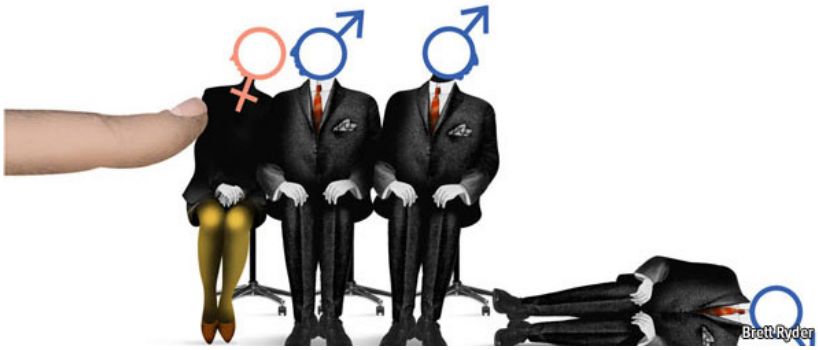
Skirting the issue

Imposing quotas for women in boardrooms tackles a symptom of discrimination, not the cause.



IF YOU are a youngish man who sits on a European corporate board, you should worry: the chances are that your chairman wants to give your seat to a woman. In January the lower house of France's parliament approved a new law which would force companies to lift the proportion of women on their boards to 40% by 2016. The law would oblige France's 40 biggest listed firms to put women into 169 seats currently occupied by men. Spain has also introduced a quota at 40%, to be reached by 2015. Italy and the Netherlands are contemplating similar measures. This week Britain's government threatened to make companies report formally on their recruitment of female directors.

Compared with America, where women held 15% of board seats at Fortune 500 companies in 2009 according to Catalyst, a lobbying organisation, European countries have relatively few female board members. Britain is not too far behind at 12%, according to a survey of Europe's 300 biggest firms by the European Professional Women's Network (EPWN). Spain, Italy, France and Germany, however, all lag behind the European average of 10%.

The exception is Scandinavia, and in particular, Norway, where quotas for women on boards originated. In 2005 the government gave listed firms two years to put women in 40% of board seats on pain of liquidation. Businessmen howled. Riulf Rustad, a professional investor with stakes in several Norwegian companies, said 70% of the new recruits would fail. In fact, there have been no obvious disasters. But a close look at Norway nonetheless suggests that imposing high gender quotas with tight deadlines can be bad for companies.

The Norwegian government was interested in social justice; it made no claims that putting women on boards would improve corporate performance or governance. Finding qualified women in a country where only 9% of board seats were held by women in 2003 and the vast majority of senior corporate jobs are filled by men proved challenging. According to a study by the University of Michigan, Norwegian firms have lost lots of boardroom experience: the new, younger women directors have spent less time running companies on average, are less likely to sit on other boards and are more likely to come from middle management.

DNO International, a Norwegian oil firm, appointed two new female directors in 2007. The three men on DNO's board have a combined 66 years of experience in the oil business, but the new women directors have none; instead they have backgrounds in accounting and human resources. Schibsted, an international media group based in Oslo, selected all three of its new female directors from Sweden, one of its main markets. "If we hadn't had the Swedish pool to

draw from, the law would have been far more difficult for us," says a senior executive at the firm.

The usual arguments for adding women directors are that diverse boards are more creative and innovative, less inclined to "groupthink" and likely to be more independent from senior management. Numerous studies show that high proportions of women directors coincide with superior corporate performance. But there is little academically accepted evidence of a causal relationship. It may be that thriving firms allow themselves the luxury of attending to social issues such as board diversity, whereas poorly performing ones batten down the hatches.

Women do seem to be particularly effective board members at companies where things are going wrong. A 2008 paper on the impact of female directors by Renée Adams and Daniel Ferreira of the University of Queensland and the London School of Economics found that bosses of American firms whose shares perform poorly are more likely to be fired if the firm has a relatively high number of women directors. On average, however, the paper concluded that firms perform worse as the proportion of women on the board increases. There is certainly no shortage of companies capable of producing stellar results with few or no women on the board. LVMH, a successful French luxury-goods group whose customers are mostly women, has had just one female director over the past ten years: Delphine Arnault, daughter of the firm's chief executive and controlling shareholder.

Nor is there any doubt that in many cases low female representation also reflects a broader lack of meritocracy in corporate culture. In France, for instance, interlocking board memberships are common. Women, and many other deserving businesspeople, are excluded from the system. Emma Marcegaglia, head of Confindustria, Italy's main business lobby, says the dearth of women on boards and in management mainly reflects a controlling male elite at the top of business, the members of which have hardly changed for the past 30 years. (Silvio Berlusconi, Italy's prime minister and a prominent tycoon, last year referred to Ms Marcegaglia as a "velina" or showgirl.)

Core mission

But what most prevents women from reaching the boardroom, say bosses and headhunters, is lack of hands-on experience of a firm's core business. Too many women go into functional roles such as accounting, marketing or human resources early in their careers rather than staying in the mainstream, driving profits. Some do so by choice, but others fear they will not get ahead in more chauvinist parts of a business. Getting men to show up at every board meeting—another effect of having more women on boards—is all very well, but what firms really need is savvy business advice. Yet according to EPWN, the pipeline of female executives is "almost empty": women occupy only 3% of executive roles on boards, compared with 12% of non-executive ones.

That suggests that the best way to increase the number of women on boards is to ensure that more women gain the right experience further down the corporate hierarchy. That may be a slower process than imposing a quota, but it is also likely to be a more meaningful and effective one.

Fonte: The Economist. Disponível em: <www.economist.com>. Acesso em: 15 mar. 2010.