substantive change beyond increasing the numbers of women on boards. The quota pushed companies to 'think outside the box' and break away from the 'conventional' male norm in seeking suitable candidates for directorships opening opportunities to well-qualified women. Using evidence from France's quotas on boards of directors, research finds that firms have adapted to the binding law by diversifying and deepening their talent pool—finding talent where they were not necessarily looking before the introduction of the law. [38]

Quotas are designed to jump-start women's representation—to move from incremental gains to substantial growth in women's presence.[39] With Norway as the only country that instituted a corporate quota with sanctions implemented before 2012, cross-national and longitudinal comparisons are scarce and typically include unenforced quotas, targets, or simple reporting requirements alongside quotas. However, looking across 91 countries research[40] found that, compared to countries that have taken no action at all, simple reporting requirements do not produce substantial increases in women's presence on corporate boards, whereas quotas do produce higher numbers of women in board roles.[41]

What works best: Targets or Quotas?

Legislative quotas are often critiqued for not having worked well enough in improving gender representation in lower and highest ranks of corporations. Such argumentation is used to call instead for non-binding targets, yet neglects to connect broader factors including resistance to change and broader socio-cultural and policy based obstacles including poor childcare infrastructure as factors that limit the potential of legislative measures.[42] Legislative quotas cannot address all of these societal contributors to gender inequality, rather, they offer an essential mechanism to bring about concrete and substantive increases in women's representation on boards. Legislative quotas act then as a catalyst alongside other measures that accelerate women's access to board seats. For example, French companies have tangible gains reflecting a quota of 40% female directors, which has been in place since 2011, at the same time as a paid parental leave policy for both primary and secondary carer leave.

Context Matters

Research suggests that countries that had legislative quotas alongside strong gender equality legislation and less traditional gender norms made the most progress on gender balance on boards in durable and expansive ways.[43] Comparative analysis in particular confirms that board quotas work, but **that the context in which they are introduced matters.** Furthermore, results show that sanctions attached to board quotas also matter. Women's board representation is highest where there are both board quotas with hard sanctions and higher gender equality in society.[44]

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Arguments against legislative quotas also reference the progress made in countries including Finland, (35.1%) and Sweden (38%) where non-binding codes of corporate governance are used to encourage gender balance on boards. In fact, all the Nordic countries have much higher levels of female board representation than their global counterparts due in large part to historically strong societal and political commitments to gender equality and social democracy. In both contexts, a willingness to comply with the non-binding regulations and enhance gender parity on boards is driving the relatively high number of female directors. Scandinavian countries also have laws in place which facilitate women in combining professional careers and family life. Countries that are more gender equal may also provide women with greater human capital or alternatively lead to greater legitimacy and greater opportunities to leverage experience.[45]

And while progressive societal norms are the most effective way to build meaningful and impactful gender balance on corporate boards, binding regulations clearly have significant impact on increasing gender balance in boardrooms.[46] In other words, progress made in Nordic countries without legislative quotas should not be used to illustrate the limits of legislative quotas. Rather such progress signals state and societal commitments to gender equality and a recognition of systematic discrimination in gender balance on boards.

Fundamentally, the adoption of a legislative quota indicates that business communities and policymakers have decided that women's underrepresentation will not be fixed by individual women's efforts and goodwill of individual corporations alone, and that larger structures, traditions and biases need to be challenged.[47]

In short, we should expect that where gender balance is supported in social and cultural terms, progress can be made outside of legislative arrangements.[48] Ireland differs in terms of its social and cultural context with female labour force participation rates[49] below the EU average. Unequal sharing of care work, concentration of women in low paid work and gender segregation in the workforce[50] maintains women in lower paid jobs, and outside of senior management roles. The absence of comprehensive, accessible and affordable childcare also limits women's economic participation.[51] In such an unfavourable context a legislative gender quota is essential to overcome such limits and open new opportunities for women's economic participation.[52]

What can we learn from the use of a 'soft' quota in Spain?

