



## **MASTER THESIS**

A research paper on the possible effectiveness on gender equality of the European Gender Quota Directive in corporate boardrooms

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## Summary

This master thesis research study investigates the likely effectiveness of the recent EU boardroom quota directive, whose important promoter is Vivian Reding, the European Commissioner, responsible for justice, fundamental rights and citizenship. The main research question that guides the investigation is used to assess if the quota is an effective measure for gender equality. This is done in the light of its increased popularity as an attempt to regulate and interfere with the business sphere and also in the light of its controversial status. Thus, there are a significant number of opponents, a majority of whom are women.

In order to find if it is effective, the approach is based on the assumption that there are five significant conditions that each country must meet in order for an effective implementation of the quota directive to occur. These conditions stem from the common barriers that researchers found responsible for deterring women to be equally entitled to access corporate boardroom positions. These conditions are the necessity of effective sanctions that each country has to attach to the directive in case of non-compliance; a culture that favors women's advancement; a corporate social responsibility that is actively working to promote gender equality in its organizations through various measures; the existence of enough qualified women ready to fill the quota; and supportive policies for women to be able to balance work/live responsibilities.

Due to the study's imposed space limitation, these conditions have been investigated in 5 selected countries, each belonging to different welfare state regimes encountered in the European Union. The selection has been made based on these criteria because it has a direct influence on social policies and culture, hence directly affecting the status of gender equality.

The research findings have shown many commonalities concerning the conditions met but also differences in culture and family policies. A logical conclusion can be that the countries that meet most of the conditions have better chances to implement effectively the quota. Since welfare state regimes are important especially in relation with family policies, the fifth condition is very important for a more effective quota, which is where most differences do occur. Based on the study, the Conservative, Southern Mediterranean and Social democratic welfare regimes, that is Germany, Italy and Sweden respectively are expected to have the most effective quota implementation. These countries meet most of the conditions as well and have the most favorable family policies for a better work/life balance. Gender equality is an important issue for all member states. Inevitably, they will harmonize to a general state of normality, which is how a gender equal society will be perceived eventually.

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## List of acronyms

DE	Germany
EC	European Commission
EP	European Parliament
EU	European Union
HU	Hungary
IT	Italy
NGO	Non-Governmental Organization
SE	Sweden
UK	United Kingdom
UN	United Nations
CEDAW	Convention on Elimination on all forms of discrimination against Women
ILO	International Labour Organization
UNESCO	United Nations Educational, Scientific and Cultural Organization
MDG	Millennium development goals
MEP	Member of the European Parliament
OECD	Organization for economic cooperation and development
FDC	Family day care
GE	Gender equality
NACE	Nomenclature statistique des Activités économiques dans la Communauté Européenne

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\* Unit of measure is number of persons expressed in thousands

# CHAPTER 1

## INTRODUCTION AND AIM OF THE RESEARCH

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**Chapter I** will introduce the reader with the aim and purpose of the paper by presenting the background of the problem analysis, the central research question and sub questions and the overall research strategy based on a pre-established structure.

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## 1. Introduction and aim of research

“I don't like quotas, but I like what they do,” said Vivien Reding, the European Commissioner, responsible for justice, fundamental rights and citizenship. Mrs. Reding is behind the recently passed European Union Directive that imposes a 40% quota on women representation in the boardrooms of European companies listed at the stock exchanges. This measure is considered a controversial approach in addressing the lack of significant progress concerning gender equality in the labor market at the non-executive level. This level has registered only a small incremental increase of 0.6% percentage point per year caused by the persistence of the glass ceiling that deters women's advancements in the workplace (EU Directive Proposal; 2012). It is designed to speed up the snail-paced progress that natural evolution seems to have which, according to McKinsey research report, at the current growth rates, in ten years women will represent less than 20% of executive committee members.

José Manuel Barroso, President of the European Commission, best expresses the directive's aim in his statement: "Today, with this proposal, the European Commission is answering the strong call of the European Parliament for EU action to bring about gender equality in corporate boardrooms. Today, we are asking large listed companies across Europe to show that they are serious when it comes to gender equality in economic decision-making.”

<http://ec.europa.eu>

Job creation and gender equality have been important issues placed at the top of many policy agendas and developed into founding principles for international development organizations and main goals of most OECD countries. In spite of all this, there is still a scarcity of women in executive and non-executive positions. Albeit, the progress made in education is significant and women represent more than 50% of the total business graduates. (OECD; national statistics; Eurostat; European Commission; McKinsey report).

From the business perspective women influence over 85% of the global consumer decision-making. They are the primary consumers in all modern, industrialized economies. They are the market. The point is that it is not only very useful to get women “in”, it is also more competitively advantageous, in the long term to get women “on” board, because they will lead to a deeper cultural adaptation to the market, consequently making their shareholders as well off as possible. Equality for women isn't just a moral issue but one that benefits businesses too, said Viviane Reding.

The Norwegian Ministry of Equality Karita Bekkemellem, who first pioneered the quota in 2005, was cited in The Guardian:

“I want to put in place a system of sanctions that will allow the closure of firms. I do not want to wait another 20 or 30 years for men with enough intelligence to finally appoint women. More than half of the people who have business education today are women. It is

wrong for companies not to use them. They should be represented.” (Fouche & Treanor, 2006:1). This sense of urgency to correct this problem will thus be explained in the next section. It will outline the developments that have taken place in favor of gender equality that lead up to the EU quota legislative initiative.

### **1.1. The development of gender equality policies in the European Union**

The European Union promoted gender equality in the society since its official commitment signed at the Treaty of Rome in 1957. Its aim was to shape and influence the old social construct of the society so that it can allow all individuals to have access to same equal opportunities. Back then the concept of gender equality did not exist and it was very narrow in scope focusing on equal opportunities, which was also known as the “equal opportunities” policy, in particular in the labor market. Its legal basis, Article 141 referred to equal pay for equal work designed to ensure equal opportunities and equal treatment of men and women in the labor market as well as to establish a fair competition among member states (Hoskyns, 1996 cited in Verloo, 2007:52). It was the EU’s avenue to use social policies in order to reach economic goals, especially in the labor market (Carmel, 2003 cited in Lewis 2006:424). This approach turned out to be very limited since its perspective saw only the individual, without addressing the bigger picture of the issues, which are the gender-biased structural conditions characterized by a patriarchal social context under which the opportunities are (Verloo, 2007:53). In addition, it saw the individual the same, irrespective of their gender and so every woman should have access to the same rights, same opportunities that men do and should be treated according to the same principles norms and standards. This vision identifies the problem that society excludes women and therefore their solution is that of inclusion in the world, but in a world as is, without challenging the male norm (Verloo, 2007:23). Many criticized this route for aspiring to a gender-neutral society not a gender equal one, commonly linked to a liberal tradition of feminism. (Squires 1999 cited in Verloo 2005a; 2007:23)

Over time, the concept of gender equality has evolved and expanded, the term itself was now introduced which also reflected the shift towards a broader concept of equality between women and men, towards new policy approaches and areas. This concretized with the Treaty of Amsterdam that included new provisions concerning gender equality and introduced the positive action approach shifting from the concept of “sameness” to that of “reversal” by affirming the differences from the male norm. The Treaty defines positive action as “specific advantages in order to make it easier for the underrepresented sex to pursue a vocational activity or to prevent or compensate for disadvantages in professional careers.” (Treaty of Amsterdam, Article 141.4). Its aim is to “ensure full equality in practice

between men and women in working life.” This measure falls short when addressing other areas of discrimination and underrepresentation as it refers only to areas of employment, excluding politics as pointed out by Vogel-Polsky (2000). It also lacks any legally binding form, like a directive and does not prescribe nor enlist the specific criteria by which to eliminate or judge concrete cases of constitutional or judicial obstacles (Otero Garcia-Castrillon, 2002; Lombardo, E. & Meier, P., 2007).

With the Beijing Women’s Conference from 1995 and the accession of Sweden and Finland to the EU in 1996, gender equality shifts again towards a broader concept and a softer one by introducing the gender mainstreaming idea. It represents a third concept after “sameness” and “reversal” that of “displacement” which refers to the transformation of all the established norms and standards of what is/should be female/male. It requires that all governments and EU institutions introduce a gender perspective in the elaboration of policies and programs. With the gender mainstreaming instrument, the EU competence on gender equality shifts in “all areas” and becomes part of the Charter of the Fundamental Rights of the EU, where Article II-23 states: “equality between women and men must be ensured in all areas, including employment, work, and pay.” Gender mainstreaming as mentioned above is a soft measure and not legally binding, having no concrete objectives and no allocation of economic and human resources (Stratigaki, 2004) relying solely on the open method of coordination (OMC). That means that EU establishes the targets that member states have to achieve and they leave it to the member states’ discretion to implement the policies and report annually on its developments.

The equal opportunity policy, in the form of a directive is the only binding one concerning gender equality. All the following measures are soft, having an advisory rather than judicially enforceable role, which resulted in an uneven evolution of EU equality concepts as far as legal instruments are concerned (Verloo, 2007; 54). The evolution of gender equality measures have been characterized as being “broad and shallow” instead of ‘narrow and deep’ (Hoskyns, 1999). The trajectory was towards a dilution of gender equality expertise and towards dismantling the infrastructures created to support women’s policies in the EU. Maria Stratigaki (2004) states “gender mainstreaming in fact had been employed in the EU patriarchal policy environment to attack positive action and downplay the overall objective of gender equality.”

Consequently, the broadening of the gender equality concept includes not only the labor market aspects but also other areas in which we encounter gender inequality and discrimination such as family, and work/family reconciliation, culture, education and violence. As the concept gradually included these new areas, the division of public/private has become a key dimension in the conceptualizations of all the structures that reproduce and maintain gender inequality. These structures are the *organization of labor, intimacy* such as

family policies, domestic violence and *citizenship*, by addressing its organization and the existing hierarchy between women and men and their main civil, political and social rights. (Verloo, 2007: 28-29). They are interconnected structures consisting of norms, values, institutions and organizations that reproduce these inequalities. This division has been the result of the feminist struggle to define the political definition broader by including all the so-called “private” and “personal” issues that the public sphere traditionally excluded. Some of these issues are violence against women, reproductive rights and the sharing of care work between the sexes (Ibidem, 28). Since all these areas have been included and the implementation of the measure and policies are left at the discretion of the member states, the evolution towards gender equality varies greatly among them. One of the factors responsible for these variations is the policy framing of gender equality/inequality whose formulation has been based on the different national policy context influenced by specific cultural and political histories and ideologies (Verloo 2005b; Verloo, 2007: 30).

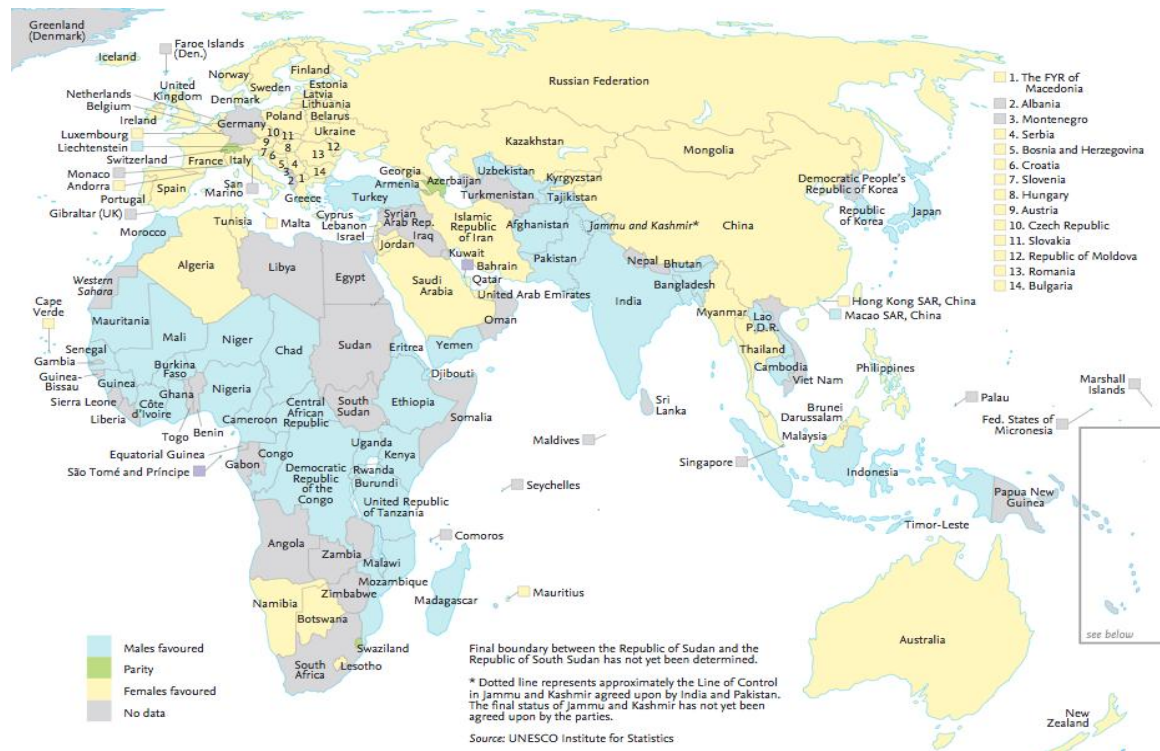
Derived from these main influential factors, Schafer et al. 2012 have identified a correlation between variations in welfare state and capitalism approaches (coordinated market economies and liberal market economies) with variations in gender equality across member states.

In the next section, the focus will become narrower by analyzing gender equality developments at board level, where the focal point will be for the quota.

## **1.2. Gender Equality in EU Corporate Governance**

As mentioned above, gender equality varies across member states in interpretation of the concept, policy framing and consequently in the advancements achieved towards the outcome of equality.

**Figure 1. Women now a majority of tertiary level students in most countries**



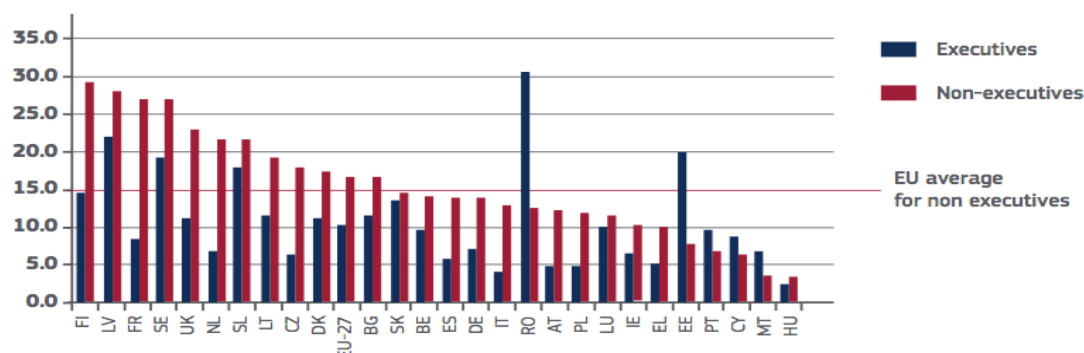
Education is one of the dimensions where parity has been reached already and in many countries women are even overrepresented. According to UNESCO 2012 report on gender equality in education, women now account for the majority of students in most countries. On the gender parity index at the tertiary level of education it shows that women are favorable in a sizeable majority in 93 countries out of 149 while men are a favored in 46. Ten countries have already achieved parity at the tertiary education. All EU member states are among the 93 countries that favor women, meaning that they are overrepresented in tertiary education (UNESCO 2012, Fig 1). The aim, as the index affirms it, is to reach parity as an ideal state of gender equality. According to the MDG goal and the Beijing 1995 Framework for action the ambition is to eliminate gender disparities including gender equality issues such as situation where boys are disadvantages in one way or the other. The point made related to the thesis subject is that in the EU there are more than sufficient women educated to be able to occupy corporate board positions.

Significant advances have been made in the labor market as well with full time participation at an EU-27 average of 41% for women (Gender Equality Index Report 2013). Yet, all these improvements in educational attainment, professional development and increase in the labor market participation did not lead to an increase in the presence of women in leadership positions neither in politics nor in business (Pande & Ford, 2011). In the corporate

world within the EU women only average 15% when it comes to companies' non-executive boards members and according to several data, female representation falls with seniority.

**Figure 2.**

Women on the boards of the largest listed companies: executive and non-executive members (October 2012)



**Source:** European Commission.

**Database:** women & men in decision making.

**Note:** In a two-tier system data cover executive and non-executive members of both boards. In a one-tier system data cover the main board plus the members of the most senior executive body (e.g. executive committee). In all cases, individuals sitting on more than one decision-making body are counted only once. Employee representatives are excluded.

Figure 2 shows that the market fails to make full use of its highly skilled workers (Commission Staff Working Paper; 2012; European Commission: Factsheet 2 on gender equality 2012:2)

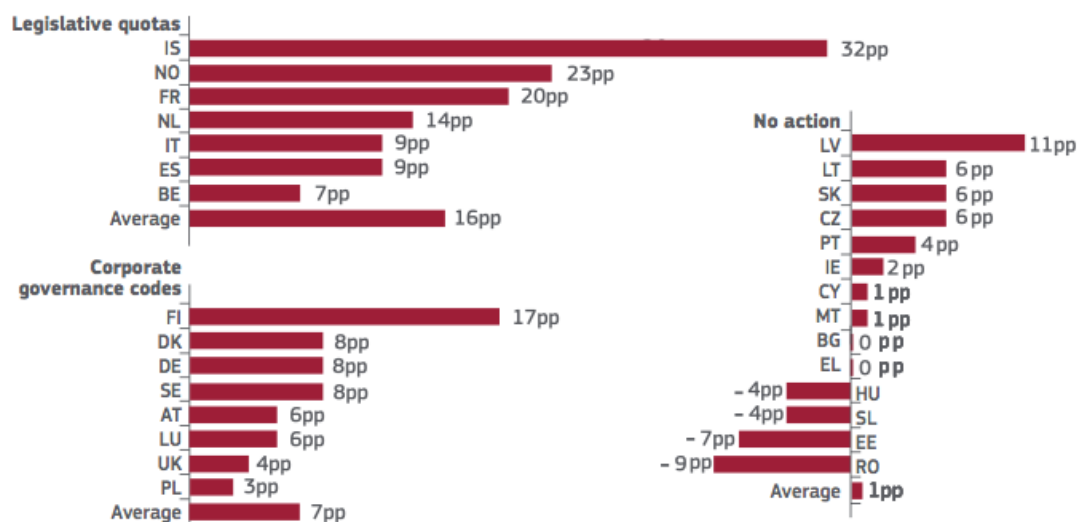
The European Union has acknowledged the importance of women's participation in the labor market and also in the decision-making level. The 2012 Eurobarometer survey results support this by expressing the overwhelming majority of 88% of Europeans who think that women should be equally represented in company leadership positions and 76% think that the European business world is male dominant with insufficient confidence in women's abilities. (Special Eurobarometer, 2012). As a result the EU institutions have undertaken numerous efforts to solve this issue of women's underrepresentation and to promote gender equality in the economic decision-making. To increase their presence in the company corporate boards, EU has adopted several recommendations and encouraged self-regulation (European Commission Directive Proposal, 2012). The Commission in the Women's Charter and in the Strategy for Equality between Women and Men 2010-2015 reaffirms some of these recommendations. The European Parliament also called the Member States to increase the female representation in leadership positions.

As a consequence, at a national level several countries have already adopted laws that set either a quota or a target for gender representation in non-executive boardroom positions. Some countries implemented them but without any sanctions like Spain and Netherlands, whereas Belgium, France and Italy chose to apply sanction in cases of non-

compliance. Countries like Denmark, Finland, Greece, Austria and Slovenia enacted corporate governance rules but only for the state-controlled company boards while the rest of 15 countries have not adopted any type of measure in support of women's representation in corporate boards. (Proposal of Directive- Commission Working Paper, 2012).

