Waving a big stick

Quotas for women on boards in the European Union are moving a little closer

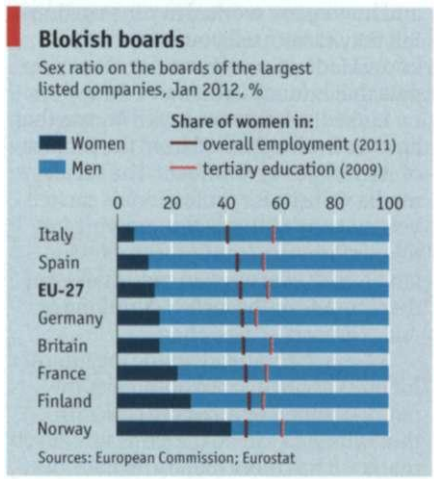
"I DON'T like quotas, but I like what quotas do," says Viviane Reding, the European Union's justice commissioner. A year ago she invited publicly listed firms to sign a pledge to increase the proportion of women on their boards to 30% by 2015 and 40% by 2020. If there was no significant progress within a year, she said at the time, "you can count on my regulatory creativity." So far only 24 firms have signed.

So on March 5th Ms Reding (pictured) announced the launch of a three-month public consultation to ask what kind of measures the EU should take to get more women into boardrooms. The commission will then decide on further action later this year. There is no mention of quotas yet, but the consultation document seems to be paving the road to them. Among other things, it asks: "Which objectives (eg, 20%, 30%, 40%, 60%) should be defined for the share of the underrepresented sex?"

Only 13.7% of board members of large firms in the EU are women, up from 8.5% in 2003. Female presidents and chairwomen are even rarer: just 3.2% of the total now, compared with 16% in 2003. Women account for 60% of new graduates in the EU, and enter many occupations in roughly equal numbers with men. But with every step up the ladder more of them drop out, and near the top they almost disappear.

Plenty of research suggests that companies with lots of women in senior positions are more successful than those without (even if there is no proof of a causal relationship). So it seems to make sense to get more women on boards. But how?

Norway, which is not a member of the EU, introduced a quota for women on boards a decade ago, which catapulted their share from 9% in 2003 to the required 40% now. Several EU countries have recently followed suit. France brought in legislation just over a year ago under which listed and large unlisted companies must reserve at least 20% of board seats for members of each sex by 2014 and 40% by 2017. This has boosted the number of women on French boards from 12% to 22%. Italy and Belgium have mandated a minimum one-third representation. Spain and the Netherlands have introduced new laws, but without stiff penalties. Germany is debating quotas. Some European countries regulate the sex balance on the boards of state-owned companies. Rules vary, but opinion seems to be converging on a near-term target of 25-30% and a longer-term one of 40%.



Europe's population at large seems to be all for it. A special Eurobarometer poll commissioned by Ms Reding's directorate-general, published this week, found that three-quarters were in favour of laws to ensure sex balance on boards. More than four respondents out of ten thought that a 50% share for women would be realistic.

Business generally opposes quotas, fearing that they will encourage tokenism and make it harder to appoint the best people. Critics of the Norwegian scheme suggest that it has put less experienced women on boards who may not be up to the job, and that some of the more obviously suitable ones tend to hold numerous directorships, defeating the aim of widening the circle of top women. In Britain an official report about women on boards, published a year ago, came out against quotas and in favour of voluntary commitments by companies. A growing number of companies in the EU are setting their own targets.

If Ms Reding were to decide later this year that stronger medicine is needed, what might she do? Fraser Younson of Berwin Leighton Paisner, a London law firm, thinks that she might start by asking individual member countries to commit themselves to voluntary targets over a set period, say two or three years. If those fail to produce results, she might then introduce a binding directive. That would require the agreement of the Council of Ministers and the support of the European Parliament. But her hope may well be that the threat of quotas would make voluntary targets seem less onerous.

Some experts think that the whole debate about the composition of boards is something of a distraction from the main problem: that so few women reach the upper echelons of management from which board members are typically drawn. McKinsey, a consultancy which has been making the business case for more women in senior management jobs for some years, has just come out with a new study of 235 large European companies which shows that most of them take the issue seriously.

Some 90% have at least one diversity programme in place; often lots of them. Yet many of these programmes are poorly implemented. Even if the boss is enthusiastic, senior and especially middle managers are often less keen. To get the pipeline of female internal talent to fill up, what is needed is a change in mindsets at every level in the workforce. That could take time. But McKinsey's Emily Lawson says she feels a "sense of inevitability" that women in senior management are coming into their own. And once a larger number of "boardable" women starts to fill the pipeline, a 30% or 40% share of board seats may no longer look fanciful. ■

Do it voluntarily, or else

Fonte: The Economist, London, v. 402, n. 8775, p. 77, 10 a 16 Mar. 2012.