Compared to other European countries, Spain has relatively low rates of female labour market participation, including in managerial roles. In response in 2007 Spain introduced the Spanish Gender Equality Act (Ley de Mujeres) that introduced a quota of no less than 40% and no more than 60% of each gender to serve as board directors of the country's largest and wealthiest firms.[53]

Spain's law applies to both public and private firms, which would seem to offer maximum impact.[54] But the Spanish quota is a "soft law," meaning it has no sanctions for non-compliant firms. Norway's law, for instance, has a heavy sanction of de-listing from the Oslo Stock Exchange (which did stimulate compliance). Also, unlike Norway, Spain's Act only offers one incentive for quota-compliant firms in showing preference in the form of awarding public contracts. The combination of a weak positive incentive and a lack of penalties in the Act may be a reason why board proportions did not rise to the targeted 40%. The implementation schedule was also longer than that of Norway. As a result, progress towards achieving targets has been slow. A recent Spanish study[55] developed a 14-year dataset and ran an exhaustive series of tests to determine how well the 2007 non- binding gender quota achieved its objectives. Their research data suggests that the law had little effect.[56]

In fact, the Spanish 'soft' law has been characterized as a policy failure.[57] Resistance and noncompliance were facilitated by weak sanctions and loopholes that left the policy open to revision when those who supported it left office. The result is that the regulatory framework was substantially reformulated with a reduced scope, extended deadlines, and representation thresholds below international standards for gender balance, and lighter compliance and supervision regimes. Without a strong legislative basis this research shows that such a weak law maybe further weakened and is very unlikely to achieve more than very slow progress.[58]

Can targets deliver sustainable gender balance on boards? The UK case:

The UK offers another illustration of the mixed outcomes of a self-regulatory approach. The U.K. government-backed 2011 Davies Review set a non-binding target of 25 % women on the boards of directors of FTSE 100 companies by the end of 2015.[59] Some initial success was achieved with women making up 27.7% on average of FTSE 100 boards in 2017, up from 12.5% in 2010. Subsequently, in the five-year review, this target was raised to 33 percent on FTSE 350 boards by 2020. This had reached 29.0% by July 2018. By the end of 2020 the target of 33% of board positions at FTSE 100 and FTSE 250 firms was met. Despite this, Ann Cairns, executive vice-chair of Mastercard and global chair of the 30% Club characterised this progress as "fragile and slow" referring to the presence of only 17 female CEOs across all 350 companies.[60] A target led approach can also be uneven in its consequences with less than half of the 260 smaller companies listed on the London Stock Exchange's main index meeting the target of having a third of their board roles occupied by women.[61]

Quotas make business and societal sense:

Arguments for binding gender quotas include democratic justice and economic fairness, with quotas understood to move corporate leadership recruitment in a more equal direction. The business case stresses that including women will make use of the full range of talent available, incorporate more diverse perspectives and life experiences, and—in turn—lead to greater innovation, higher productivity, and better working conditions.[62] Studies from consultants, banks and investment research firms, including Deloitte[63], McKinsey & Co.[64], Credit Suisse[65] , Catalyst[66] and MSCI,[67] bear out these findings. The McKinsey & Company Diversity Wins Report 2020 found that "companies whose boards are in the top quartile of gender diversity are 28% more likely than their peers to outperform financially".[68] Research also confirms that gender diversity improves private equity and venture capital returns.[69] International Labour Organization, 2019 *Women in business and management* report underscores these findings.[70] Recognising the value of gender-diverse boards, institutional investors are starting to vote against all-men boards.[71] The Norwegian sovereign wealth fund, the world's largest has directed companies it invests in to increase gender balance on their boards.[72]

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Detractors counter that it is difficult to prove female board members are the true cause underpinning more positive outcomes and certainly demonstrating quota effects is methodologically challenging.[73] Be that as it may, what we do know is that male-dominated or male-only boards are less likely to achieve gender balance in middle management, while enterprises with women as board chairs are more likely to do so.[74] Other criticisms that 'quota' women are less qualified have been challenged by data that suggests such appointees are either more or notably differently qualified and experienced than existing board members[75]. What may be perceived as inexperience is often a new and valuable form of expertise and network membership than can enliven an existing board.[76]

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Greater diversity and inclusion including gender balance on boards has significant impact for talent, innovation and group performance yet also reputation and responsibility. Women board directors are more likely than men to identify social issues like human rights, climate change, and income inequality as critical to corporate strategy. Gender-diverse boards also tend to adopt more progressive organisational management practices, such as work-life support programs, which increase employee satisfaction.[77] Diversity of course refers to more than gender, and race, ethnicity, disability LGBTQ+ status are also increasingly recognised by corporations as important elements of inclusion. In the COVID-19 crisis, inclusion and diversity matter more than ever. Companies whose leaders welcome diverse talents and include multiple perspectives are likely to emerge from the crisis stronger.[78]