**Figure. 3**

Percentage Point Change in Female Presence on Corporate Boards between 2003 and October 2012 (across the EU, Iceland and Norway)



Source: European Commission. Database: women & men in decision making. Available from: [http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/business-finance/quoted-companies/index\\_en.htm](http://ec.europa.eu/justice/gender-equality/gender-decision-making/database/business-finance/quoted-companies/index_en.htm)

The figure 3 shows the percentage point change in female presence in company boards, in executive and non-executive positions between 2003 and January 2012, thereby grouping countries into categories that correspond to the different types of measures taken.

### 1.2.1. Corporate governance and corporate boards

Many scholars have investigated boards of governance and their role in influencing key aspects of an organization's operations and culture (Mattis, 2000; du Plessis et al., 2005; Kang et al., 2007). Corporate governance refers to the ways in which corporations are organized and controlled (Casey et al. 2011:616). It also establishes the performance targets, accountability to stakeholders and compliance with legal statutes, thus playing an important role in value creation and in setting ethical norm of corporate behavior (Clarke and Clegg, 2000; Casey et al. 2011:616). The board is responsible for all the important decision-making that set the overall identity of the corporation in the society, which can have an impact on the overall economic performance at national level (Clarke and Clegg, 2000; Kang et al., 2007). The board, among other things is supposed to protect the interests of managers and



shareholders and secure that all these interests are met and are in line for all parties (Kang et al., 2007). Thus, board composition is regarded as highly important, especially after the recent global financial crisis as investors and stakeholders demand better corporate governance and it receives more attention and scrutiny (ibidem, 2007, Rose, 2007:404).

A common argument is that boards should reflect the society as a whole, and therefore board diversity comes as a logical implication, which may even be mandated by law (Rose, 2007:404).

The only problem with this argument, as again Rose (2007) gives, is that corporations are not democratic organizations and so imposing a law on their organizations structure could limit the freedom and rights of their shareholders and owners. Diversity in the corporate boards refers to a variety in corporate compositions in terms of gender, ethnic group age and nationality (Kang et al., 2007). In this paper, the issue at hand is diversity in terms of gender, and that is having a balanced gender representation in the boardroom, which means increasing the number of women, according to the principles of gender equality. Having equal representation is an economically savvy decision and also a democratic one. The above arguments are all valid but also contradictory and no clear consensus exists. The main idea that can be excerpted is that gender balanced boards are highly important for the economic and social development.

### **1.3. The EU Boardroom Quota Directive Overview**

Despite its controversy, the quota has become more and more popular. It is most commonly used in the political electoral system and recently adopted in the business world as well. Norway is the pioneering country that implemented the quota in 2004 in the private sector, which in spite of its egalitarian society, the strong and prevalent male dominance still persisted in economic decision-making. The European countries are no exception from this male dominant environment that persists in the boardroom. Hence, in 2012, the European Commission took affirmative action to promote the quota Directive, following the Norway model. Accordingly, the European Union Directive imposes a 40% quota on women representation in the boardrooms of companies listed at the stock exchange by 2020, and by 2018 for listed public undertaking. This means that the proposal is expected to apply to around 5,000 companies in the EU with more than 250 employees and with an annual turnover of more than €50 million. In the Directive there are three key provisions that specify that (EC- Directive Proposal, 2012):



1. If companies fail to meet the 40% target, the selection process has to give priority to equally qualified female candidates to fill these roles, based on an objective, comparative analysis of the qualifications of each candidate, using pre-established, clear, neutrally formulated and unambiguous criteria.
2. When it comes to executive director spots, companies will have the option to set their own gender targets (a “flexi-quota”), and report them.
3. The target is binding but there are no specific sanctions put in place against the non-complying companies. "If there is a binding objective, the question whether or not there will be sanctions depends on whether or not it's justified not to have reached that objective," an EU official said (Anderson, 2012) What that means is that if the companies show that they have taken all the necessary measures and are assessed as sufficient to reach the target and despite all efforts they fail, then there will be no sanctions. (Anderson, 2012) That being said, each member state will set its own sanctions for the non-complying companies.

Voluntary gender quotas have been employed before in the corporate sector in some of the EU states, but few committed to it. The Directive has been recently passed in 2013, to bolster EU’s commitment to gender equality and its return to “hard” law, since the soft measures proved to be inefficient in the corporate sector. Besides the numerical target in its proposal, the directive aims:

1. To promote gender equality in economic decision-making, specifically in the boardrooms of listed companies, in line with Article 3 (3) TEU;
2. To fully exploit the existing talent pool for more equal gender representation on company boards thereby contributing to the proper functioning of the internal market and to the Europe 2020 objectives.

In order to meet these general objectives, the following specific objectives have been identified:

- (a) To reduce the "demand side" barriers women face when aiming for board positions;
  - (b) To improve corporate governance and enhance company performance;
- (EU Directive Proposal-Impact Assessment, 2012:31)*

*“This measure is there to swiftly bring about gender equality in Europe’s corporate boardroom. It will no longer be needed once progress in this area has been achieved”* Vice-President Viviane Reding (EC- Press Release, 2012).

## 1.4. Problem analysis

There are two main discourses that follow the gender quota. The first discourse strongly supports it and sees it as a drastic but effective way to address the persistent scarcity of women in top corporate jobs clearly expressed for example by Mary Honeyball, MEP and representative of the British Labour Party. The second discourse firmly opposes it, their focus being mainly on competence and the development and career progression based on merit versus gender quota and it also questions whether this is an EU matter, suggesting that it should be left only at the convenience of national responsibility, opinion expressed also by Marina Yannakoudakis, the British Conservative MEP. The second discourse advocates the tackling of women's underrepresentation through a bottom up approach throughout the pipeline by actively trying to remove the barriers that stop women from being successful in their careers.

Regardless of both sides of the argument, the quota has become more and more favored as an ultimate resort measure to address persistent gender inequalities. The problem analysis though, is whether this measure is an effective approach to solve women's underrepresentation and gender inequality in the business corporate sphere. The assumption employed for this paper is that the effectiveness of the quota measure is conditioned by the existence of certain factors that are likely to influence the effectiveness of the quota. Hence, based on this assumption the following research questions will investigate them.

## 1.5. Research Question and sub-questions

*Main research question:*

***What is the likelihood that the EU boardroom quota directive will be effective for gender equality in the selected EU countries?***

*Sub-questions:*

1. What conditions are likely to affect the effectiveness of the directive?
2. To what degree are the conditions identified as necessary for an effective quota satisfied in the selected EU countries?

### 1.5.1 Defining gender equality in corporate boards

Gender equality is a complicated term with diverse dimensions and many layers of meaning (Plantenga et al., 2009:21). Nevertheless, in this research paper the term refers to not only the equal numbers of male and female representation which addresses more the issues of gender diversity but also at the changes inside the patriarchal environment within a corporation, also known as the “boy's club”, changes in the discursive reproduction of masculine stereotypes of leadership and also on the path toward these leadership positions. As defined by the Council of Europe, gender equality means an equal visibility, empowerment and participation of both sexes in all spheres of public and private life. It requires the acceptance and appreciation of the complementarities of women and men and their diverse roles in the society as the basis for seeking to make gender equality a reality.

Along these lines, gender equality in corporate governance, *refers to the state in which there are no barriers of any kind to hinder women's access to the same opportunities, conditions and treatment to realize their full potential. Thus, it refers to the equal valuing of the similarities and differences of men and women and to the expansion of the society's view on leadership, beneficial for the economic, social, cultural and political development. (UN Gender Equality, European Commission, Council of Europe).*

The adjustment to a balanced gender representation can be consequently accounted for influencing, key aspects of the organizations structure and culture that can lead to a shift more favorable to women and away from male dominance. "Real equal opportunity does not exist just because formal barriers are removed. Direct discrimination and hidden barriers prevent women from getting their share of influence."(Dahlerup, 2009). In order to achieve this, the issues that hinder the achievement of gender equality have to be identified and solved.

Another way expressed in the words of David Cronin, New Europe columnist, gender equality “cannot be achieved simply by striving for some kind of equilibrium between the levels of testosterone and estrogen in the headquarters of corporations nor can it be achieved by trying to make capitalism a bit more maternal. It can only be achieved by replacing the rotten system we have at the moment with something more humane (New Europe, 2013).

Therefore it doesn't suffice to have women on board if their input is not valued, their presence is not accepted but seen only as a token, or they have to sacrifice family life or start to act like a man and lose their femininity only to be accepted. All these represent persistent barriers that will be further explored in the following chapters.

## 1.6. Approach

The aim of this research paper is to appraise the degree of effectiveness of the corporate boardroom directive in relation to gender equality. The approach will focus on measurable indicators that have been correlated and held responsible for influencing gender equality measures and appraise how it might influence the quota measure. In order to carry it out several methods will be used.

In support of finding an answer to the main research question, the first sub question will need to be answered. This will constitute the theoretical part, which will investigate through extensive literature review the variables of the research sub- questions, which are gender equality and the conditions for quota's effectiveness. In correlation with the gender equality definition, assessing a measure's effectiveness refers to not only analyzing the effects but also to judging how the actual effect measures up to the objectives of reaching gender equality. Hence, it will look at the advantages and disadvantages of the quota for the elements of gender inequality that the quota addresses and will try to assess whether, to what extent and under what conditions the EU quota directive is likely to solve the barriers that perpetuate inequality.

The second research sub-question will look at the empirical data available to identify and assess to what degree the necessary conditions for the quota to be effective are present in the selected European countries. Based on the available data, predictions on the likelihood of effectiveness of the quota will be made.

The endeavor it is quite a challenge, since the quota has recently passed the European Parliament vote, therefore no implementation took place yet. As a result the assessment will be based on assumptions starting from the premise that the quota effectiveness can vary across countries depending on what extent the specific conditions are met, which will be further elaborated in chapter two.

## 1.7. Theoretical relevance

“Theoretically relevant works help us arrive at a better understanding of the phenomena that we study theoretically or empirically” (Lehnert, Miller, & Wonka, 2007:23).

There is considerable debate around the quota accompanied by compelling arguments. The promoters of the quota gradually also gain new members, who have been opposing it in the past either because they see no other better solution or it really is the best form of affirmative action design to fix the gender equality issue in the political and corporate sector. Hence this study tries to provide insight and a better understanding of this measure and its possible implications.

The theoretical relevance in this research paper will be achieved by synthesizing different theories derived from scientific discourses related to gender equality and quota instrument. This approach can contribute by identifying common assumptions and potential complementary arguments that can consolidate theoretical knowledge and consequently be considered relevant (Lehnert, Miller, & Wonka, 2007:25).

### **1.8. Societal relevance**

As Lehnert, Miller and Wonka (2007:25) stated, the best way to assess the societal relevance of a research is based on whether people “care to know”. The quota instrument applied in the corporate sphere is a new phenomenon not only in the EU but also all over the world. It is not only a policy novelty in this sphere but it is also a blunt and progressive one. Therefore from the societal perspective it is important to know if this highly debated measure is effectively addressing the persisting issues based on its stated aims. Thus, this “research is socially relevant because it addresses social problems, it can improve citizens’ and policy makers’ understanding of the problem and offer possible solution (Gschwend & Schimmelfennig, 2001:3). Gender equality in all aspects of society has been an important goal as part of the evolutionary process of our society and how we perceive the women's role. It is therefore essential to use the right measures, the most effective and efficient ones in achieving this.

### **1.9. Thesis structure**

#### *Introduction part*

This part will establish the problem statements and aim of the research paper. It consists of chapter one and includes the policy context behind the measure and motivations for pursuing it by the European Commission. Furthermore, it explains the concept of gender equality and establishes the main research question and sub-questions.

#### *Theoretical part*

This part consisting of chapter two introduces the theoretical background behind the barriers identified as responsible for maintaining the inequalities the quota claims to address. It also defines the meanings of gender equality and the concept of effectiveness used in this study. Furthermore, it acquaints the reader with the influencing conditions on the possible effectiveness of the quota measure for gender equality, which will consequently help identify the indicators investigated in the empirical part.

### *Empirical part*

The empirical part consists of two chapters, three and four. Chapter three represents the methodological chapter where the conditions are operationalized, and the indicators for gender equality are introduced. Chapter four examines if the conditions identified as necessary for the quota to be effective are met in the selected EU member countries.

### *Concluding part*

This part, which is the fifth chapter, will bring the theories and empirical data together and draw a conclusion. It comprises of possible predictions on the likely effectiveness of the quota based on the established parameters and elaborates an overview of the ideal set of circumstances that favor a more effective outcome of the quota.

## CHAPTER 2

What conditions are likely to affect the effectiveness of the directive?

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**Chapter II** introduces the theoretical background behind the barriers identified as responsible for maintaining the inequality that the quota aims to tackle. It also defines gender equality and the concept of effectiveness used in this study. Furthermore, it establishes the possible conditions that are likely to affect the quota's effectiveness in the process towards gender equality. Consequently it will help identify the indicators investigated in the empirical part.

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## 2.1. Introduction

The reasons why so little progress has been registered in women's advancement have been attributed to various barriers, which will be discussed further on. These barriers have proven to be more difficult to eliminate, hence EU policy makers turned to the quota instrument. This chapter starts off with defining gender equality and some of its close related terms, as an effort to clarify the study. It will then delineate what effectiveness refers to in this paper as a starting point in trying to assess the quota measure. Based on extensive literature review, as part of the theoretical background, the most common and prevalent barriers are presented and the theoretical concepts that explain them. This chapter focuses furthermore on detailing the conditions that should be met by the EU states that would likely make the quota more effective. The concluding part lists the factors pertaining to the conditions that need to be further identified and operationalized.

## 2.2. Defining key terms - Gender diversity. Gender balanced boards. Gender equality.

In the first chapter gender equality is defined broadly, the evolution of the policies pertaining to the concept and also the aim and approach of the research paper. In the content of chapter one and also throughout the academic articles that I investigated for this paper I encountered these following terms and a constant switch between them in relation to the boardroom quota and gender equality: gender diversity, gender balanced boards and gender equality. All these terms are not quite fully understood. Therefore before going any further, for clarification purposes I would like to define them and distinguish them in order to avoid any confusion or ambiguity, which I myself experienced from time to time. The objective is also to clear up any future statements and points made in the next chapters. This is a bit of a challenge since even their definitions sometimes vary or overlap.

Firstly, the term "gender", refers not to *male* and *female*, but to *masculine* and *feminine* - that is, to qualities or characteristics that society ascribes to each sex. It denotes the way the relationship between the sexes are produced and institutionalized. People are born female or male, but learn to be women and men.

Perceptions of gender are deeply rooted, vary widely both within and between cultures, and change over time. (Lovenduski, 1996:2; UN).

*Diversity* is the most common terms when referring to corporate boards and board performance analysis as part of gender equality literature. There is no clear definition of what board diversity covers (Rose, 2007: 405). It can broadly be defined as the variety in board composition and according to Van der Walt and Ingley's (2003:219), theoretical discussion, diversity refers also to the varied combination of characteristics attributed by individual board



members in relation to board process and decision making. In terms of gender, diversity is when a more equal proportion of men and women represent a company with broader and different perspectives. The more diverse a company, the more viewpoints and ideas are infused within the organization.

*Gender balance* is a newer concept introduced by the feminist used to replace the concept of “equality”. Gender balance is the central aim of gender equality policies (Skjeie, Hege & Teigen, 2005:187). It comes with two definitions. The first one is the most logical, and rather loose definitions and refers simply at having a 50/50 gender representation in the boards.

The balance is when neither sexes dominates numerically and neither the decision making process. (Lovenduski, 1996:4). Hence this term does not refer strictly to numbers but the degree of involvement of women in leadership positions. It is about being aware of the gender differences and balancing interventions, and plans, that reflect that. It is also about opportunities and awareness of barriers. There is no gender balance if ten women were to be in a meeting with 10 men but the women are not empowered to speak.

All the above terms refer to some required aspects or stages of gender equality. As I have mentioned in the previous chapter, *gender equality* is a complex term with different dimensions that gender equality rests on, but it is not the same as achieving gender balance or diversity, although they represent a first stage measure of progress towards gender equality (Subrahmanian, 2005:397). The most basic and simplified definition of gender equality is when women and men enjoy equal rights, opportunities and entitlements in civil and political life or another way put gender equality is achieved when people are able to access and enjoy the same rewards, resources and opportunities regardless of whether they are a woman or a man. This implies no more discrimination towards women, more acceptance and opportunities placing them on equal footing with men.

"Real equal opportunity does not exist just because formal barriers are removed. Direct discrimination and hidden barriers prevent women from getting their share of influence."(Dahlerup, 2009). So, diversity is mainly about numbers and equality is about making those numbers really matter in terms of reaching gender equality. While diversity is fundamental, gender equality is paramount. (Workplace gender equality agency- Australian Gov).

### **2.3. Defining the effectiveness**

The quota's main objective is to make this shift from the skewed group composition of the boardroom to a gender equal board so that a state of gender equality in the boardrooms

will soon follow. For clarification purposes, I will elaborate what was first introduced in the first chapter, the term effectiveness of the quota in relation to gender equality.

According to the Webster dictionary, effectiveness pertains to producing a decided, decisive, or desired effect. Prior to defining effectiveness it is important to explain what policy effects mean. According to the same dictionary, an effect is the power to bring about a result. The effects of policy responses imply causality between policy and drivers, pressure, state or impact. The intended or unintended effects can be determined based on scientific and social observation and analysis (UNEP website).

So, the key difference between effectiveness and effects is that the former is linked to a desired effect and that the latter related to the actual fact. The very term effectiveness does create a relation to policy objectives, and gives an additional, evaluative (and subjective) dimension to studying the effects of the quota law. So even though the quota might have an effect it might not meet the directives objective, or as the opponents state, it can have the opposite effect.

So, in correlation with gender equality definition, assessing a measure's effectiveness refers to not only analyzing its quantitative effects but also to judging how the actual effect measures up to the objectives towards reaching gender equality. It is a performance assessment of the policy.

In the light of the current status of the directive, assessing this aspect of effectiveness is almost impossible because the effects of the policy are inexistent at the moment. What this paper attempts to do is to make a prediction of the likelihood that these qualitative targets have better chances to be reached if accompanied by the existence of a few conditions. These conditions can facilitate a better national implementation and can lead to the desired policy effects for gender equality in the future. The selection of these conditions will be further explained in the next section. What this means, in this case, is to what extent the boardroom quota helps eliminate the existing barriers that hinder women's access to the same opportunities, conditions and treatment to realize their full potential, as stated in the directive's aim: *"To reduce the barriers women face when aiming for board positions and to promote gender equality in economic decision making"* (EU Quota Directive, 2012).

Therefore, in this research paper the measure's effectiveness has two interdependent dimensions. The first one refers to the quantitative aspect of reaching the numerical target established by the quota directive. Once this first target is accomplished it gives room to an in depth analysis into the broader sense of effectiveness in terms of gender equality. This second dimension of effectiveness refers to creating an environment that respects and allows women to exercise their full potential, accepts their input and includes them in the informal networks as a first step in putting aside existing gender stereotypes. Thus, it doesn't suffice to have

women on board if their input is not valued, their presence is not accepted but seen only as a token, or they have to sacrifice family life or start to act like a man and lose their femininity only to be accepted. This can only be achieved, as mentioned before, by reducing and consequently eliminating gradually all the barriers identified above as responsible for women's absence in corporate leadership positions.

## **2.4. Factors that hinder women's participation on boards**

Numerous scholars have researched and investigated the causes that foster gender inequality in the corporate sphere. The main causes have been classified in two categories. The first category refers to the *supply-side* and the second to the *demand-side*. Defining the barriers will detail the reason for inequality and establishes the diagnosis of the problem that the quota is supposed to adjust.

### **2.4.1. Supply side barriers**

This category refers to the prospective female candidates for the leadership positions.

#### **1. Lack of aspiration**

From the person center perspective, females develop personality traits that are contrary to the demands of managerial role. Some of these traits are aversion towards competition (Niederle& Vesterlund, 2009), unwillingness to take risks, fear of success (Riger&Galligan, 1980:903) and lower expectations for career success (Melamed, 1995: 296). They represent a fundamental challenge to women that arises from the mismatch between qualities traditionally associated to leaders and those associated traditionally with women (Catalyst, 2007; Eagly & Carli, 2007a). These internal attributes are considered a cultural misfit for a leadership position and therefore the only way for women to adapt is to make significant changes in the way they act, which, few women are, motivated enough to do. (Cox, 1994; Kanter, 1977a, 1977b).

#### **2. Women's work/life imbalance**

Women often bear greater household and childcare responsibility. Therefore sometimes they have to make career sacrifices if for various reasons the husband is unable or unwilling to adjust this imbalanced division of household responsibility. They are compelled to leave senior management jobs because balancing work/life issues is sometimes very difficult to handle while having to look after their children or elderly family members (Eagly and Carli 2007; Hewlett and Luce 2005). When confronted with a choice between family and career, women often choose the former (Sabharwal, 2013:9). Moreover, many women who step off

the leadership track are not entirely happy with having to make such a decision. Some express frustration and less desire to become a full-time housewife, due to the inadequate professional opportunities for work/family accommodations (Rhode & Williams, 2007 cited in Ely & Rhode 2010:388).

### **3. Lack of experience and education**

Since women often bear greater childcare responsibility, whether by choice or necessity, they have to take career breaks. A greater number of careers interruptions and a lower number of working hours result in women having less experience, which hinders them to get promoted. Tharenou, Latimer and Conroy (1994) came to the conclusion that home roles and responsibilities reduce women's work experience but not men's, with effects on training and development. Women are also blamed for lacking the necessary educational and professional credentials coupled with the absence of effective management skills. Hence, very few women in upper management, according to Oakley (2000), have line experience or appropriate education background as an important prerequisite for a leadership position.

The academic literature has developed a series of theoretical perspectives employed to explain the obstacles and the roots of these barriers that reproduce this phenomenon of women's underrepresentation in the corporate boards. Once identified and explained it will shed a light on how the quota measure can address them and consequently help develop an opinion on its possible effectiveness. The most common theories explaining the supply side barriers are the "human capital theory" and the "pipeline theory".

*The human capital theory* seeks to explain a few of the supply side barriers of gender inequality through the references to the differences in the innate abilities of men and women or differences in their experience and education or training investment, which translates into differences in their productivity (Anderson et al., 2001:V). According to this theory, women are making fewer investments than men in education and work experience that consequently affects their pay and their chances of being promoted. This idea does not hold true the entire argument anymore, since women's advancement in education, especially in tertiary level does equip women with the necessary skill and experience that makes them competitive candidates. Oakley (2000) points out some issues though that makes educational investment insufficient for promotion. The women in the upper management positions seem to lack the line experience, which refers to revenue generating or profit and loss responsibility (Fairfax, 2006:601) necessary for a CEO position.

Senior managers need to have a line experience in areas such as marketing or operations, a training that has to be offered by mid-career. This training usually is not offered to women, therefore they are not qualified enough. (Oakley, 2000:323).

The culture on the other hand determines women's perceived misfit in the top managerial positions. Their societal roles and the external attributes ascribed to women, influence their career aspirations modeled according to these cultural norms. Hence, a patriarchal culture will likely inhibit career aspiration for women aiming at male dominated fields or at an elevated hierarchical position within a company. Consequently the cultural aspect is a very important factor that determine the supply barriers as well as the demand side barriers, which reflect the readiness and acceptance of women in boardroom positions. The cultural aspect will be further elaborated later on.

When it comes to work/life imbalance, *welfare state regimes* have a lot to do with it. Thus to correct this imbalance welfare state regimes need to be "women friendly". The term welfare state is virtually synonymous with social policies. They refer to government action in the fields of personal and family income, health care, housing education and training, and personal care services. It represents the states key role in promoting the economic and social well being of its citizens.

Starting from the premise, stated also in the previous chapter, that gender inequalities, specifically in the labor market vary substantially across European countries, one of the causes is attributed to the variations of welfare state regimes, where, for instance, social-democratic welfare states are considered more successful in improving women's economic position (Schafer et al, 2012:5). Scholars in comparative and feminist welfare states research have argued that only universal and highly redistributive welfare regimes are capable of creating "women-friendly states" (Hernes 1988: 188) or "women-friendly policies" (Esping-Andersen et al. 2002: 70; Esping-Andersen 2009: 91 in Schafer et.al. 2012: 2), reducing gender inequalities in the labor market and within the family. This type of ideal welfare state is met by the social democratic regime, characteristic of the Scandinavian countries.

The welfare systems are responsible for establishing the typology of childcare and family support systems also know as reconciliation policies which are 'policies that directly support the combination of professional, family and private life' (EC, 20008). Childcare policies strongly influence women's decision to take part in the labor market. Some of these policies refer to leave provisions, maternal and paternal, costs of childcare and availability. According to Del Boca et al. (2006), the most effective policies are those that offer a combination of maternity/paternity leaves for the period immediately following birth, part-time jobs and child

care facilities for the following years. Imposing a gender quota on boards with relatively underdeveloped childcare services will lead to companies trying to increase the number of women on boards by using the same set of women that were already serving board positions but now sitting on a larger number of boards (Adams&Kirchmaier 2012:3).

The *pipeline theory* represents the flow of individuals from academic preparation to establishment in a given profession (Marianni, 2008 cited in Schweitzer et al. 2011:424). The theory's assumption is that the reason for women's underrepresentation in the male-dominated fields is the lack of women preparing to enter those fields (ibidem: 424). Therefore, if this assumption is valid, the way to solve the problem is by increasing the number of qualified women in the pipeline that will prompt the increase of women's representation in male-dominated fields (Marianni, 2008; Soe &Yakura, 2008 cited in Schweitzer et al. 2011:424). Having enough women in, which is above or at least the minimum critical mass of 30% and more, should, theoretically change the all-man dynamic and result in more equal pay and promotion opportunities (Konrad, Kramer & Erkut, 2008; Soe&Yakura, 2008; Terjesen &Singh, 2007 cited in Schweitzer et al. 2011:424). Even though this supply side-explanation does not account for the discrimination practices on the demand side, it addresses a necessary precondition for gender equality in the labor market (ibidem: 424). The expectation is that getting the qualified women in the pipeline, they will naturally work their way to the top, where their unique experiences will lead to policies that will end gender discrimination.

The research related to the pipeline theory and the flow of female talent traversing it, has identified a phenomena known as "*leaky pipeline*". This refers to the fact that women enter the pipeline but subsequently leave their careers due to personal priorities, feelings of isolation, lack of support or lack of self-esteem (Helfat, Harris&Wolfson, 2006; Pell, 1996; Ragins, Towsen & Mattis 1998; White, 2004 as cited in Schweitzer et al. 2011:424). As reported by the Global Human Capital - Gender Advisory Council Report (2008), at entry level, men and women are at a ratio of 1:1, but this situation changes drastically at senior management level, proven by the statistical data in most "first world" countries. According to Villiers (2010) this pipeline issue is exacerbated by the fact that career progression for most women is not represented by a steady climb up on the organizational ladder but it rather tends to be a sequence of jobs within or between organizations (Villiers, 2010: 539). This phenomenon is a result of a combination of barrier that belongs to not only the supply side barriers but also to the demand side barriers, which are presented in the next section.

### 2.4.2 Demand-side barriers

The demand side refers to the acceptance and readiness of companies to appoint available qualified women in leadership positions. Research shows that women have more difficulties than men to make it to the top positions even when they have reached the level just below these positions (EU Commission Working Paper, 2012:18). Some of these obstacles consist of barriers known as “the glass ceiling” – which are the so-called invisible barrier that prevents women from advancing to top-level positions in corporations (Morrison, White and Velsor, 1987:13). They are mostly structural barriers influenced by cultural ambivalence.

#### **4. Patriarchal and biased corporate culture**

These barriers cause discriminatory practices based on personal taste, characterized mainly by a preference for male leaders. The taste is influenced by the social norm where the dominating belief is that women should not be leaders or that leadership is a masculine activity (Pande & Ford, 2011:7). These biases are encountered on several levels according to Ely and Rhode (2007). In the way the organization structures its internal path to leadership, in the way people perceive women leaders, and in the way women perceive themselves and what they have to do to succeed (Ely & Rhode, 2010: 319). Borveman et al. (1972) and Heilam et al. (1989) conducted two studies regarding the impact of sexual stereotypes on women in management.

Their findings showed that male managers perceived the female managers as less self-confident, less analytical, less emotionally stable and possessing poor leadership skills (Oakley, 2000:326). This view represents the cultural lenses distorted by gender bias.

This patriarchal corporate culture is perceived as an “old boy’s network” that consists of males who have been either educated at the same institutions or have climbed up the corporate ladder together. Therefore they tend to promote individuals who are like they. Consequently, women are not even considered for these positions since they are outside of these networks (Jakobsh, 2012:2). These networks incorporate an important attribute, which is trust. Kanter in her book, in Chapter 3 of “Men and women of the corporation” talks about trust as being an important mechanism of team governance. The homogenous top management teams, consisting of these networks of men, breed trust due to social similarity, which makes it fundamentally challenging for women to break through this loop (Kanter, 1977 in Adams & Ferreira, 2004:2; Ely & Rhode, 2010:380).

#### **5. Corporate practices and policies**

Corporate policies and practices in training and career development, promotion and compensation are major components of the glass ceiling that prevent women reaching to the

top (Oakley, 2000:323). The practices of recruitment process predominantly favor and promote males over females and the appointments in leadership positions are not transparent ((EU Commission Working Paper, 2012:19; Oakley, 2000:322).

The opportunity structure of organizations also disadvantages career paths that involve careers breaks (Melamed, 1995: 298) and tends to reflect and support solely men's experiences (Acker, 1990; Baily, 2006; Martin, 1996; Rapoport et. al., 2002 cited in Ely & Rhode, 2010:381). Thus women are disadvantaged, according to Ely and Rhode, by the convergence of their biological and professional clocks and the increasing of time demands pertaining to leadership positions. So the distribution of opportunities overlooks women hence they are less likely to progress when competing with men (Melamer, 1995: 267).

The presence of senior role models and mentors is an important factor in the ability of organizations to retain top talented women. The organizational advancement depends a great deal on the ability to find a suitable mentor throughout ones career (Hennig & Jardim, 1977, Roche, 1979).

Mentoring is an arrangement whereby an individual who has experience and knowledge in a specific field guides and offers support to facilitate the learning and development of another person (Jakobsh, 2004:3). Because women mentors are scarce in leadership position, and men generally occupy the highest position, they are the ones who most likely will mentor future candidates. The problem though is that often men hesitate to mentor young women and when they do agree, they tend to spend less time and effort so that their relationship is not seen as sexual in nature (Headlem-Wells, 2004; Gregory-Mina, 2012:69). Beside the fact that women are scarce in leadership positions, even the few existing ones are challenged to deal with excessive workloads that limit the time for informal socializing and mentoring for professional development of women subordinates (Ely & Rhodes, 2010:381).

The following two theories explain some aspects concerning the barriers situated on both supply and demand side. The first one, the social identity theory reflects the cultural aspect concerning gender roles such as women's attributes and role in the society which not only influences women's self-perception and aspiration but also the males' acceptance of women in leadership roles. The second theory introduced by Kanter (1977) deals with another set of barrier influenced by the same normative ideology confronted with a nonconforming reality. It explains the barriers that women continue to encounter once they do occupy these difficult to reach leadership positions. These barriers listed above belonging to both supply and demand sides are perpetuated even in the boardrooms.

Therefore, *social identity* theory explains some of the demand side barriers and analyzes how the individual seeks to surround himself with similar people that share the same experience, background, values and perspective. It explains the patriarchal and biased



culture that characterizes the corporate top level. It refers to corporate practices and policies that don't seem to adapt to diversity and women's needs such as career interruptions and flexibility in their working hours for a better reintegration in the labor force once they have children and consequently better opportunities for advancements. Social identity may also influence women's perception of themselves in regards to their role in the society, hence influencing their aspirations. This theory implicitly explains some of the supply side barrier as well.

The sense of belonging credited to the membership to a social group in turn helps the individual define himself based on gender, race, class and occupation. This explains the so called "boys club", social network that excludes women from all its formal and informal activities and also perpetuates the gender bias against them (Lyness& Thomson, 2000; 87). According to Kanter (1977) this is a form of homo-social reproduction and individuals in powerful positions use to replicate male dominated power structures in corporations (Terjesen et al, 2009: 322). Hence, male CEO's are more likely to be surrounded in the boardroom by similar individuals, gender wise, education, career path, experience and age. Sheridan and Milgate suggest the same issue, that is " managers continue to make decisions on the basis of stereotypes... men in powerful position have a predilection for people in their own image and they have strongly sex-typed views of the job requirements". (Sheridan&Milgate, 2003 cited in Villiers, 2010: 539).

Once in the boardroom, the reality shows that the barriers do not cease to exist. New barriers are still encountered, ancillary to the ones belonging to supply and demand categories. Women continue to face them regardless of the fact that they broke the glass ceiling. The *tokenism theory* developed by Kanter in 1977, explains how and why these different barriers hinder women from expressing their full potential once they take their place in the corporate boardroom. "More specifically, the focus is upon what happens to women who occupy token statuses and are alone and nearly alone in a peer group of men" (Kanter, 1977:968). All of the above theories revolve around the gender relation issues based on cultural traditions and the sexual division in society and labor market or in the psychology of men and women based on socialization. The tokenism theory on the other hand focuses more on the situational and structural effects.

Starting with the term token, inherent in it's meaning is the fact that it is rare. In contrast a rare element, placed in a dominant uniform majority brings about, what Kanter calls three perceptual phenomena:

1. Heightened visibility, which combined with the numerical rarity generates a lot of pressure and women are subjected to careful scrutiny, affecting their performance and behavior.

2. Polarization or exaggeration of differences – women possess a different set of social characteristics, which when they are placed in the context of a token, therefore rare in number, the tendency is to magnify them. This behavior excludes and isolates them by generalizing their characteristics or subjecting them to stereotypes making them a symbol of their kind.
3. Assimilation involves the use of stereotypes about a person's social type. The characteristics of a token tend to be distorted only to fit the generalization (Kanter, 1977:971) consequently entrapping them in a specific role.

As a solution to this extreme distribution that forms the so-called skewed group, a shift toward a balanced distribution with a ratio of at least 60:40 or 50:50 can minimize tokenism and remove barriers that tokenism creates.

### **2.5. Conditions for quota's effectiveness**

As mentioned before in this paper, quotas and various measures have been put in place by certain countries and none at all in others. The argument for the quota is that it is needed some measure of enforcement, in the form of mandatory quota otherwise natural evolution on a voluntary basis won't suffice. Hence, the established conditions for effectiveness will be classified according to the definition of effectiveness correlated to the quotas objectives and expected effects on gender equality. These are supposed to be satisfied quantitatively by reaching the established number as well as qualitatively by eliminating the supply and demand side barriers. The conditions selected stem from the existent barriers that deter women from reaching to the top. Effective sanctions have been validated in the case of Norway as an important and secure way that guarantees the accomplishment of the numerical target at the set date. As for the second aspect of effectiveness, the conditions correspond to the established barriers. Hence, certain conditions in the form of measures, laws, culture, educational attainment, need to exist to replace these barriers. To start with lack of aspiration, this is present in the case of a cultural misfit, a mismatch between qualities associated to leadership and those associated to women. Thus, culture is an important condition that can cause this barrier. It influences women's role in the society, the institutional organization and management style. Hofstede also claims that the "nature of management skills is such that they are culturally specific" (1984). Consequently Hofstede's dimension has been chosen, masculine vs. feminine, which is later, explained more in detail. The motivation behind this selection is because national culture is an important aspect in every society, and can influence the degree of acceptance of any change that affects its society. It is deeply imbedded in people's values and social roles such as gender roles.

*Work/life imbalance* is one of the most common barriers for women to pursue a career. This imbalance is caused by women friendly policies that influence directly and indirectly women's family and career life. Hence the conditions of having national policies and organizational policies and practices that support women in balancing their work and private life is detrimental in sustaining a career without interruption, and without sacrifices, hence get promoted and be involved in leadership functions. *Women's educational attainment and experience* can influence the absence of another barrier, that of lack of education and experience. Consequently, based on this reasoning have the conditions been selected to analyze for this paper. It is a logical reasoning, determined by the presented barriers. It has some shortcomings since it is possible that there are more barriers and also other conditions or specific combination of conditions met that can influence the effectiveness of the directive. Conclusively, mainly its relations to the barriers determine the relevancy of these conditions.

The figure below shows the countries that have already implemented the quota and the results depending on whether it was linked to a sanction or not.

**Table 1.**  
**Boardroom gender quotas in Europe**

Country	Year passed	Quota size	Year of compliance	Sanctions	%Female directors before the quota	%Female directors Oct. 2012	%Percentage point Increase
Norway	2003	40%	2008	Yes	6%	44%	38%
Spain	2007	40%	2015	No	7%	12%	5%
Iceland	2010	40%	2013	Yes	16%	36%	20%
Italy	2011	33%	2015	Yes	5%	11%	6%
Netherlands	2011	33%	2016	No	15%	22%	7%
France	2011	40%	2017	Yes	10%	25%	15%
Belgium	2011	33%	2019	Yes	8%	13%	5%
EU	proposal	40%	2020	No		16%	

*\*Source: Norwegian School of Economics- Prof. Karin Thorburn & EC Women in decision making database, 2003, 2007, 2010, 2011)*

1. *Effective sanctions*: According to the definition of effectiveness presented earlier in this chapter, the first of its dimensions refers to the quantitative objective of the quota directive. This is a first step that needs to be accomplished to give room to an in depth analysis into the broader sense of effectiveness in terms of gender equality. According to the tokenism theory the numerical adjustment from a skewed group to a more even board will consequently reduce and gradually eliminate the barriers that women continue to face by the few women who reached a position in the boardroom. The first condition consists of *effective sanctions*. The nature of enforcement is a critical condition in assessing the effectiveness of the quota related to the first dimension of quota's effectiveness. The fact that there are no specific sanctions outlined in the directive can have a crucial effect in the quota's output. This in return allows member countries to set their own sanctions, some more effective than others. What this means is that in case of non-compliance companies are facing dissolution. This enforcements and the threat of it sufficed for the companies to comply with no exception, like the Norway case demonstrated.

2. *Policies that support work/life balance*- these policies support better work/life reconciliation. The existence of such policies favorable to women, support a better integration of women in the workplace, especially once they become mothers or have to care for the elderly. These measures are directly influenced by the type of welfare states system that is responsible for promoting the economic and social well being of its citizens.

3. *Professional preparation* – educational level of women before taking a corporate position and educational attainment of women within the corporate organization supplemented by executive training, development opportunities for women substantiates women's necessary experience to take up board responsibilities. Such training is a reflection of the companies' prioritization on gender diversity and the initiatives they deploy to fulfill it by removing some of the barriers women are facing, such as the lack of experience due to different career progression than that of men's.