Beyond Boards, Leadership Teams also matter:

Quotas often only apply to the top-level board, which tends to be wholly or predominantly (depending on the local corporate governance system) comprised of non-executives **so that executive positions may not be** affected. As a result, progress towards gender parity amongst executives is also slow and very few women reach the top positions in large companies. Women in executive-management roles are more likely than those in lower-level managerial and non-executive positions to have the bargaining power to successfully instigate cultural changes in the firm that can create better outcomes for lower paid women. In October 2020, **women held just 19.3% of executive positions in largest listed companies and less than one in ten board chairs or CEO positions in EU member states.**[79] Zooming out to a larger comparison of OECD countries for 2019 we find an average of 21.4 per cent of women on boards of the largest corporations and 15.8 per cent of women in senior C-suite positions.[80] ISEQ 20 companies In Ireland conform to this low average where we find a slightly larger share of female leadership executives compared to other listed companies (22.2% vs 15.9%).[81]

Gender quotas are being introduced for executive positions in Germany, that will require publicly traded companies to have at least one woman in their executive leadership.[82] The French Parliament[83] voted in May 2021 to introduce gender quotas on executive teams and to leadership pipelines of companies over 1,000 people. The targets set are 30% minimum of either gender by 2027, 40% by 2030.[84]

The S& P Sustainability Year Book 2021 *Gender equality in the workplace: going beyond women on the board states*, "Increasing the number of women in leadership positions is important for board diversity because it broadens the talent pool for board nominations, and ensures that the women appointed have the experience, skills and legitimacy required, to have a meaningful say in the decision-making process." (p.49). In their analysis they also suggest that having more women in executives positions will over time help companies to appoint women directors that could in turn increase these directors' influence on the overall decision-making process, potentially improving the trickle-down effects on other women in the workforce.[85]

Progress is slowing down

MSCI ESG Research (consultants and risk assessors for the global investment community) have reported annually on the state of women's representation on corporate boards since 2009. In 2020, it found a noticeable slowdown in the rate of increase for female representation on boards, with a gain of only 0.6 percentage points among constituents of the MSCI ACWI Index[86]. It is also clear incremental progress in increasing the percentage of seats held by women does not in itself suggest retention or sustainability.

Taking a global view they argue that if the trend over the past four years continues it may take until 2029 for women to comprise 30% of corporate boards, and until 2045 to reach 50%.[87]

How does Ireland Compare?

Organisations and initiatives that aim to increase diversity and gender balance on boards in Ireland offer a range of self-regulatory opportunities to businesses. These include the work of the 30% Club – in place in Ireland since mid-2014 that offers organisations mentoring, investor group, public policy, business scheme, and career strategy development opportunities. In July 2018 Government's 'Balance for Better Business' initiative: an independent business-led review group of gender balance in governance and senior management in business was established. This review was a commitment in the *National Strategy for Women and Girls 2017-2020*. Balance for Better Business is a target driven initiative that has brought important focus to the issue of women's underrepresentation on boards as well as generating key benchmarking data. The initiative also plays an important role as a monitoring space and is supported by an expansive advisory group that includes key stakeholders in business and the social partners including the NWC.

Other public gender-specific commitments and reports supporting board gender balance include since 2011, the EU Commission "Women on the Board Pledge for Europe" to "develop self-regulatory initiatives to get more women into top jobs, with a view to reaching 30% of women on the boards of publicly listed companies by 2015 and 40% by 2020". However, such initiatives have resulted in incremental progress. In January 2021, the 2020 European Women on Boards

EIGE annual Gender Equality Index indicates that for Ireland gender inequalities are most pronounced in the domain of power inclusive of women's representation in economic decision making.

Gender Diversity Index[88] was published. Ireland scores lower than the European average for almost all indicators analysed. EIGE annual Gender Equality Index indicates that for Ireland gender inequalities are most pronounced in the domain of power inclusive of women's representation in economic decision making. This is illustrated in Table 3 and 4.

Table 3 Ireland alongside EU 28 member states: indicator women and men's representation Largest listed companies, presidents, board members and employee representatives.

Table 4 Ireland alongside EU 28 member states: indicator women and men's representation Largest listed companies, CEOs, executives and non-executives.