4. *Feminine culture* – according to Hofstede's cultural dimension, masculine vs. feminine, he describes the feminine culture as one where the representative values are characterized by minimum social differentiation and where the characteristics of femininity are well integrated and accepted in the society. They stand for a preference for relationships, modesty, caring for the weak, and the quality of life (Hofstede1984: 84). The more feminine a culture the more their institution and mindset of the society becomes a welfare society, in which caring for all members, even the weakest is an important goal, for men as well as for women (ibidem: 84). Hence, management is developed within these constrains set by the feminine cultural context

because according to Hofstede, management skills are culturally specific and no management activity can be culture free (ibidem: 81-82). This represents a shift from the traditional masculine predominant culture that influences the patriarchal business culture that deters women from advancements in the company. Consequently, women’s aspirations are higher and also not deterred to pursue a masculine predominant field or position.

5. *Corporate social responsibility for gender equality* - “Policies do matter even when they are voluntary (Adams & Kirchmaier, 2012:5). Corporate codes practices, quotas, recommendations are important actions that reflect the commitment to solve gender inequality problems and it can also have a bolstering effect on the quota directive to its success. Some of these measures aim at the recruitment process targeting a fair, gender balanced and transparent selection procedure, the opportunity structure within the company or aiding the work and family responsibilities. Hence, board level policies may need to be complemented with other policies that help women at all levels at the corporate hierarchy that support effective mentoring programs, more flexible hours and an equal structure of opportunity within the company (ibidem: 5).

The table 2 below summarizes the relation between the barriers, theories and conditions recommended for a possibly more effective quota.

**Table 2.**

<i>Theories</i>	<i>Several Supply and Demand Barriers</i>	<i>Conditions for quota’s effectiveness</i>
<b>Tokenism</b>		<b>1. Effective sanctions</b>
<b>Culture, Social identity</b>	<u>Supply:</u> <b>Lack of aspiration</b>  <u>Demand:</u> <b>Corporate culture</b> <i>Patriarchal and biased</i> <i>Corporate policies and practices</i>	<b>2. Feminine culture</b>  <b>3. Corporate social responsibility for gender equality</b>

<b>Human capital, Pipeline</b>	<u>Supply:</u> <b>Lack of education and experience</b>	<b>4. Professional preparation</b>
<b>Welfare state regime</b>	<u>Supply:</u> <b>Work/life imbalance</b>	<b>5. Policies that support work/life balance</b>

## 2.6. Possible drawback of the quota

The drastic characteristic of the quota is associated with strong arguments coming not only from the proponents of the measure but also from its opponents. It is seen as a risky instrument that can cause possible drawbacks, especially if specific conditions are not met. In spite of the fact that it focuses on increasing women's access to more opportunities, a lot of women oppose the quota stating that they do not want to be appointed into a board position simply to fit a quota requirement. It hurts both the pride of women and the freedom of businesses. This consequently will not only undermine merit but will be less respected and therefore lead to more barriers inside the corporate boardroom. Consequently, the quota will push back the progress that has already been achieved. Also the negative financial implication of this quota, seen by the business representatives is that it worsens allocation by assigning leadership positions to women less qualified but appointed just to fill in the quota (Pande et. al., 2012:13) which will affect the boardroom's effectiveness and consequently the financial performance of the company. Whether this holds true is conditioned by the availability of female talent pool and measures that help increase their availability. Linked to the availability of qualified women is the possible occurrence that same women will serve several boards, which consequently will create the appearance that women are not involved wholeheartedly, compromising its influence in the boardrooms. (Sweigart, 2012:92A).

## 2.7. Conclusion

The conclusion that can be drawn from this chapter is that the existence of certain conditions, which implicitly leads to fewer barriers, can likely influence the effectiveness of the directive. The various sanctions that can be enforced are also important and it will be interesting to see if this Directive's design "fits all" states enough to bring about the desired outcome, considering the extent to which the conditions of effectiveness are satisfied by the EU member states. In the next chapter, these factors will be further elaborated and operationalized in the empirical part of the thesis.

## CHAPTER 3

### Research Design

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**Chapter III** elaborates the research design used to investigate and reach a conclusion. It presents the methodology and the measurements that will help answer the research question.

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### **3.1 Introduction**

In this chapter the research design employed for this study is introduced. “A research design is a plan that specifies how you plan to carry out your research project and, particularly, how you expect to use your evidence to answer your research question”(Gschwend & Schimmelfennig, 2007:1).

In the light of previous literature and research findings, the study is conducted through the collection and analysis of available empirical evidence. The focus is to analyze to how likely the quota measure will be effective in improving gender equality in the corporate governance. It is a comparative research of an international nature because data will look at several European countries, with differences in their status and approach on gender equality. The quota entails a numerical target, but the possible outcomes are beyond numbers. It is a relatively new instrument in the business sphere, with only one existing case of implementation and with not enough data that can lead to an exact assessment of the quota measure. The assumption of this paper is that the quota is likely to be more effective but only in addition to the existence of a number of conditional variables.

The purpose of the research is mostly explanatory because it presents the background and historical context of gender equality as a means to establish the current state, precursor to the implementation of the quota. It is also evaluative because it assesses the likelihood that the quota can be effective for gender equality. Hence the research can shed a light on how this measure might be more effective in addressing the barriers women encounter so they can be fairly and equally represented in the boardrooms. An empirical analysis makes consequently possible to test the literature with pertinent evidence.

### **3.2. Methodology**

The method of the research will focus on measurable indicators that have been correlated and held responsible for influencing the success of gender equality measures and especially the quota measure. The aim is to see, based on significant cultural, political and social differences what possible outcomes the quota can generate.

A cross-sectional design is chosen to conduct this research. Cross-sectional design is a type of design that studies the entire population or a representative subset, of which data are collected to help answer the research question of interest, and it is called cross-sectional because the information that are gathered about dependent and independent variables are selected from a specific point in time (Olsen and St. George, 2004: 7). In this paper the time dimension is the same for all cases that is 2012 or 2011 depending on the availability of the data, and the conditional variables are measured for multiple spatial units, namely in few



selected EU member states. Due to the impossibility to carry out a longitudinal research, as the directive has not been yet implemented, the study has limitations because causality cannot be determined. There will be a cross-national comparative analysis. It is comparative because the gender equality developments are studied and compared, in relation to the quota. The findings will be discussed leading to a conclusion concerning the extent of quota directive's effectiveness in the boardrooms.

### **3.3. Data collection and operationalization of indicators**

The data selected will be subject to comparison. According to Yin (2009) it is important when collecting data, to use multiple sources of evidence, in order to increase the validity of the evidence. Hence, where possible the research will the principle, know as triangulation. Yin (2009) describes four types of triangulation:

- Data source (multiple data sources);
- Investigator (multiple investigators)
- Theories
- Methodological (multiple data collection methods)

In this study, multiple data sources will be used, if available. The sources will be presented in the table in the next section and will include statistical data, surveys and reports. The selection of the countries studied for this research paper will be made from on institutional perspective. A growing number of studies have shown how welfare regimes are influencing women's role in the society and their accesses to equal opportunities in the context where they face not only gender stereotyped barriers but also barriers caused by deficiencies and limitations in family reconciliation system. This system is directly linked to the welfare state regime in the specific country (Rosenfeld and Kalleberg 1990; Gornick and Jacobs 1996, 1998; Gornick, Meyers, and Ross 1998; Hansen 1995; Blau and Kahn 1995, Stier, Lewin –Epstein and Braun, 2001; den Dulk, 2012). Scholars showed no consensus on specific and pure welfare regimes. Thus, not all countries could be clearly categorized (den Dulk, 2012:2788). The second argument for this selection is based on Prof. Judith Buber Agassi's (1990) opinion that, welfare state can be instrumental and one of the most important criteria in achieving gender equality.

Regimes have also been categorized in various ways the most known being Esping-Andersen's (1990) three type models. These regime types are: the liberal welfare model (Anglophone countries), the Conservative/Corporatist (continental Europe and Japan), and the

Social Democratic (Scandinavia) regimes (Ebbinghaus, 2014:4). These categories with time have been reconsidered as they excluded the Eastern European countries or ex-Communist states, as well as the Mediterranean or Southern countries which, according to scholars, they present distinct Latin and Mediterranean characteristics (Ferrera 1996; Leibfried 1992 cited in Ebbinghaus, 2012:4). Consequently in this research paper the classification of various welfare regimes are the following: Conservative regime, Southern “familist” regime; Eastern European regime; Social - democratic and Liberal welfare state regime.

In the *conservative regime*, the welfare of its citizens is a responsibility shared by the state and the market and also by the family and the church. It is influenced by a traditional ideology concerning the division of labor, both normatively and institutionally (Stier & Lewin- Epstein 2001:1735). The male breadwinner model has been successfully preserved and women in general are more dependent on the family rather than the state. The family policies are in the form of tax provisions favoring the single earner model, which is the male breadwinner model with limited childcare provisions (den Dulk, Peters and Poutsma, 2012:2789). It is very common to see a high rate of women who are active in the labor market in the form of part-time employment, in order to balance motherhood and work. Den Dulk et al. (2005) names it the “one-and –half earner model” where one partner works full time, that usually being the male and the other partner only part-time. A model that is very common in the conservative regime.

Like in the conservative regime, in *the Southern-Mediterranean model*, more than in the other regimes, the importance is attached to the family and the extended family (den Dulk, Peters and Poutsma, 2012:2789). Women, in these countries have a very low participation rate in the labor market at a higher degree than in the conservative system. The persistence of unequal share of family responsibility between genders is more unrelenting than anywhere else, even when women are employed (Da Roit and Sabatinelli, 2007:2). In this model, the family and extended family are the main providers of welfare, so they play a more important role than the state. Families are expected to support one another across a broad range of relationships. When a person is in need, first turns to a family member for help and support (Da Roit and Sabatinelli, 2007:3). In consequence, public services are marginal, designed mainly for people without a family (ibidem: 3).

The *social democratic welfare state* model is recognized as one of the most far reaching welfare states that have developed over the last forty years based on a structural understanding of equality and has covered most policy fields (Svensson & Gunnarsson, 2012:1). In this regime, social regulation overrides the market principles. The state is

committed to increasing equality among all citizens (Stier & Lewin- Epstein 2001:1735). The system stimulates women to work. Childcare and caring for the aged and helpless are very well developed. The cost to maintain such a model is also very high. As a consequence the government encourages and guarantees full time employment in order to reduce the number of people benefiting from the social services. Helga Maria Hernes (1987) defines this type of welfare state as potentially women friendly, which signifies that women's political and social empowerment happens through the state and with the support of states' social policies (1988:210 in Orloff 1996:301). This type of regime, according to Estevez- Abe, is more favorable for gender equality than the liberal welfare regime (Estevez-Abe 2001, 2005, 2006, 2009 cited in Schafer et. al. 2012:2).

The *liberal regime* argues in favor of liberal market economies, with minimal government support and it centers individuality and primacy of market. As a result of the nominal and less attractive welfare support, people are oriented towards hard work or job search, driven by a liberal work ethic norm. The benefits go mainly towards low-income people. The guiding ideology is that people's well being is best achieved through the unrestricted operation of the market while the state intervenes only if the market fails (Esping-Andersen, 1990; Gustafsson 1994 cited in Stier & Lewin-Epstein 2001:1733). The liberal model is described by Esping-Andersen (1990) as a welfare system with less adequate standard of social provision and is regarded as the weakest welfare model (Taylor-Gooby et. al. 2004:577). This model shares three distinctive features: limited state spending, extensive use of means-testing and strong reliance on private services (Esping-Andersen, 1990: 26). Child-care responsibilities and lone parenthood are deterrent to women's employment while child-care services are predominantly in the private sector. (ibidem: 581).

*The Eastern-European welfare state*, characteristic of the ex-communist countries in the eastern bloc, have more similarities with the social-democratic regime, where the state is the main actor when it comes to work-family provisions. During communism, the employment pattern was based on two full time working partners (Blossfeld and Drobnic 2001 cited in Den Dulk, Peters and Poutsma, 2012:2788). The distinction from the social-democratic model though is the debate concerning gender equality in the household that has been less central in the post-communist regime (Kocourkova 2002 cited in den Dulk et. al. 2012:27789). After the communist regime, during the transition period, the services concerning childcare started to decline as well as wage compensations for leave arrangements. Parental leave on the other hand remained substantial, varying between 1 to 3 years. This regime model has been going through many transitions and changes as it tried to adapt to a market economy system and also towards a democratic political system.

These regimes are all encountered in the EU; hence for each regime type one representative state will be selected. The following table will show where these regimes are encountered in the EU member states, based on the established welfare categories for this paper. There is no clear consensus on which countries belong to which welfare state regime such as France who generated debate on whether it should be considered a Continental Conservative or Mediterranean. Also Netherlands, some literature sees it as part of the Nordic social-democratic system, others think it belongs to the Conservative continental regime. Hence the countries where clear information on their classification does not exist I will omit them from the table. As for the Netherlands, it will be included in the Conservative regime model, since the majority of academic literature includes it in this category.

As shown in Table 3 below, the investigation of the required conditions that seek to improve quota's effectiveness will cover several EU member countries. The selection is based on the welfare state variations throughout the EU. Consequently, the selected countries are representative of each welfare state regime: United Kingdom – Liberal welfare state regime; Italy – Southern “familist” regime; Germany – Conservative welfare state; Hungary – Eastern European/Post Communist welfare state and Sweden – Social - democratic welfare state.

**Table 3.**

<i>EU member states</i>	<i>Welfare state regime</i>	<i>Selected representative country</i>
<ul style="list-style-type: none"> <li>• <a href="#">Austria</a></li> <li>• <a href="#">Belgium</a></li> <li>• <a href="#">France</a></li> <li>• <a href="#">Germany</a></li> <li>• <a href="#">Netherlands</a></li> </ul>	Conservative	<b>Germany</b>
<ul style="list-style-type: none"> <li>• <a href="#">Italy</a></li> <li>• <a href="#">Portugal</a></li> <li>• <a href="#">Greece</a></li> <li>• <a href="#">Cyprus</a></li> <li>• <a href="#">Greece</a></li> <li>• <a href="#">Spain</a></li> <li>• <a href="#">Ireland</a></li> </ul>	Southern/Mediterranean “familist” model	<b>Italy</b>
<ul style="list-style-type: none"> <li>• <a href="#">Denmark</a></li> <li>• <a href="#">Finland</a></li> <li>• <a href="#">Sweden</a></li> </ul>	Social - Democratic	<b>Sweden</b>
<ul style="list-style-type: none"> <li>• <a href="#">United Kingdom</a></li> </ul>	Liberal	<b>United Kingdom</b>
<ul style="list-style-type: none"> <li>• <a href="#">Bulgaria</a></li> <li>• <a href="#">Croatia</a></li> <li>• <a href="#">Czech Republic</a></li> <li>• <a href="#">Estonia</a></li> <li>• <a href="#">Hungary</a></li> <li>• <a href="#">Romania</a></li> <li>• <a href="#">Latvia</a></li> <li>• <a href="#">Lithuania</a></li> <li>• <a href="#">Slovakia</a></li> <li>• <a href="#">Slovenia</a></li> </ul>	Eastern European/Post-Communist regime	<b>Hungary</b>

### 3.3.1. Indicators for the conditions of quota’s effectiveness

In order to measure these conditions and determine if they are met, relevant indicators will need to be selected. These indicators are presented in the table below.

**Table 4.**

<i>Conditions for quota's effectiveness</i>	<i>Indicators</i>	<i>Sources</i>
<b>1. Effective sanctions</b>	<b>The type of penalty employed for the directive by each state</b>  <b>National quota history and the sanctions attached to them</b>	<b>Quota Project Website</b>  <b>National Governments Database</b>
<b>2. Feminine culture</b>	<b>Cultural differentiation masculine vs. feminine</b>	<b>Hofstede Value Survey</b>
<b>3. Corporate social responsibility for gender equality</b>	<b>Corporate practices, quotas, governance codes and mentoring programs reflecting company's responsibility to meet the needs of women in management</b>	<b>1. EC Progress reports on gender equality</b> <b>2. "Non-legislative initiatives for companies to promote gender equality at the workplace", Vienna, March 2010, by KMU Forschung Austria</b> <b>3. "Women and men in leadership positions in the European Union (Eurostat, EC database)</b>
<b>4. Professional preparation</b>	<b>Educational and occupational attainment</b> <b>Female presence just below the top boardroom position</b>	<b>1. Eurydice report (Eurostat)</b> <b>2. ILO and EU Labor Force Survey</b>
<b>5. Policies that support work/life balance</b>	<b>Leave facilities: maternal and paternal</b> <b>Flexible labor market regimes</b> <b>Childcare provisions</b>	<b>1. Eurostat statistical book on "Reconciliation between work, private and family life in the European Union"</b>  <b>2. OECD Family Database</b> <b>3. EU Labor Force Survey</b>

*Condition 1 Indicators – Effective sanctions*

Concerning the possible sanctions attached to the directive left at the discretion of each EU state, the assessment of their effectiveness in a broader and more in depth perspective would require a whole new paper, hence for this study, the effectiveness of a

sanction in the case of the quota would be established by making predictions on the type of possible penalties used for the directive since the information is currently unknown. Exceptions are the countries where a boardroom quota is already put in place preceding the EU directive. This prediction will be based on two considerations: first, will use as reference the types of penalties that have been used for the quota and the existing output and the second one will look at the national quota history to make a country specific prediction and the likelihood of employing a harsher penalty such as a company dissolution threat used by Norway or simply a fine.

The source used is the Quota Project website where it provides the global database concerning the quota measure. “The Database provides information on the various types of quotas in existence today, detailing the percentages and targets in countries where they are applicable”. (<http://www.quotaproject.org/aboutProject.cfm>).

#### Condition 2 Indicators – Feminine culture

National culture is an important factor that reflects the mindset in relation to women’s social identity, influencing the business culture and structure and consequently the acceptance and adaptation to a gender balanced corporate organizational design. Part of his cultural research, Hofstede identified 5 dimensions used to analyzed the cultural system of nations, one of them being *Masculinity versus Femininity*. This dimension is important in relation to the quota measure as it presents some applicable data that could consequently support a pertinent predication on the acceptance and incorporation of gender equality measures in each specific national culture. What masculinity stands for in this research is the preference in society for achievement, heroism, assertiveness and material success. Femininity on the other hand stands for preference for relationships, modesty, caring for the weak, and the quality of life. (Hofstede, 1984: 83) The assumption that can be inferred by this condition, based on the survey results conducted by Hofstede, is that a Feminine Society is more likely to facilitate the effectiveness of the quota measure as opposed to a more masculine one. Therefore in a feminine society the women’s personality traits are likely more accepted and not perceived as contrary to the managerial role. Consequently, women might not be so prone to lack of aspiration but possibly compelled to aspire for such a position and not discouraged. The source is Hofstede’s survey results based on this cultural division between masculine and feminine procured from the “The Hofstede Institute” website. The way Hofstede measured this dimension is based on the Masculinity index (MAS) that comprised of eight survey questions related to work goals. The differentiation is contingent with a specific set of key

differences between feminine and masculine societies in the workplace. For a detailed table with the key differences see Appendix 3.

#### Condition 3 Indicators – Corporate social responsibility for gender equality

By looking at the elements that reflect the corporate social responsibility towards gender equality the information will give an insight on the developments registered so far in the corporate sphere. The sources used to provide this information are the European Commission's database that includes progress reports on gender equality and the study financed by the European Commission on "Non-legislative initiatives for companies to promote gender equality at the workplace", Vienna, March 2010, by KMU Forschung Austria. This study looks at national government's legislative initiatives of promoting gender equality within corporations. This data will be obtained from the 2013 "Women and men in leadership positions in the European Union" report published by the European Commission consisting of data from Eurostat and European Commission Database.

#### Condition 4 Indicators – Professional Preparation

Professional preparation takes into consideration the educational attainment of women. The intent is to identify if there are enough women prepared before entering the corporate workplace. The data will cover the gender differences in higher education reflected by the choices women make at the higher levels of education. These choices are influenced part by the reproduction of gender role stereotypes present in each different state. The data is procured from the Eurydice report consisting of empirical data from Eurostat and also directly from Eurostat website. It will show the *Female graduates (ISCED 5-6) in various areas of study as percentage of total graduates* and *Percentage of female graduates in secondary and tertiary levels*.

The second data set will look at the women who are in upper management positions, below the glass ceiling. The data will be procured from the ILO Labor Force Survey that compiles information gathered from national statistical agencies, the ILO and other sources.



### Condition 5 Indicators – Policies that support work/life balance

a). *Leave facilities* – Parental leave length and benefits refers to gender-neutral, job-protected leave from employment designed to facilitate employed parents' care of small children at home (Haas, 2000). Part of reconciliation policies, adequate leave facilities are crucial in combining work and private life. Another aspect of parental leave is that it can be paid or unpaid. In most European countries, the beneficiaries of leave are compensated in some form. Also the duration of leave differs largely between countries. The flexibility with which the leave can be taken also differs. In some countries, leave can only be taken part-time, or during a specific period of time and the number of years during which entitlement to parental leave remains valid also differs (Bruning and Plantenga, 1999:198).

b). *Policies for flexible working time* - Increased flexible in working hours can help women reconcile their work obligation and personal life. Many people perceive flexibility as part time, but it is more complex. Flexibility of working hours includes time as in part time or flexible hours, duration as in fixed months contract or seasonal work, and place as in commuting or working closer to home. Hence, the indicators chosen cover the national provisions that govern issues such as the flexibility in the length of working time and flexibility in the organization of the working time. The data will be procured from the EU labor force survey.

c). Affordable and good quality *childcare services* may improve the reconciliation of work and family life and thus foster labor market participation and gender equality (European Commission, 2009:7). The data will cover childcare provisions, both availability and the cost of childcare services as well as cash and tax benefits either income related or non-income related that support families. The study provides a collection of systematically comparable data on childcare and family policies from the selected EU member states.

For all of the above indicators the data source is obtained from the Eurostat statistical book on Reconciliation between work, private and family life in the European Union. The second source is the OECD Family Database regarding the childcare provisions within the EU.

#### *External validity*

It deals with establishing the domain to which a study's findings can be generalized (Yin, 2005). The generalization of this research is not very high. The selections have been made based on the variations on welfare state and each chosen country is representative of one type of welfare state regime hence the generalization is made accordingly on the results. The only impediment towards an abstraction is that the same welfare state system can vary depending on the country's historical and cultural context. However, an effort will be made to

do so and to establish the predictability, although it may be a bit low.

#### *Internal validity*

The internal validity seeks to establish a causal relationship, whereby certain conditions are believed to be connected to other conditions (Yin, 2009: 40). The issue with the internal validity of this study is the extent to which the conditions inferred in this paper are directly linked to the quotas effectiveness. Hence to what extent the inference is correct is difficult to assess. The issue is that, the simple existence of a certain condition does not guarantee the same outcome in a different country. The goal is the same, to get women in boards, but the methods to go about to reach it, sometimes might have to vary based on each national context, in order to arrive to the same results.

#### *Reliability*

Reliability of research refers to “demonstrating that the operations of a study – such as the data collection procedures - can be repeated with the same results”. The used of data can vary from year to year, which can result in different interpretations and prognosis on specific cases, but the logical correlations between factual data and possible outcomes can lead to same conclusions. In order to insure a higher reliability, more sources will be consulted to provide the data as accurate as possible.

### **3.4. Conclusion**

In this chapter the conditions and indicators used to measure the quota’s effectiveness have been introduced and operationalized. It includes the research tools that investigate the legislative, non-legislative measures adopted or not by the member states as well as the cultural context pertaining to the selected country’s national identity, relevant for gender equality and the professional attainment women have accomplished so far. The next chapter will present the research findings delineated by the established research design.

## CHAPTER 4

To what degree are the conditions identified as necessary for an effective quota satisfied in the selected EU countries?

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**Chapter IV** presents the empirical evidence that illustrates the degree to which the conditions are met to help make the quota more effective for gender equality.

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## 4.1 Introduction

In this chapter, the indicators established previously are implemented in the selected EU member countries: Germany, Italy, Sweden, UK and Hungary. Consequently, the following sections will look at the data appertaining to these policies and also at the data corresponding to the established conditions.

## 4.2 National quota history and penalties associated with it

The gender quota has gradually become an ever-increasing popular measure adopted to balance the gender representation in decision-making positions, firstly in politics and more recently in economic decision making. In Europe, however, quotas are rather unpopular. This issue has been attributed primarily to the belief that quotas are in conflict with the concept of liberal democracy and the principle of merit. The most common form of gender quota is the electoral quota, which can be constitutional, legislative or voluntary party quota.

### 4.2.1. Germany

In Germany, there are electoral quotas but in the form of voluntary quotas. There are no legislative quotas yet, but the Bundesrat (upper chamber of the parliament) approved a boardroom quota law. The legislation will require German firms to allot 30 per cent of their non-executive boardroom seats to women from 2016. Also, four of the five political parties represented in the Bundestag (lower chamber of the parliament) that includes the major center right party, CDU \*, have committed to introduce a proposal for binding legislation after the general election of 22nd of September, 2013. This is part of a coalition agreement that completely changed Germany's stance on this issues after in April 2013 and back in 2011, the Bundestag rejected quota proposals put forward by the Social Democrats and Greens. (EC report \*\*, 2013:8). Concerning the voluntary political party quotas the table in Appendix 1 lists further details.

In boards, committees and delegations, Die Linke statutes dictate that half of the members should be women. If not enough women are available, the chairs are empty until by-elections can take place (Statutes, Article 10 [4]; Geissel 2008:62 cited in quotaproject.org). Germany's party quotas involve pledges by individual parties to nominate a specific percentage of women. Germany first adopted the quota in 1986. This has been done by the Green Party, which applied a 50% quota (Meyer 2003 cited in Krook, Lovenduski & Squires

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\* Christian Democratic Union

\*\* European Commission Report on "Women and men in leadership positions in the European Union, 2013

2009:20-21). As a reactionary measure, the Social Democratic Party (SPD), concerned that it might lose its political supporters to the Green Party, they also responded with a similar quota. They adopted its own 25% quota in 1990, which it subsequently raised to 33% in 1994 and 40% in 1998. (Ibidem: 21; Geissel 2008:61-62 cited in quotaproject.org). It inevitably created a chain reaction thus, the SPD's rival party Christian Democratic Union (CDU), put in place a 33% quota for party lists in 1996. After the German reunification in 1990 the Party of Democratic Socialism also adopted a 50% quota. As a consequence to these quota measures, currently there are 36% of women in the Lower house of the parliament, the Bundestag, representing 229 out of 630 seats (quotaproject.org). Since there are only voluntary quotas, there are no significant penalties attached to them.

#### *4.2.2. Italy*

Italy has a more recent adoption of the quota instrument but also a more radical one than Germany (see Appendix 2). Multiple scholars, as described in the previous section, consider Italy's Mediterranean welfare regime, as a subcategory of the conservative-corporatist welfare state regime like the one in Germany. Albeit, Italy adopted a new constitutional reform in 2003 and it legislated the gender quota at the sub-national level.

The Constitutional reform that took place in Italy 2003 introduced gender quota policies that state that 'citizens of one or the other sexes are eligible for public office and for elective positions under equal conditions, according to the rules established by law'. (Article 51 of the Constitution cited in quotaproject.org).

Consequently, the quota has become a favored approach to gender equality and represents an active commitment to gender issues. Hence, in 2011 Italy introduced a boardroom gender quota. It requires public limited companies and state-owned companies to have at least 33% of each gender on their boards (executives and non-executives) by 2015 (with a target of 20% for the transitional period).

Penalties associated with the adopted quotas are, the rejection of lists by electoral bodies and financial sanctions for the electoral legislated quotas, sanctions that vary depending on the region (quotaproject.org). As for the boardroom quota, in the event of non-compliance, there is a progressive warning system which will eventually lead to the dissolution of the board (EC, 2013).

#### *4.2.3. Sweden*

Sweden, similarly with Germany, has put in place only voluntary political quotas, considering that it is one of the most egalitarian societies and with the most women friendly welfare state regime. Like Norway, they were in the talk of introducing a boardroom quota around the same time Norway did, but in the end they opted out, turn to other measures.

The national quota history starts in 1972 when the Liberal Party introduced a policy of a minimum of 40 percent of either sex in internal boards and Committees and in 1984 this recommendations was extended. This time though it included alternated lists at general election. In 1987 the Christian Democratic Party introduced 40 percent gender-neutral recommendation concerning the electoral ballots and in 1993 and 1999 the Conservative Party and the Centre Party respectively soon adopted similar recommendations. Today, the Green Party, Left Party and Social democratic Party have endorsed these quotas also. Detail information is in Appendix 1. Besides these voluntary quotas that have no penalties attached to them, currently, the Swedish parliament has a 45 percent female representation, accounting for 157 seats out of 349 (<http://www.quotaproject.org/uid/countryview.cfm?country=197>).

#### *4.2.4. UK*

UK is no different than Germany and Sweden when it comes to the type of quotas adopted nationally. Hence there is solely voluntary political party quotas adopted by the Liberal Democrats party and Labour party as the table in Appendix 1 details it. These quotas are more recent then the Swedish or German ones, leading today to a 22 percent representation of women, consisting of 146 out of 650. This is the lowest percentage so far out of the discussed countries, below the 28 percent of Italy. (Quotaproject.org; Duckworth, Cracknell, McGuinness, 2014).

UK does not have a boardroom quota, but in 2011, the government commissioned Lord Davies report in 2011 proposed an initial target of 25% women directors for FTSE-100 by 2015 to be achieved through self-regulation by companies. The first annual review in March 2012 showed significant progress but the latest research suggests that progress has slowed (EC report, 2013).

#### *4.2.5. Hungary*

Hungary, representative of the Eastern Ex-Communist countries, although has only voluntary party quotas adopted by the Hungarian Socialist Party and Politics Can Be Different Party. In this country the outcome is much poorer than in all the countries selected, in what concerns the increase of more women participating in politics. They only account for 35 seats out of 386, representing 9 percent.

The national quota history, as an overall general look consists of mostly voluntary party quota. Italy is the only country that has implemented recently a boardroom quota and in Germany just recently passed the Bundesrat but there is a long way until implementation takes place. Consequently this can greatly influence the effectiveness of the directive in these two countries due to the high degree of ownership of this measure.

### 4.3. Cultural differentiation masculine vs. feminine

**Table 1. Hofstede score results**

Country	Masculine vs. feminine	Score
Germany	Masculine	66
Italy	Masculine	70
Sweden	Feminine	5
UK	Masculine	66
Hungary	Masculine	88

#### 4.3.1. Germany

On Hofstede’s survey, Germany has a 66 score on the MAS index, which is a high score. “Hence it is considered a masculine society driven by competition, achievement and success, with success being defined by the winner / best in field – a value system that starts in school and continues throughout organizational behavior. Performance is highly valued and early required as the school system separates children into different types of schools at the age of ten. People rather “live in order to work” and draw a lot of self-esteem from their tasks. Managers are expected to be decisive and assertive. Status is often shown, especially by cars, watches and technical devices.”(<http://geert-hofstede.com/germany.html>).

#### 4.3.2. Italy

In the case of Italy, the score is even higher than Germany’s on the MAS index, that of 70. It is driven by the same values of competitiveness, achievement and success, starting in the first years of school and continuing throughout organizational behavior. It is a masculine society where children are thought to aim to be winners, competition seen as a good thing (<http://geert-hofstede.com/italy.html>).

“Italians show their success by acquiring status symbols such as a beautiful car, a big house, a yacht and travels to exotic countries. As the working environment is the place where every

Italian can reach his/her success, competition among colleagues for making a career can be very strong” (ibidem).

#### **4.3.3. Sweden**

Sweden’s score is on the opposite end, as being very low compared to the previous two states, recording a low 5. By contrast, it is feminine society, where the dominant values in the society is the quality of life, working to live not the other way around, and caring for others. In the feminine society, the sign of successes is reflected by the quality of life.

“In feminine countries it is important to keep the life/work balance and you make sure that all are included. An effective manager is supportive to his/her people, and decision-making is achieved through involvement. Managers strive for consensus and people value equality, solidarity and quality in their working lives. Conflicts are resolved by compromise and negotiation and Swedes are known for their long discussions until consensus has been reached. Incentives such as free time and flexible work hours and place are favored. The whole culture is based around 'lagom', which means something like not too much, not too little, not too noticeable, everything in moderation. Lagom ensures that everybody has enough and nobody goes without. Lagom is enforced in society by “Jante Law” which should keep people “in place” at all times. It is a fictional law and a Scandinavian concept which counsels people not to boast or try to lift themselves above others.” (<http://geert-hofstede.com/sweden.html>).

#### **4.3.4. UK**

UK is a masculine society according to Hofstede survey with a 66 score. Just like Germany and Italy, the society is driven by competition, achievement and thrives to be a winner in all endeavors. “A key point of confusion for the foreigner lies in the apparent contradiction between the British culture of modesty and understatement which is at odds with the underlying success driven value system in the culture. Critical to understanding the British is being able to ‘read between the lines’” What is said is not always what is meant. In comparison to feminine cultures, people in the UK live in order to work. They are driven by a clear performance ambition (<http://geert-hofstede.com/united-kingdom.html>).

#### **4.3.5. Hungary**

Hungary is a very masculine society with 88 points score. The country has a focus on “living in order to work”. The managers are competitive, decisive and assertive and performance oriented. The conflict is resolved not by consensus but by fighting them out (<http://geert-hofstede.com/hungary.html>).



#### 4.4. Measures that reflect the corporate social responsibility towards gender equality

Gender imbalance in the corporate boards is a difficult challenge to correct for the European Member States, regardless of the positive possible outcomes it can bring for economic growth. Consequently, the EC started a policy debate in 2010. In 2011, Viviane Reding, Vice-President of the EC and EU Commissioner for Justice, Fundamental Rights and Citizenship, launched the “*Women on the Board Pledge for Europe*”, “a call on publicly listed companies in Europe to sign a voluntary commitment to increase women’s presence on their corporate boards to 30% by 2015 and 40% by 2020 by means of actively recruiting qualified women to replace outgoing male members” (EC Progress Report<sup>\*</sup>, 2012:5).

##### *Labels*

In many countries, companies that have shown an outstanding commitment for gender equality and have adopted measures that promote gender equality in the workplace are given the possibility to receive a certificate or label for their endeavor (Heckl et. al. 2008:62).

In **Germany** this commitment label is called “Total E-Quality Prädikat” and is based on a self-evaluation of the applicants via a checklist and includes gender specific collection of data, recruiting and hiring procedures, further training and human resources development, work-life balance, fostering equal partnership at the workplace and the public position of the employer on the topic (ibidem: 62). A second type of label is specifically for reconciliation of work and family. In Germany it is called the “Audit berufundfamilie”, the best know initiative of its kind in Germany and there are over 600 in the country already (Heckl et. al. 2008:66). It is designed to sustain and improve the work-life balance through a dynamic process.

**Italy** has labels that promote gender equality as well. The Italian Ministry of Labor has labeled organizations with the “Bollino Rosa- S.O.N.O Stesse Opportunita Nuove Opportunita (Pink stamp- same opportunities new opportunities), that require activities in the area of career opportunities, remuneration, work organization and reconciliation after and assessment of a commission expert (Heckl et. al. 2008:63)

In Sweden, UK and Hungary this type of initiative have not been found.

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<sup>\*</sup> European Commission Progress Report “Women in economic decision-making in the EU” A Europe 2020 initiative, 2012

### *Prizes and awards*

There are prizes and awards throughout Europe, over 68 that are put in place for companies that promote gender equality, and are awarded annually. This method is by far the biggest category of non-legislative initiatives in terms of promoting gender equality in the workplace (Heckl et. al. 2008:69). In **Germany** there are regional prizes that promote equal opportunities for women and men and they are regional in Bavaria and in Baden-Wurttemberg. In **Sweden** there is a unique prize as it is a trade union that awards companies, non-alike in Europe. It is called “*Guldnappen*” (the golden pacifier prize). It was created by the Union as a response to the loss of many of its members’ jobs, due to discrimination while on parental leave. This prize aims at encouraging companies to establish a favorable combination of parenting and working, eliminating any conflict of interest between work and family, hence making the workplace more family friendly. It addresses 65 000 companies that trade union members are working in. Yearly, the prize has different themes related with issues within the workplace, such as the 2008 theme of the role of male in companies; in 2009 was leadership. In 2008 though, no winner of the prize was considered creditable (Heckl et. al. 2008:76). Besides the *Guldnappen*, there is the “*Annas Jamstalldhetspris* (Anna’s equal opportunities prize) which addresses good practices in gender equality and opportunities in enterprises in the banking and financial sector (ibidem: 83). **UK** has two prizes, “*Opportunity now*” and *Employer of the year*”. *Opportunity now* was established to promote the business case of taking advantage of women talent. It has seven categories of awards for which companies can submit such as advancing women in public service, education and business to name a few. The initiative favors mostly projects that encourage more women into less traditional career routes or those offering more flexible working arrangements (Heckl et. al. 2008:75). Besides these two prizes, UK has also four more that cover sectors of the economy that are traditionally male dominant and recognizes the efforts of companies that enhance women’s opportunity in that sector. These are:

1. GCS women in IT award (IT sector)
2. Working families and UKRC Women in SET award (science, engineering and technology)
3. UKRC Quality Mark (help organizations make progress towards good gender equality practice for women in science, engineering and technology)
4. Investor in WISE award (attract more young women make career choices in science, engineering, technology) (ibidem:81)

**Hungary** on the other hand has a prize that awards the aspect of reconciliation of family and work called “Csaladbarat munkahely díj” pályázat (family friendly workplace award). The government’s Ministry of Family and Social Affairs established it. It realized that this life aspect is not of individual importance but for the entire society. Since 2006, the working group “reconciliation of family and work” is operated by the Ministry of Social Affairs and Labor and consist of NGO’s. It targets all companies and institutions, regardless of their size: micro to large enterprises, public institutions and even non-profit organizations (Heckl et. al. 2008:77).

**Italy** does not have this type of initiative put in place.

### *Charters*

They represent another form of a signed commitment to promote gender equality. They represent a set of common stated values by which the signatory companies commit to act accordingly. **Germany** has launched such a charter in 2008 having already 800 signatory companies. It is called the German “Gemeinsame Erklärung Erfolgsfaktor” (charter of success factor family) referring to the reconciliation of private and family life ((Heckl et. al. 2008:86). **UK** has two charters which both deal with women in science and technology. The first, “CEO Charter” has 70 signatory companies CEO’s and top management representatives committed to implement a culture change that include women’s participation and career progression in science, engineering and technology (SET). To accomplish this, they have set measures such as benchmarking surveys, setting up mentoring and networking schemes and offer gender equality staff training. (Heckl et. al. 2008:87). The “Athena SWAN charter for women in science” has as signatories, 35 universities and research institutes. It is based on six principles in their action plan: to address gender inequalities, to tackle the unequal representation of women in science, to examine the implications of absence of diversity at management level, to address the high loss rate of women in science, to recognize the negative consequences of the system of short term contracts for women and to consider the structural obstacles to women in an academic career” (ibidem: 87). **Italy, Sweden and Hungary** are not signatory to any charter related to gender equality.

### *Rankings*

**Germany** has a “genderdax- Top Unternehmen for Hochqualifizierte Frauen (Gender dax for top companies for high qualified women), that lists companies that support the employment of women especially in the management positions.