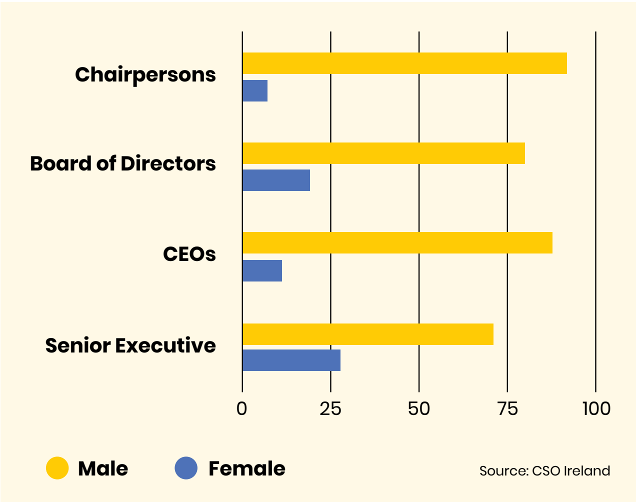
Results from, 'Diversity in the Boardroom 2019 – Are We Making Progress Survey?' by the Institute of Directors in Ireland, state that 23% of the respondents said that there is less than 10% of women on the boards of which they sit. When asked if they thought this percentage had increased in the past two years, 59% said that it had not.

The report also found that only one-in-10 board members were appointed through an independent recruitment process.[89] A 2019 EY report[90] has found only 26% of organisations have a specific programme in place to develop diverse leadership, while it remains rare that senior management's pay and bonuses are linked to diversity targets, meaning they have little incentive to buy into change agendas.

The Gender Balance in Business Survey 2019 provided the first official statistics from the CSO on gender representation in Senior Executive teams and Boards of Directors of large enterprises in Ireland.[91]

The survey revealed that women occupied 12% of CEO positions, 7% of Board Chairpersons, 20% of board membership and 28% of Senior Executive positions. *(see table 5).*

Table 5 Gender Breakdown by Senior Business Roles 2019



The CSO survey included data on private companies and was not restricted to listed companies where the most progress in relative terms on gender balance has been achieved. This is important in any comparisons with EIGE published data, which is based on large, listed companies. The differential here in progress reflects the **challenges in addressing gender balance in the private sector.**

The *Balance for Better Business* report (2020)[92] includes data from an external platform that collates information on company boards and directors. Its comprehensive report covered companies listed on the Irish Stock Market (Euronext Dublin), private companies and multinational companies with significant operations in Ireland. This report was the third conducted in response to the Department of Justice and Equality Balance for Better Business initiative launched in 2018.

Balance for Better Business offers valuable and detailed analysis of board composition, revealing important sectoral data on gender balance, the longer tenure of men as compared to women on boards, the relationship between board size and gender balance and data of companies doing the best and worst in terms of female directors.

The *Balance for Better Business* (2020) report indicates that all-male boards and executive director appointments continue to be resistant to change. This latest report, which monitors progress to 1st September 2020, found a total of 15 new female directors were appointed across 13 companies between 1 September 2019 and 1 September 2020. This represents just 27% of all new board appointments which is a significant reduction on the 50% appointment rate in the period from March 2019 to September 2019. This is particularly acute at executive director level where 13 appointments were made between September 2019 and September 2020, without a single female appointment.

As of September 2020, women comprise only 27.4% of ISEQ 20[93] directors and 16.3% of directors of other Irish listed companies are female, amounting to an average of 22.4%, women on the boards of all Irish listed companies. 19% of all companies had no female directors.[94]

The Persistence of All Male Boards

Despite progress and greater awareness of the need for gender balanced boards, on September 1st 2020 there were still 8 all-male boards listed on Euronext Dublin, five of the remaining 8 companies with all-male boards appointed new directors in the last year, all of whom were male. The report concludes that the current low rate of new female board appointments means Ireland will likely fail to meet the 2023 targets set out in previous reports.

Leadership Teams – Ladders to the Board

While quotas do not apply to senior leadership teams, the lack of gender balance in the Executive Director level is also of note as it reflects dynamics that shape pipelines within companies. The Balance for Better Business report draws attention to this underlining how women occupied 19.3% of executive positions in largest listed companies and less than one in ten board chairs or CEO positions. Given that future executive directors on boards will often come from the pool of current members of the internal leadership teams, the report notes that it is discouraging to see that only 10% of CEO and 10% of CFO positions are held by women. The report also notes patterns of gender segregation in roles that are consistent with international patterns with women having a stronger presence in Human Resources (53%) and Marketing & Communications (63%) roles on senior leadership teams. Notably, as the report concedes, these are not the roles currently on the path to the board, either in an executive or non-executive capacity (BBB, 2020 p.40). This striking lack of gender balance in all role categories is also mirrored in data for women in leadership roles in large multinationals with operations in Ireland (BBB, 2020, p.42).