In **Sweden** exists a ranking based on an index that analyzes exclusively companies quoted on the stock market. It is called the “Folksam’s Jamstalldhetsindex” (Folksam’s equality index). This index rates and reviews companies listed at the OMX Stockholm Index annually by looking at the number of women on boards, in management positions in the parent company, and the number of women in the group based on companies’ annual reports. The higher rating is awarded to those enterprises that have the same proportion of women in all three categories (Heckl et. al. 2008:89). There is also a second index, the “Jamstallshitsindex Jamix” (Equal opportunity index). It analyzes participating companies with at least 50 employees according to nine criteria related to gender equality (ibidem: 90).

In the other three countries, respectively **Italy, UK and Hungary** there are no rankings put in place.

### *Compendium of good practices*

This compendium, in the form of a publication or website is designed to recognize the outstanding achievements and commitments of companies that have projects and network activities that support gender equality.

In **Hungary**, the initiative “No as esely” (Women’s chances are growing) contains a compendium of good practices in the fields of using new methods in enhancing the employment of women and re-orienting the labor culture towards a success attitude of women who are assisting their families’ businesses. The aims of this initiative are to eliminate gender segregation in the labor market and help promote disadvantaged women. It targets regional, rural areas, mainly the county of Zala. (Heckl et. al. 2008:92).

In **UK** there is also a compendium that provides a collection of good practices in the field of reconciliation of family and work, including work/life balance, flexible working and maternity/paternity.

In the other countries, **Italy, Sweden and Germany** there are not found any compendiums of good practices.

## **4.5. Professional preparation**

One of the prevalent arguments against the quota expressed by the corporate representatives is that there are not enough women qualified for corporate board positions. Some CEO’s have stated that they have been trying to designate women in such roles but could not find any. Hence this section will investigate just that. It will look first at women’s education and specialization before they enter the labor market and see if this horizontal

segregation exists and to what degree and also will look at the women already in the labor market, either present in the pipeline of a corporation situated just below the ceiling qualified to be assigned for a non-executive position.

Concerning the educational attainment, almost all European countries have adopted equality provisions in education and/or signed declarations such as CEDAW\* to support general equal treatment and equal opportunities, equal treatment and equal opportunities in education, and gender equality in education (Eurydice report 2010\*\*)

In tertiary education level, the position of men and women vary considerably between the chosen areas of study. This has represented a cause of concern for most countries. These differences are more prevalent in the fields of mathematics and science, a difference fairly consistent throughout Europe (Eurydice report 2010). One of the reasons has been attributed to the cultural values of each country, hence perceiving the fields such as science and mathematics as masculine, appropriate for men and less for women. Consequently in order to eliminate these differences, the women entering these fields have to not conform to the dominant culture but to challenge it.

Although there are differences in educational preparation, as the data shows below, there is still a high graduation rate of women in tertiary education.

**Table 2. Education**

<i>Country</i>	<i>Tertiary education attainment % of women and % of men aged 30-34</i>		<i>Female tertiary education graduates by field of study 2011 (% of graduates in the field)</i>			
	<i>Women</i>	<i>Men</i>	<i>Education &amp; training</i>	<i>Health and welfare</i>	<i>Science, mathematics &amp; computing</i>	<i>Engineering</i>
<i>Germany</i>	<b>32.9</b>	<b>31.0</b>	<b>76.2</b>	<b>78.2</b>	<b>43.6</b>	<b>18.2</b>
<i>Italy</i>	<b>26.3</b>	<b>17.2</b>	<b>87.6</b>	<b>67.6</b>	<b>53.9</b>	<b>33.0</b>
<i>Sweden</i>	<b>53.7</b>	<b>42.4</b>	<b>79.3</b>	<b>82.5</b>	<b>40.0</b>	<b>29.7</b>
<i>UK</i>	<b>50.2</b>	<b>44.0</b>	<b>75.5</b>	<b>76.8</b>	<b>36.7</b>	<b>21.4</b>
<i>Hungary</i>	<b>35.5</b>	<b>24.7</b>	<b>80.7</b>	<b>79.1</b>	<b>33.3</b>	<b>22.9</b>

*Source: Eurostat News Release 7 March 2014*

Data are presented for the fields education & training and health & welfare, which have the highest shares for women and for science, mathematics & computing and engineering, which have the lowest shares for women

\* CEDAW - Convention on Elimination on all forms of discrimination against Women

\*\* Culture Executive Agency.(2010).Gender Differences in Educational Outcomes. Study on the Measures Taken and the Current Situation in Europe. Brussels: Education, Audiovisual and Culture Executive Agency P9 Eurydice

Table 2 shows, that in the field of engineering across all countries selected, women are a considerable minority. On the other hand, in science mathematics and computing there are way more female students. In Germany and Sweden the female graduates are almost as many as men. Exceptions are Hungary and United Kingdom, while in Italy, there are more women than men graduating in tertiary education in the field of science. Concerning education, health and welfare women dominate this field in all selected countries. Hence based on the field of study the variation between men and women are quite similar across selected countries. Educational attainment in tertiary education between ages of 30 and 34, women outweigh the number of men in all selected countries. Only Germany is very close to reaching an equal number.

**Table 3. Population with upper secondary and tertiary education attainment by sex and age (25-64 years old) expressed in percentage**

<i>Country</i>	<i>Year 2013</i>	
	<i>Women</i>	<i>Men</i>
<i>Germany</i>	<b>84.3</b>	<b>88.7</b>
<i>Italy</i>	<b>59.7</b>	<b>56.6</b>
<i>Sweden</i>	<b>83.8</b>	<b>82.5</b>
<i>UK</i>	<b>77.2</b>	<b>79.5</b>
<i>Hungary</i>	<b>80.1</b>	<b>85.0</b>

Source of data: Eurostat

Last update: 10.04.14

As a general overview of the data presented above, in spite of differences in certain career fields affected by a certain degree of horizontal segregation, in all countries the major difference in the male dominated fields, which is more relevant for this study, engineering persists as being male dominated. This is one of the reasons why many programs are put in place, as introduced in the previous section that encourage women to make educational choices in such fields. Besides this major difference, one generalization can be inferred about the countries selected and that is that there are many highly qualified women and competitive in most careers fields, ready to enter the corporate world as well.

*The second aspect of professional preparation* looks at women just below the glass ceiling in management position who are the closest in the corporate ladder to occupy a boardroom position. The glass ceiling may exist at different levels. In some companies or countries this can vary from being either close to the corporate head, or as far as junior management level (Wirth, 2001:25). For this paper the indicator is the share of women

employed in senior and middle management expressed as a percentage, as it is the closest to board level positions.

**Table 4. Female share of employment in senior and middle management (%)**

<i>Country</i>	<i>Source</i>	<b>2010</b>	<b>2012</b>
<i>Germany</i>	LFS - EU Labor Force Survey	<b>28.3</b>	<b>28</b>
<i>Germany</i>	LFS - Micro census	<b>28.3</b>	
<i>Hungary</i>	LFS - EU Labor Force Survey	<b>39.6</b>	<b>35.7</b>
<i>Hungary</i>	LFS - Labor Force Survey	<b>39.6</b>	
<i>Italy</i>	LFS - EU Labor Force Survey	<b>21.1</b>	<b>22</b>
<i>Sweden</i>	LFS - EU Labor Force Survey	<b>31.3</b>	<b>34.5</b>
<i>United Kingdom</i>	LFS - EU Labor Force Survey	<b>35.9</b>	<b>32.2</b>
<i>United Kingdom</i>	LFS - Labor Force Survey	<b>34.9</b>	

*Source: ILO and EU Labor Force Survey*

This indicator refers to the proportion of females in total employment in senior and middle management corresponding to the ISCO-88 categories 11 (legislators and senior officials) and 12 (corporate managers). The indicator provides information on the proportion of women who are employed in decision-making and management roles in government, large enterprises and institutions. ISCO-88 Sub-major group 13 - general managers - is not included in the calculation of this indicator, as this group mainly includes managers of small enterprises (ILO database)

In table 4 it is evident that Hungary and Sweden has higher female percentages in management position with a 35.7% and 35. % respectively and UK with 32.2 %. The lowest percentage is in Italy with 22%. They are all below 40%, which is a gender equal accepted number, but three out of five are over 30%, which is enough to generate a change according to Kanter (1977).

#### **4.6. Policies that support work/life balance**

##### *a). Leave facilities*

Policies concerning parental leave have been an important issue discussed in the EU with the intent to make changes, as in increasing the scope of leave entitlements, extend fathers' rights and allow for more flexibility in terms of leave take-up (Moss and Wall 2007 cited in Margherita, O'Dorchai and Bosch, 2009:85). Each country has a different approach, which will be further presented. Maternity, paternity and parental leaves are analyzed in terms of entitlement criteria and how long entitlement is valid, the length of leave and also payment level. Maternity leave has two different regulatory settings and a third generated by a combination of the first two: the length of leave, the replacement rate of earnings during leave meaning what percentage of their initial salary is paid during leave and a third which is full

time equivalent (FTE)\* paid maternity leave. Each aspect will be presented for the selected countries below. OECD family database expresses best the key terms, maternity leave, paternity leave and parental leave, for a clear distinction and for a better understanding of the data that follows. This can be consulted in Appendix 2.

**Table 5. Child related leave- maternity leave 2011/2012**

<b>Maternity leave</b>				
	<b>Weeks of entitlement</b>	<b>FRE Paid* (weeks)</b>	<b>(FRE Paid)%rate of allowance</b>	<b>Unpaid (weeks)</b>
<b>United Kingdom</b>	<b>52.0</b>	<b>12.8</b>	<b>24.4</b>	<b>39.2</b>
<b>Hungary</b>	<b>24.0</b>	<b>16.8</b>	<b>70.0</b>	<b>7.2</b>
<b>Italy</b>	<b>20.0</b>	<b>16.0</b>	<b>80.0</b>	<b>4.0</b>
<b>Germany</b>	<b>14.0</b>	<b>14.0</b>	<b>100.0</b>	<b>0.0</b>
<b>Sweden</b>	<b>10.0</b>	<b>9.6</b>	<b>80.0</b>	<b>0.4</b>

Source: OECD Family database

**Table 6. Child related leave- paternity leave 2011/2012**

<b>Paternity leave</b>				
	<b>Weeks of entitlement</b>	<b>FRE Paid Leave (weeks)</b>	<b>(FRE Paid)%rate of allowance</b>	<b>Unpaid leave(weeks)</b>
<b>Sweden</b>	<b>10.0</b>	<b>8.0</b>	<b>80.0</b>	<b>2.0</b>
<b>Germany</b>	<b>8.0</b>	<b>5.4</b>	<b>67.4</b>	<b>2.6</b>
<b>United Kingdom</b>	<b>2.0</b>	<b>0.4</b>	<b>20.0</b>	<b>1.6</b>
<b>Hungary</b>	<b>1.0</b>	<b>1.0</b>	<b>100.0</b>	<b>0.0</b>
<b>Italy</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: OECD Family database

\* FTE is the ratio of the total number of paid hours during a period (part time, full time, contracted) by the number of working hours in that period Mondays through Fridays.

\* FRE Paid = Duration of leave in weeks \* payment (as per cent of average wage earnings) received by the claimant.



**Table 7. Child related leave- parental leave 2011/2012**

<b>Parental leave</b>				
	<b>Weeks of entitlement</b>	<b>FRE Paid Leave(weeks)</b>	<b>(FRE Paid)%rate of allowance</b>	<b>Unpaid leave(weeks)</b>
<b>Hungary</b>	<b>156.0</b>	<b>79.6</b>	<b>51.0</b>	<b>76.4</b>
<b>Germany</b>	<b>156.0</b>	<b>34.8</b>	<b>22.3</b>	<b>121.2</b>
<b>Sweden</b>	<b>60.0</b>	<b>38.6</b>	<b>64.3</b>	<b>21.4</b>
<b>Italy</b>	<b>24.0</b>	<b>7.2</b>	<b>30.0</b>	<b>16.8</b>
<b>United Kingdom</b>	<b>13.0</b>	<b>0.0</b>	<b>0.0</b>	<b>13.0</b>

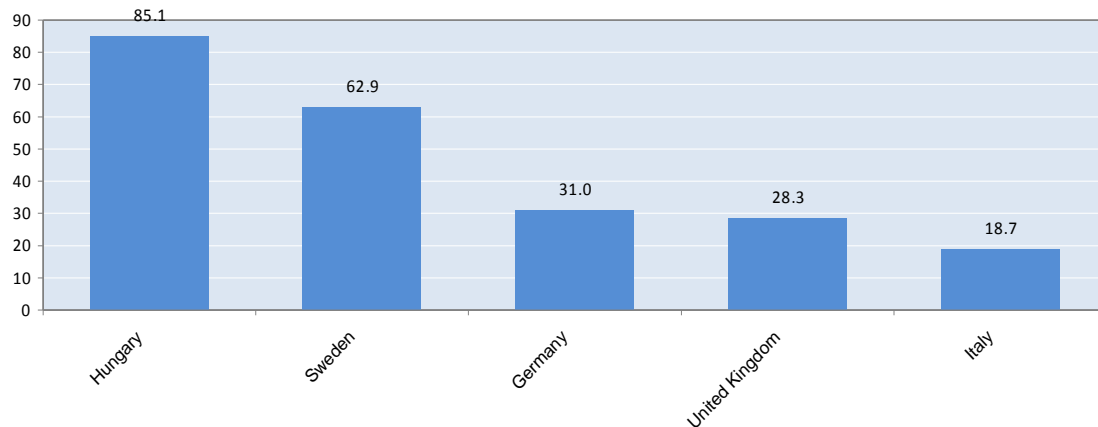
Source: OECD Family database

Table 5 illustrates that UK has the longest maternity leave, but with the shortest duration of leave that is actually paid at the smallest rate of 24.4%. Hungary and Italy are very close in terms of length of leave and percentage paid. Hungary with a 24 weeks leave maternity leave and Italy 20, and both having 16 weeks paid at 70% allowance Hungary and 80% in Italy. Germany has the exact minimum medically required leave of 14 weeks 100% paid for the entire duration. Sweden on the other hand has the lowest length of leave 10 weeks almost entirely paid with an 80% rate, since Sweden is interested in motivating women to return to the labor force as soon as possible.

Since Sweden has the most equal society, paternity leave (Table 6) is almost the same as maternity leave in terms of weeks of entitlement and paid rate. Germany is comparable to Sweden with an 8-week entitlement for fathers but only 5 and half weeks paid at a 67% rate allowance. In UK and Hungary paternity leave is considerable shorter, two weeks or less. UK has only two weeks entitlement with a meager pay of 20% allowance rate while in Hungary it is only one week but in this care with a 100% allowance rate.

In the case of parental leave (Table 7), parents have to decide amongst each other as to who takes leave and claims income support, and in practice this means that mothers rather than fathers use leave entitlements. In some countries it is possible to take prolonged period of leave (at least 2 years) either as parental leave alone or by taking parental leave in conjunction with separate child/home care provisions. In all, prolonged periods of leave of around 100 weeks or more can be taken in Germany, Hungary, but not Italy, Sweden and UK. (OECD Family Database, 2011/2012). In the Appendix 4 can be consulted with more details about specific regulations, length of leave and payment, flexibility in use, eligibility and so on.

**Figure 8.** *Spending on Maternity and Parental leave payment per child born, 2009 –as % of GDP per capita*



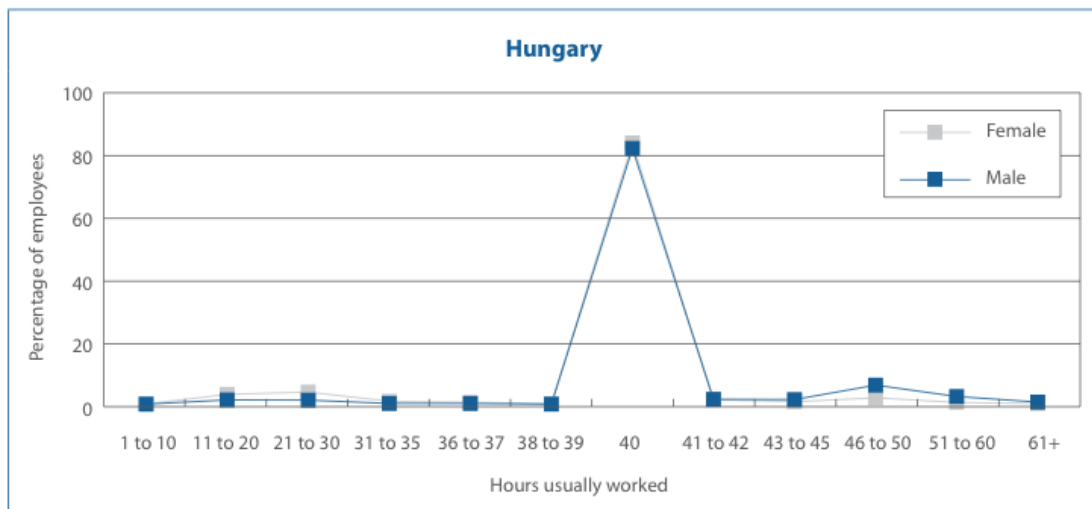
*Sources: OECD Social Expenditure database and demographic data*

With the overview on national expenditure, the data reflects the degree of involvement the state has when it comes to family leave. As mentioned in the description of welfare states, the family friendly social democratic regimes have the highest expense on welfare policies and it is surprising that Hungary outweighs Sweden, who is known to spend a lot on family welfare. Eastern European welfare regimes have been characterized by having more similarities with the social democratic regime and this figure exhibits that. In the case of UK, since it is liberal market economy, state intervenes only for the very poor people and all services are left to the private market hence it has a relative low expenditure on leave facilities. This is the same in Germany and Italy, where their society relies for support mostly on family with little involvement of the state.

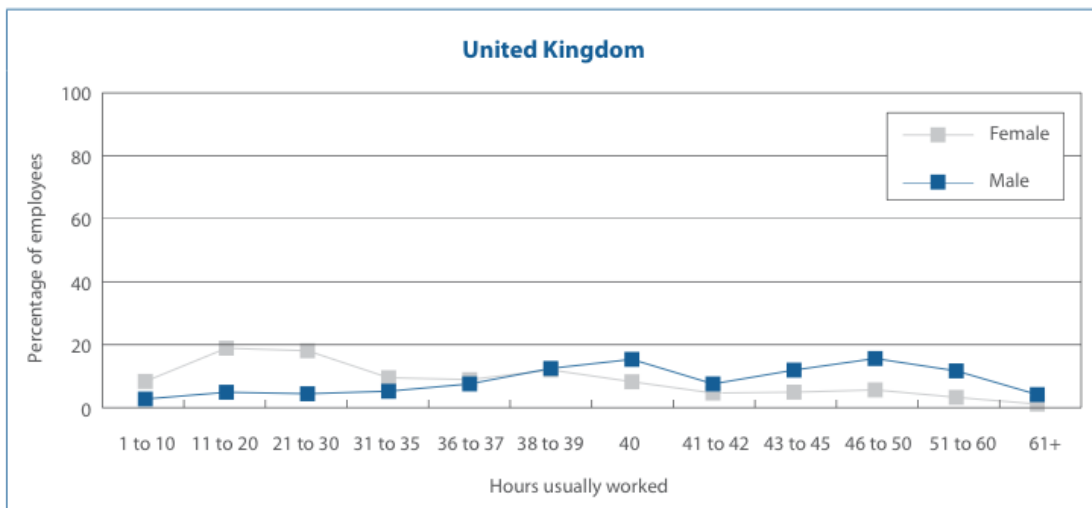
*b). Policies for flexible working time*

From the supply side perspective there is a great demand for a better balance between work and family life, hence there is growing flexibility in the lengths of working hours. The hours are no longer as strict such as a 40-hour week for 48 weeks a year. Now, especially due to technology, more diverse options have become available. There is a rise in part-time work especially among women and there is also a trend towards greater flexibility in the allocation of working time over the working week and working year.

**Figure 9.** Working time distribution of employees by gender – Hungary



**Figure 10.** Working time distribution of employees by gender – UK

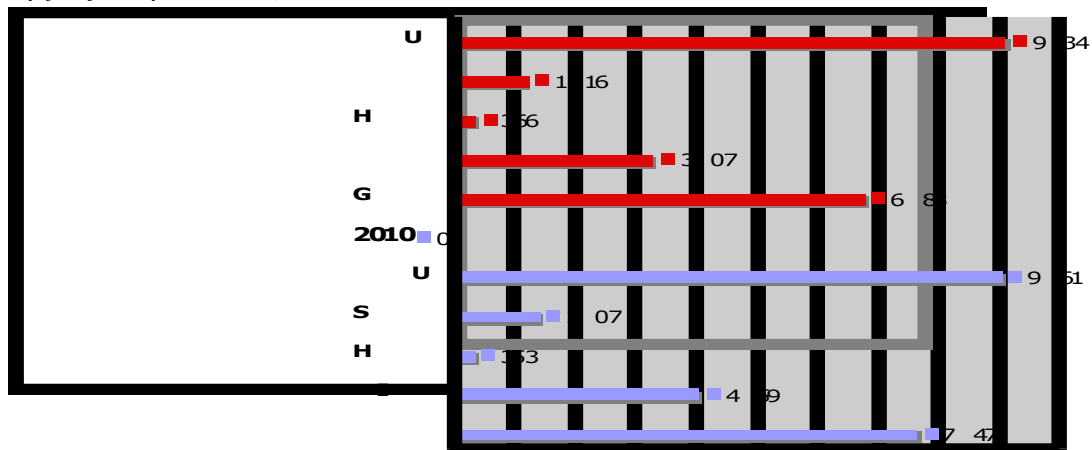


Source: Eurostat, EU labour force survey

As mentioned above, across Europe, the classic working hours are 40-hour per week. This is still prevalent in most EU countries, but there are significant differences in the actual distribution of the working hours. A striking difference is between Hungary and UK, where Hungary shows a high prevalence for the 40 hour week while UK has absolutely no standard working time, as the graphic shows. Germany and Sweden are somewhere in between, with a second peak around 20 hour level.

A second point illustrated by the above Graphic is that both male and female working hours are similar. In Hungary, both genders are distributed similarly at the 40-hour peak. In the UK on the other hand, it shows that women are concentrated in the shorter working hours as for men, they tend to work longer hours (Plantenga and Remery, 2009:23).

**Figure 11.** Employees by their perceived possibility to vary start and/or stop of the working day for family reasons (1 000)\*

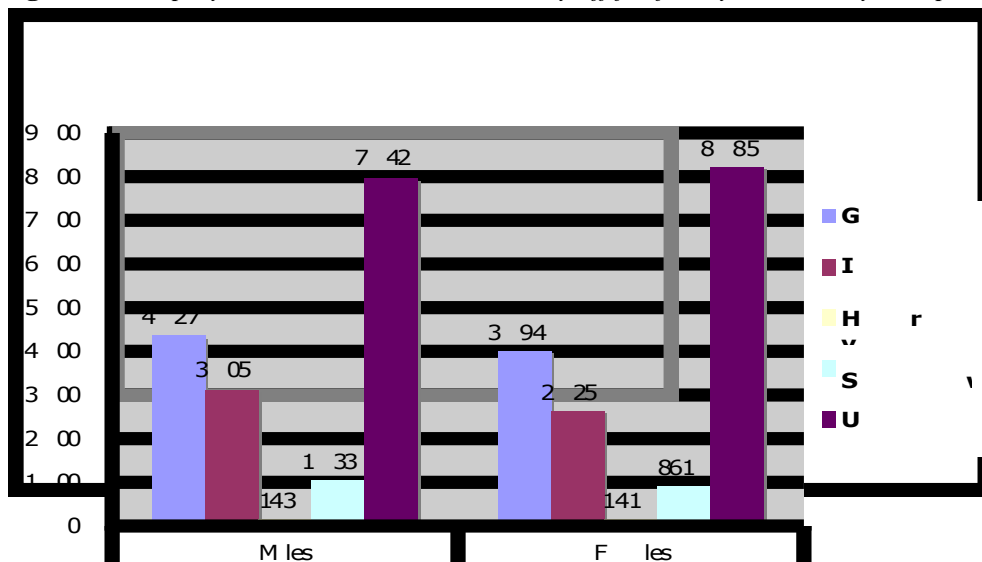


Legend: *Female*; *Male*  
 Source of data: Eurostat  
 Last update: 16.04.14

As far as flexible working arrangement goes figure 11 shows the latest data in the selected countries. It shows the employees from all NACE activities, by their perceived possibility to start and/or stop working for the day for family reason. The unit is thousands and the age range is 15 to 64 years old.

In these countries, employees with family responsibilities have a fair amount of flexibility in UK and Germany but not so much Italy, Sweden and very limited in Hungary.

**Figure 12.** Employees who can take a whole day off for family reasons, by occupation (1000)



\* Unit of measure is number of persons expressed in thousands

Figure 12 illustrated a great discrepancy if we look at UK, Germany which contrasts significantly with the other three state Sweden, Italy and Hungary, the last three having the lowest number that illustrates that the employed persons generally do not have the possibility of taking entire days off.

c). This section provides an overview of the typology of childcare services in each individual selected country. After this overview, the focus will be on the qualitative aspect of childcare, the amount of state expenditure for these services and the degree of accessibility by its beneficiaries. Hence, it provides information on the use of childcare services. All the data, which is the latest available, is procured from the OECD Family Database.

**Table 13. Typology of childcare**

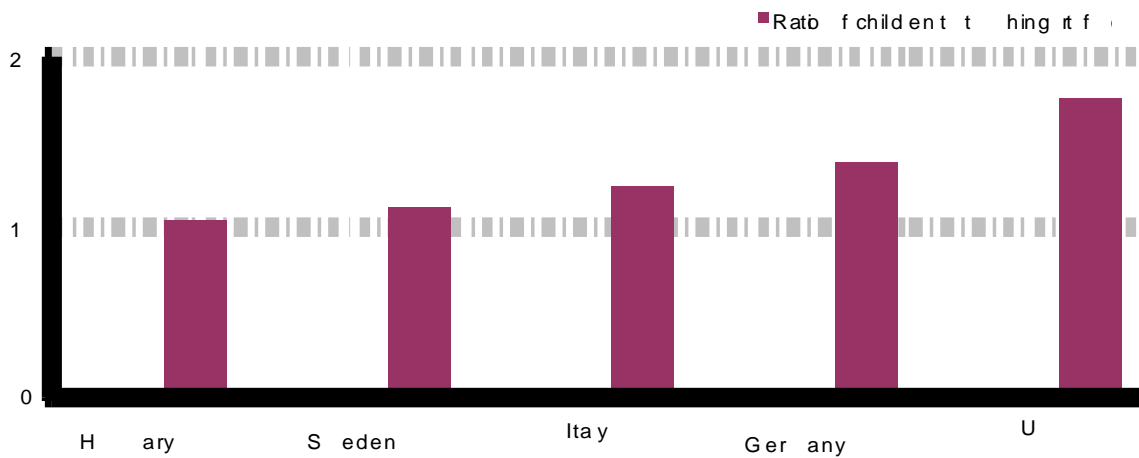
	Centre-based care		Family day care		Pre-school		Compulsory school	
Public*								
Private**								
Age	0	1	2	3	4	5	6	7
Germany	<i>Krippen (centre-based Crèche)</i>		Kindergarten (pre-school)				Compulsory schooling	
Hungary	<i>Bölcsöde (Crèches), full-time (40hrs)</i>		Ovoda (kindergarten)				Compulsory schooling (at age 6 by law, but in practice many start at age 7)	
Italy	<i>Asili nidi (Crèches) part-time (20hrs) and full-time (&lt;50hrs)</i>		Scuola dell'infanzia (pre-school)				Compulsory schooling	
Sweden			<i>Forskola (pre-school) full-time, 30 hours, some Familiedaghem (FDC) particularly in rural areas.</i>				<i>Forskoleklass (pre-school, PT)</i>	Compulsory schooling
UK	Nurseries, child minders and playgroups		Playgroups and nurseries, Early years education (three and four year olds are entitled to 12.5 hours of free early education)		Reception class with primary school		Compulsory schooling	

\*Provision is largely publicly funded and managed (more than 50% of enrolments are in publicly operated facilities). \*\*Provision is largely managed by private stakeholders (both for-profit and not-for-profit providers) and is publicly and privately financed. Source: OECD Family Database, National Authorities

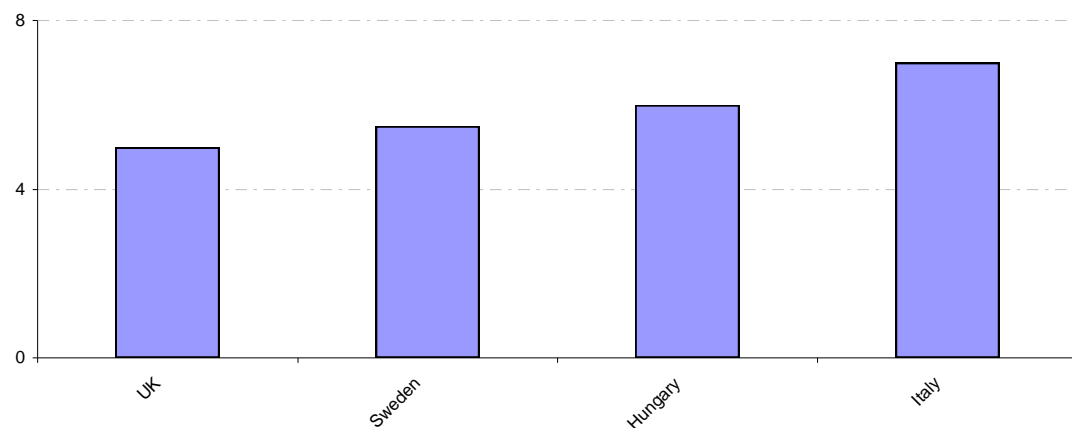
Centre-based day-care includes all childcare that is provided outside the home in licensed centers. They are called either nurseries or crèches and offer full or part time services. In general, these services are provided to children not yet 4 years of age and provide care to children before commencing pre-school (OECD).

The types of childcare provision are mixed, depending on the country. In many European countries provision is mainly public, topped up by parental fees which are off-set by tax credits, child allowances and so on. Private provision of early childcare is prominent in UK (ibidem). Family day care (FDC) is traditionally provided in a home setting. It is the most common type for children before pre-school. It is also an alternative to limited availability of crèches/nurseries and/or parents prefer a home environment. Pre-school early education programmes includes centre-based (or often school-based) programmes designed to meet the needs of children preparing to enter primary (compulsory) education (ibidem).

**Figure 14.** *Child-to-staff ratios in pre-school 2010.*



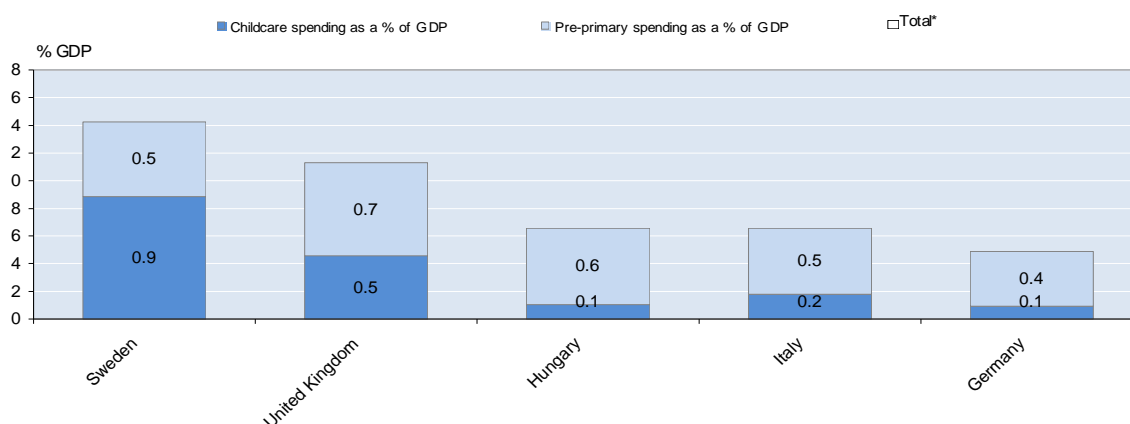
**Figure 15.** *Child-to-staff ratios in formal day – care services, average for 0-3 years old. (2010)*



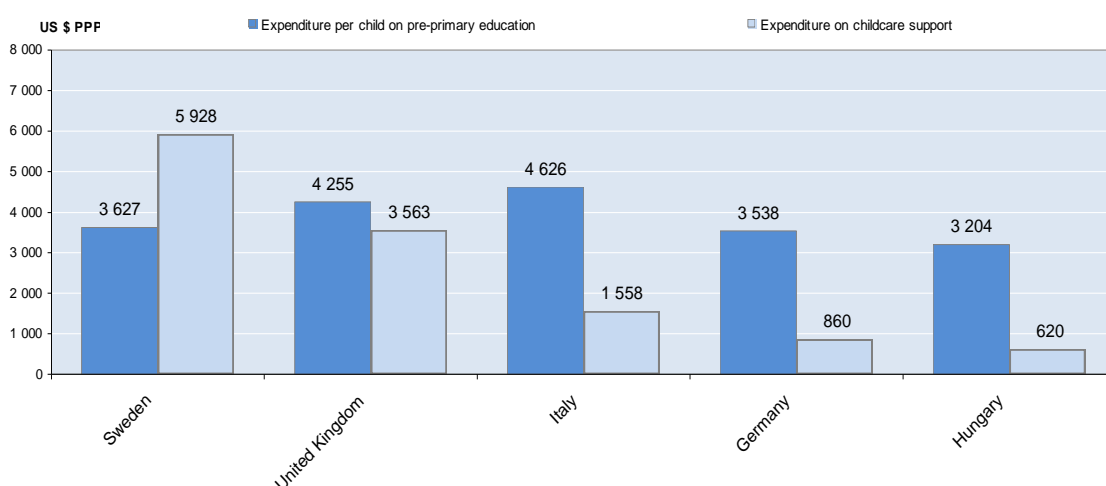
*The quality of childcare* it is very complex to assess. There are numerous elements such as safety, hygiene, and staff to child ratio, the size of the group, parent involvement and compliance to various educational policies. This study, due to imposed limitations, is restricted to a single aspect of quality, staff to children ratio, to illustrate a quantitative indication of the frequency of contacts between carers and children.

Figures 14 and 15 present descriptive information on qualifications and work-environment of staff in day-care and pre-school services, respectively. The information on the qualifications of staff gives some indication on their quality of staff, even though the latter is crucially affected by other factors, as for example, personal aptitude and work-experience. The tables also include information on child-to-staff ratios for specific ages, with the exception of Germany where there is no data available. (OECD Family database).

**Figure 16.** Public expenditure on childcare and early education services, percent of GDP, 2009



**Figure 17.** Public expenditure on childcare and pre- school, per child, 2008



Source: Social Expenditure database 2013; OECD Education database; Eurostat for Non-OECD countries.

The findings from Figures 16 and 17 show that UK and Sweden spend 1% and 1.4% respectively from their total GDP, while Germany, Italy Hungary spend a similar percentage of 0.7% of their total GDP. All countries except Sweden spend more on pre- school care than childcare, which could partly be a reflection of coverage of a larger age group. Pre-school spending is highest in Italy and UK and lowest in Hungary as data in Figure 16 shows.

## 4.7. Conclusion

Conclusively to chapter 4, Tables 18 and 19 are summarizing the information presented throughout the chapter and below is an overview of the data explanation.

**Germany**, with a conservative welfare state regime, does not have a very long quota history, but has a reputation in rejecting it until recently. It does not have penalties and it is uncertain the likelihood that effective, hence severe ones will be put in place for the EU directive if non-compliance occurs. It is a masculine society but it has almost all the possible non-legislative initiatives promoting gender equality in businesses and society. As far as education is concerned it has more women than men graduating from tertiary and quite significant percentage of women in middle-management and senior management positions. Among the countries selected, policies of work/life balance are quite favorable. It has the second highest degree of flexibility in arrangements; it has the minimum required maternity leave which is also paid in full and also paternity leave. As far as expenditure on childcare goes, it might seem small a 0.5 percentage point, but considering that Germany has the highest nominal GDP in Europe, the amount is not that small.

**Italy**, the “familist” Southern/Mediterranean welfare regime that stems from the conservative system, has a male breadwinner culture, hence masculine society, but decided on a paradigm shift concerning women’s role in the society. It supports and legislates a boardroom quota and electoral quota, bolsters women to access leadership and decision-making positions. The boardroom quota takes the place of all the non-legislative initiatives at corporate level. Hence only labels are still existent. As far as educational attainment goes it is similar to Germany’s, consequently there are plenty of women educated and ready to enter the labor market capable of reaching high level positions. Maternity leave is longer than in Germany, 20 weeks vs. 14 but with an allowance of only 80%. The negative aspect that reflects the Italian masculine society is the absence of parental leave. Therefore, family responsibilities and care responsibilities still reflect a traditional model. Concerning expenditure on childcare it has a 0.2 higher percentage point but it also has a smaller nominal GDP, the fifth highest GDP in Europe.

**Sweden**, with the social democratic welfare regime, considered the most “women friendly” regime is the only feminine culture out of the countries selected. They have only voluntary political party quotas. In spite of it, they still have a low representation of women in the boardrooms. They have corporate non-legislative initiatives such as prizes and rankings and a high number of women, over 53 % graduating from tertiary education, thus more than men. In senior and middle managements women are encountered in a higher percentage than in Germany or Italy, almost 35% of total employees at that level. Maternity leave in Sweden is the shortest among the selected countries, of only ten weeks and allowance of 80%.



Sweden has the highest level of welfare state expenditure hence highest on childcare. Therefore they are compelled to encourage women to return to their work place as soon as possible. There is also a parity concerning childcare responsibility, paternity leave being equal with maternity leave in lengths and allowances paid. It is the only state that has that. Flexibility arrangements are not very high, being one of the lowest after Hungary.

**UK**, with liberal welfare regime has a masculine culture according to Hofstede, and does not differentiate itself too much from Germany or Italy in terms of the first four conditions. What are very different in UK are the provisions concerning childcare. It has the longest maternity leave, of 52 weeks but with the lowest paid allowance of 25%. Paternity leave is existent but very modest, 2 weeks with a 20% pay. It is a striking contrast with the level of flexibility which is the highest among the selected countries.

**Hungary** has the most masculine culture with the highest score. It has similar data concerning the first 4 conditions and like UK, differentiates itself mostly concerning childcare provisions. Maternity leave is relatively long, 24 week with a 70% pay and like UK, paternity leave is very limited, of only one week but with a 100% pay. The degree of flexibility is the lowest of all five countries.

Chapter 4 has been trying to investigate and present the data of the conditions necessary for the boardroom quota directive to be effective and see if the selected countries meet the conditions. In the next chapter, the conclusion will be elaborated in terms of quota's two aspects of effectiveness. The research findings are analyzed in chapter 5 in order to provide answers to the sub-questions and consequently to the main research question.