While the Balance for Better Business report provides valuable data and analysis and indicates incremental change in some categories it also paints a picture of **inertia and the risk of backsliding in some areas.**

NWC previous research established problems associated with a lack of transparency, and the high level of networking as suppressing efforts to increase the number of women on boards (NWCI, 2016,60-64). As such CSO and Balance for Better Business data collection and analysis are very welcome.

However, previous analysis of the state board target experience in Ireland revealed that a gender target for state boards was put in place in 1993, but languished until 2011, when the government publicly re-committed to the goal and began to take action in support of it. This experience suggests that with targets alone it is difficult to achieve meaningful results. Supporting **pipeline and management efforts,** and **effective sanctions are all required.** Lasting change requires the dedicated attention of a diverse set of stakeholders.

Gender quotas should not just be the end result of the debate on improving gender balance on boards. Quotas may in fact be the start of a process of helping us to rethink the ways we define leadership, merit, expertise and work life balance and how we can improve women's social and economic position in society.[95] Quotas also may not include women in all their diversity.[96] It is increasingly recognised that diversity, equity and inclusion requires an intersectional approach that includes race, ethnicity, disability, LGBTQ+ in actions to diversify economic decision making.[97]

Targets and recommendations alone cannot guarantee timely and durable progress towards achieving gender balanced boards. In the face of the Covid-19 pandemic the imperative for gender balance boards is all the more pressing, as diverse leadership offers the best chance of maximising business and societal recovery and protecting and advancing gains in gender equality.

Recommendations:

Progress should be monitored by a dedicated state committee, as well as external industry and advocacy groups. This monitoring should include the publication of detailed gender metrics statistics on changes in publicly listed board gender composition every 6 months and identify the companies that are taking action towards the goals, as well as those that are not. This state committee should be obliged to report to the Oireachtas Equality Committee to increase accountability.

NWCI urges the Government to establish a 40% quota for gender balance on non-state boards. It should feature a 3-year implementation period, with a required benchmark of 50% mandatory improvement each year. If these goals are met, gender balance will be well over the 40% minimum by year 4.

Appropriate sanctions should be put in place for non-compliance on non-executive boards of publicly listed companies that may include: financial penalties, suspension of any advantage financial or otherwise for board members, 'empty chair' supervisory board position remain vacant until quota reached and denial of consideration for public subsidies and state contracts.

Legislative gender quotas to be supported by additional initiatives proven to accelerate and sustain gender balanced boards:

- Comprehensive workforce analytics identifying specific gender barriers and consistent and visible commitment from leaders in companies to address these with tangible actions.
- Pipeline supports that avoid glass ceilings and glass walls. Mentoring, sponsorship, training programmes and networking opportunities that facilitate work life balance and provide women diverse and visible decision-making experience required for operational leadership and management roles.
- Transparency in assignments, pay, hiring, promotion and training and gender balance approach to CEO succession planning including board term limits increasing the size of boards and looking beyond CEO experience as essential for board membership.
- Gender and diversity training for board members and commitments to embrace changes in definitions of leadership, merit, expertise and work life balance.

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14 Publicly listed means that the shares of the company are traded on the stock exchange. The 'largest' companies in each country are taken to be the members (max.50) of the primary blue-chip index maintained by the national stock exchange, which covers the largest companies by market capitalisation and/or volume of market trades. Only companies registered in the country concerned (according to the ISIN code) are taken into account

15 The annual change figures show an acceleration of the rate of progress between 2010 and 2016, but subsequently – apart from a blip in 2019 – the rate of change has slowed down

16 Data available in the EIGE Gender statistics database: https://eige.europa.eu/gender-statistics/dgs/browse/wmidm

17 https://ec.europa.eu/info/sites/default/files/aid_development_cooperation_fundamental_rights/annual_report_ge_2021_en.pdf

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19 Despite significant progress since 2013, when it scored 41.9 out of 100, the EU's score in the domain of "power" has always remained the lowest of the Index's domains.

20 European Commission, Proposal for a Directive on improving the gender balance among non-executive directors of companies listed on stock exchanges and related measures, COM/2012/0614 final - 2012/0299(COD)

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