**Table 18.**

Conditions	Effective sanctions		Culture M vs. F	Corporate social responsibility for gender equality					Professional attainment			
	National quota history	Existent penalties yes/no		Labels	Prizes	Charters	Ranking	Quota	C.G.P.*	Tertiary educational attainment %2012		Female share of employment in senior and middle management (%)
Country/Indicator									Women	Men		
Germany	Voluntary political party quotas	No	M	X	X	X	X			<b>32.9</b>	<b>31.0</b>	<b>28</b>
Italy	1. Legislative mandatory boardroom and electoral quotas 2. Voluntary political party quota	yes	M	X				X		<b>26.3</b>	<b>17.2</b>	<b>22</b>
Sweden	Voluntary political party quota	No	F		X		X			<b>53.7</b>	<b>42.4</b>	<b>34.5</b>
UK	Voluntary political party quota	No	M		X	X				<b>50.2</b>	<b>44.0</b>	<b>32.2</b>
Hungary	Voluntary political party quota	No	M		X				X	<b>35.5</b>	<b>24.7</b>	<b>35.7</b>

**Table 19.**

Conditions	Maternity leave		Paternity leave		State spending on childcare and early education services	Flexibility arrangements
	Total length	% Paid rate of allowance***	Total length	% Paid rate of allowance	% of GDP	High/low (raking 1-5)****
Germany	14	100.0	8.0	67.4	0.5	2
Italy	20	80.0	...	...	0.7	3
Sweden	10	80.0	10.0	80.0	1.4	4
UK	52	24.4	2.0	20.0	1.2	1
Hungary	24	70.0	1.0	100.0	0.7	5

\* C.G.P – Compendium of good practices

\*\* Tertiary education attainment % of women and % of men aged 30-34

\*\*\* The rate of allowance is defined between the full time equivalent payment and the corresponding entitlement in number of weeks

\*\*\*\* Ranking 1 to 5 where 1 represents the highest flexibility and 5 is the lowest

## CHAPTER 5

### CONCLUSION

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**Chapter V** This part will bring the theories and empirical data together and draw a conclusion. It comprises possible predictions on the effectiveness of the quota based on the established parameters and elaborates an overall view of the ideal set of circumstances that favor a more effective outcome of the quota.

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The concluding chapter will attempt to answer the main research question developed in chapter 1. The ambition of this research is to find out if, based on certain conditions, the EU quota directive can be an effective measure for achieving gender equality in the corporate governance. The argumentation is to learn more about this approach, considered a radical one and a last resort measure to accomplish the desired results in terms of gender equality and perhaps increase its acceptance, to help implementation and support. The research question is: ***“What is the likelihood that the EU quota directive will be effective for gender equality in the selected EU states?”***

### **5.1 . Sub-questions**

In order to find an answer to the main research question two supportive sub questions have been employed. The first sub question is meant to establish “What conditions are likely to affect the effectiveness of the quota? In order to answer this sub-question, first the concepts of gender equality were clarified as well as effectiveness.

Effectiveness pertains to producing a decided, decisive, or desired effect. In correlation with gender equality definition and the policy analysis, effectiveness refers to what extent the boardroom quota helps eliminate the existing barriers that hinder women’s access to the same opportunities, conditions and treatment to realize their full potential, thus being effective. Therefore, in this research paper the measure’s effectiveness has two interdependent dimensions. The first one refers to the quantitative aspect of reaching the numerical target established by the quota directive and it is conditioned by effective sanctions and the second is the result of having more women in, generating more opportunities for women and eliminating the barriers to leadership, reaching a gender equal environment throughout the company. Thus it doesn't suffice to have women on board if their input is not valued, their presence is not accepted but seen only as a token, or they have to sacrifice family life or start to act like a man and lose their femininity only to be accepted. Hence this can be achieved if these barriers are reduced and eliminated or they are as few as possible in the form of required conditions that need to be met in the countries where the quota is applied. So, if certain conditions are met, it signifies that the barriers are fewer or easier to eliminate, facilitating quota’s effectiveness in terms of gender equality.

Some of the existing barriers have been presented from both sides, of the supply, the prospective female candidates but also demand side, the employers and the corporate governance regulations they represent. Some of the most common barriers are lack of confidence, women’s work/life imbalance caused by a multitude of factors, lack of

experience and education. The demand side barriers are the patriarchal business culture and also biased, the corporate practices and policies that are not tailored to adapt to women's needs who are also the ones that have to carry out family responsibilities, childcare, elderly care, house duties etc. These can be investigated based on the following conditions established, which I considered the most important.

1. Effective sanctions- that means that penalties, the harsher the better need to be attached, since voluntary measures usually show poor result.
2. National culture influences all aspects of life. A feminine culture is inclined to be more in tune to women's characteristics. Consequently, it is likely that women are more appreciated and accepted. The society is likely more adapted to women's needs and incorporates them in the social and institutional organization, public and private.
3. Corporate practices and policies are as well adapted to women's needs, hence aiming to eliminate the barriers that stand in the way of women's progress on the corporate ladder.
4. Qualified women based on their professional preparation and experience ready to occupy boardroom positions.
5. The fifth condition is work/life balance determined by leave facilities, household equal distribution of responsibility and higher flexibility and adequate (good affordable, available) childcare services.

The second sub-question investigates if the above conditions identified as necessary for an effective quota are satisfied in the selected EU countries, Germany, Italy, UK, Hungary and Sweden. An overview of the information gathered for the indicators of the five conditions will be presented in the table below and will try to show to what extent the selected countries meet the conditions and in which countries the directive can be expected to be more effective.

Table 19.

Conditions	1. Effective sanctions	2. Culture M vs. F	3. Corporate social responsibility for gender equality ranking (1-5)	4. Professional attainment	5. Work/Life balance policies			
					M. leave weeks/% allowance	P. leave weeks/ % allowance	Spendin g% GDP	Ran king flexi bility (1-5)
<i>Germany</i>	<i>Low likelihood of effective sanctions</i> will be put in place. Has voluntary party quotas, a national legislative quota about to be adopted but no history of high penalties associated with the quota has been found yet.	<b>M/does not meet the condition</b>	<b>2</b> – It has almost all the non legislative initiatives (labels, prizes, charter, rankings) for promoting gender equality in corporations and a national boardroom quota close to be passed into law	<b>Meets the condition</b> has more women than men graduating from tertiary education./ Has also qualified women below board level <b>28%</b>	<b>14/100 % paid</b>	<b>8/67%</b>	<b>0.5</b>	<b>2</b>
<i>Italy</i>	Already has a legislative boardroom quota implemented hence <i>high possibility to apply strict sanctions</i> to EU boardroom directive	<b>M</b>	<b>1</b> – meets the condition by already having passed into law and started implementation for a boardroom quota + labels	<b>Meets the condition</b> has more women than men graduating from tertiary education./ Has also qualified women below board level <b>22%</b>	<b>20 /80% paid</b>	<b>Non-existent</b>	<b>0.7</b>	<b>3</b>
<i>Sweden</i>	<i>Very low possibility of strict penalties</i> might be used for the EU quota directive. Sweden's approach has been only voluntary, and already rejected the Norway model in 2003	<b>F/ meets the condition</b>	<b>4</b> – has only prizes and rankings and initiatives to promote gender equality in corporate gov.	<b>Meets the condition</b> has more women than men graduating from tertiary education./ Has also qualified women below board level <b>34.5%</b>	<b>10/80%</b>	<b>10/80 %</b>	<b>1.4</b>	<b>4</b>
<i>UK</i>	<i>Low likelihood of effective sanctions</i> will be put in place. Have voluntary party quotas, no penalties.	<b>M</b>	<b>3</b> –Lord Davis target recommendation of 25% women in FTSE-100, charter, prizes and compendium of good practices	<b>Meets the condition</b> has more women than men graduating from tertiary education./ Has also qualified women below board level <b>32.2%</b>	<b>52/24% paid</b>	<b>2/20%</b>	<b>1.2</b>	<b>1</b>
<i>Hungary</i>	<i>Low likelihood of effective sanctions</i> will be put in place. Have voluntary party quotas, no penalties.	<b>M</b>	<b>5</b> –Regional prizes and compendium of good practices	<b>Meets the condition</b> has more women than men graduating from tertiary education./ Has also qualified women below board level <b>35.7%</b>	<b>24/70%</b>	<b>1/100 %</b>	<b>0.7</b>	<b>5</b>

By creating the above tables, I tried to encompass the overall data appertaining to the established conditions.

Concerning the *first conditions, the effective sanctions*, Italy is the only country that is the most likely to apply effective, strict sanctions for the EU directive since it already has one for its national boardroom quota law. Germany is the second most likely, but it is hard to predict, due to its history of rejection in the first place of such a measure. Along with Germany, Sweden and Hungary have similar characteristics, yet it is difficult to predict. This condition is important because guarantees that the numerical target is met at the set date. This does not imply that its absence leads to failure to meet the target. Sweden, who has a feminine culture, might have better chances to meet the target without necessarily strict sanctions. It has the favorable conditions, such as highly educated women, women friendly welfare states, one of the most gender equal societies. The presence of this condition assures the likelihood of meeting the target in countries that lack the supportive tool to sustain the quota, unlike Sweden.

The *cultural differentiation* is inclined for a majority of masculine ones, with Sweden being the only feminine society. Hence, only Sweden meets the conditions required for increasing the likelihood of an effective quota directive by having a feminine society.

The *third condition*, corporate social responsibility, the data shows that all selected countries have a certain degree of responsibility based on the adopted initiatives, legislative and non-legislative. Hence, they all meet the condition from a higher to a lower degree. Based on this ranking, the highest degree that this condition is met is Italy on the first place, who as mentioned in the table, it also has an implemented legislative quota as well as non-legislative measures. Germany will soon be having a quota as well and has the largest and most diverse set of non-legislative corporate initiatives that promote gender equality.

*Professional attainment* is the one condition that all countries have already met. This condition counterarguments the claim that there are not enough qualified women for boardroom positions. Thus it is not true, that women are impossible to find or, that there are not enough qualified women to promote in these leading positions. Consequently, this quota will not harm but only benefit the businesses.

*Policies promoting work/life balance* represent the one condition that is complex and varies substantially throughout the selected countries. Sweden has the most egalitarian leave arrangements and division of household responsibilities but the second lowest level of flexibility in arrangements available. Paternity leave is the same as maternity leave, which contrast with Italy where paternity leave is non-existent, while the ten weeks that Sweden affords fathers, the same number are attributed to women in Italy, thus women has 20 weeks of maternity leave.

Germany is the only country that has the most favorable combination of work/life balance policies, with minimum medically necessary of 14 weeks maternity leave paid in full, 8 weeks for fathers, paid 70% almost, high expenditure on childcare services and high flexibility of workplace arrangements. In a hypothetical ranking based on these factors, Germany would occupy first place, followed by Sweden, who has very women friendly and egalitarian arrangements, as well as high expenditures on childcare, but with low flexibility. On third place is Hungary, and fourth place Italy with UK.

As a conclusion, based on the aforementioned observation of data, the EU directive will be most effective in Germany and Italy and Sweden. UK has the lowest expected effectiveness rate. In the case of Hungary it is difficult to predict. As an ex-communist country, it has gone through numerous transitions periods, from adopting various regulations borrowed from different political and welfare state models, to adjusting its policies so that it can meet the EU enlargement requirements.

The quota has become more and more popular and has gained more acceptances, a phenomenon, which I myself noticed throughout my thesis research (e.g. the case of Germany). It is the only positive action measure that brings the necessary results where other measures fail to bring about a paradigm shift towards a gender equal society.

The culmination concerning the countries investigated, one can generalize and assume the same results to all member states based on the type of welfare regime existent in each EU member countries. I would say though that this is not a very valid assumption and it might be a bit hasty, because more research and more complex research need to be done. This is because if we look at the Eastern European states and their welfare regime, even if in Hungary's case for example it is difficult to predict this does not necessarily imply that the quota can be ineffective. The Eastern countries' transition from a communist regime has placed them on different levels of achieved progress toward a democracy, following the western model.

Also, policies concerning work/life balance have a considerable weight among the conditions investigated above. Hence it is crucial that this condition is met to increase the likelihood of the quota's effectiveness.

This approach and results cannot be fully validate unless a future longitudinal research will be made that will investigate if these conditions, considered relevant, had an influence in the effectiveness of the quota. Such a future research can assess the importance of these conditions or on the contrary the lack or small influence that these factors can have on the directive. Kanter's theory will also be possible to test, and see if the numerical shift from a skewed group of women to a gender balance distribution can bring about change and eliminate the barriers associated with tokenism. As far as this research goes, the aim was to investigate if the quota is likely more effective if fewer barriers are existent in each country,



barriers that have been found responsible for the absence of women in the boardrooms. The absence of these barriers has been measured through the existence of conditions that cancel or presumably counteract these barriers. Hence a higher degree of fulfillment of these conditions, the fewer the barriers and consequently the quota directive will be likelier more effective. The research findings generates only assumptions based on this logical reasoning and invites more future research after the directive is implemented by providing a monitoring guideline based on these factors.

Gender equality is an important issue for most countries, and sooner or later they will soon harmonize to a general state of normality, which is what a gender equal society will be perceived. Not all countries will reach this status at the same time, but surely their destination is the same.

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## APPENDICES:

### Appendix 1

#### Voluntary Political Party Quotas\*- Germany

Party	Acronym	Official Name	Details, Quota provisions
<a href="#">Social Democratic Party of Germany</a>	SPD	Sozialdemokratische Partei Deutschlands	At least 40 % of each gender in boards and lists (Party Statutes, Article 11 [2], Electoral Code of the Party, Article 4 & 8 [2]).
<a href="#">The Left Party</a>		Die Linkspartei	On nomination lists, the first two and then every other place are reserved for women (Party Statutes, Article 10 [5]).
<a href="#">Alliance 90/The Greens</a>		Bündnis 90/Die Grünen	Since 1986, Alliance 90/The Greens have had a 50 percent quota for women on party lists (Geissel 2008, p. 61).
<a href="#">Christian Democratic Union</a>	CDU	Christlich-Demokratische Union	At least one-third of CDU electoral lists and party officials should be women (1996). If this quota is not met, the internal elections have to be repeated (Party Statutes, Article 15 [2-3]; Geissel 2008, p. 62).

\* Only political parties represented in parliament are included. When a country has legislated quotas in place, only political parties that have voluntary quotas that exceed the percentage/number of the national quota legislation are presented in this table.

Source: <http://www.quotaproject.org>

#### Quota at the Sub-National Level- Italy

Quota type: Legislated Candidate Quotas

	Legal source	Details
<b>Quota type: Legislated Candidate Quotas</b>	Constitution	'Regional laws have to remove all obstacles which prevent the full equality of men and women in social, cultural, and economic life, and promote equal access for men and women to elective offices' (Article 117, paragraph 7, Federal Constitution of Italy).
	Electoral law	Following the constitutional reform in 2003, 12 of Italy's 20 regions have adopted gender quotas in their regional laws governing electoral processes. Regional quotas are provided for in the following regions: Abruzzo, Calabria, Campania, Friuli VG, Lazio, Marche, Puglia, Sicily, Trento, Tuscany, Umbria and Val d'aoste.
<b>Legal sanctions for non-compliance:</b>	Electoral law	Some regional laws provide sanctions for non compliance with the respective quota regulations set out in their laws. The electoral laws of Calabria, Friuli V.G., Marche, Trento, and Tuscany include sanctions such as rejection of lists by electoral bodies, while the laws of Lazio, Umbria and Puglia provide financial sanctions
<b>Rank order/placement rules:</b>	Electoral law	The laws of Sicily, Tuscany and Friuli VG provide for alternation of female and male candidates on candidate lists

Source: [QuotaProject.org](http://QuotaProject.org)



## Voluntary Political Party Quotas\*-Italy

Party	Acronym	Official Name	Details, Quota provisions
<a href="#">Democratic party</a>	PD	Partito Democratico	PD has a 50 percent quota for women, placed with strict alternation on electoral lists. (Party statutes 2008, article 19)

\* Only political parties represented in parliament are included. When a country has legislated quotas in place, only political parties that have voluntary quotas that exceed the percentage/number of the national quota legislation are presented in this table.

Source: *QuotaProject.org*

## Voluntary Political Party Quotas\*- Sweden

Party	Acronym	Official Name	Details, Quota provisions
<a href="#">Social Democratic Party</a>	S	Socialdemokraterna	Party quotas: Zipper system (one sex alternates the other on party lists) (1993). Internal quotas since 1978
<a href="#">Left Party</a>	V	Vänsterpartiet	Party quotas: A 50% minimum quota for women on party lists (1993). First party quota rule introduced in 1987. Internal quotas since 1978.
<a href="#">Green Party</a>	MP	Miljöpartiet de Gröna	Party quota: A 50 % gender quota on party lists, plus or minus one person (1997). First party quota rule introduced in 1987. Internal quotas since 1981.
<a href="#">Moderate Party</a>	M	Moderaterna	Party quotas: Two women and two men shall be placed on the top four positions on the party list for the election to the European Parliament in 2009.
<a href="#">Liberal Party</a>	FP	Folkpartiet liberalerna	Party quota: A 40% internal gender quota introduced in 1972, extended in 1984, and it included alternated lists at general elections
<a href="#">Christian Democratic Party</a>	KD	Kristdemokraterna	Party quotas: 40% gender neutral recommendation concerning the electoral ballots, first introduced in 1987

Source: *QuotaProject.org*

## Voluntary Political Party Quotas\* - UK

Party	Acronym	Official Name	Details, Quota provisions
<a href="#">Liberal Democrats</a>			In 2001 the Liberal Democrats adopted a 40 percent target of women candidates, and at the same time rejected all-women shortlists. Prior to the 2005 elections, the party placed women in 40 percent of the "winnable seats". They implemented a "zipping" system on their candidate lists for the European election in 1999 which were conducted using List-PR, but did not use the zipping system in the European Parliament election of 2002.
<a href="#">Labour Party</a>			The Labour Party's commitment is that 50% of all winnable parliamentary seats will select from All Women Shortlists.

\* Only political parties represented in parliament are included. When a country has legislated quotas in place, only political parties that have voluntary quotas that exceed the percentage/number of the national quota legislation are presented in this table.

Source: *QuotaProject.org*

### Voluntary Political Party Quotas\* - Hungary

Party	Acronym	Official Name	Details, Quota provisions
<a href="#">Hungarian Socialist Party</a>	MSzP	Magyar Szocialista Párt	MSzP has a 20 percent quota for women.
<a href="#">Politics Can be Different</a>	LMP	Lehet Mas a Politika	In the party's National Assembly and European Parliament electoral lists maximum two repeated candidates of the same sex may follow each other.

\* Only political parties represented in parliament are included. When a country has legislated quotas in place, only political parties that have voluntary quotas that exceed the percentage/number of the national quota legislation are presented in this table.

Source: *QuotaProject.org*

## Appendix 2

1. Maternity Leave (or pregnancy leave): employment-protected leave of absence for employed women at around the time of childbirth, or adoption in some countries. The ILO convention on maternity leave stipulates the period of leave to be at least 14 weeks. In most countries beneficiaries may combine pre- with post-birth leave; in some countries a short period of pre-birth leave is compulsory as is a 6 to 10 week leave period following birth. Almost all OECD countries have public income support payments that are tied to taking maternity leave. In some countries (for example, Australia, Germany, Iceland, New Zealand, Norway and Sweden), there is no separate regulation for maternity leave with stipulations integrated into the parental leave scheme.
2. Paternity Leave: employment-protected leave of absence for employed fathers at the time of childbirth. Paternity leave is not stipulated by international convention. In general, periods of paternity leave are much shorter than for maternity leave. Because of the short period of absence, workers on paternity leave often continue to receive full wage payments. In some countries, father specific leave entitlement is part of the parental leave scheme, rather than established as a separate right. Estimates of the weeks of entitlements to paternity leave in Chart PF2.1.A and Table PF2.1.A include these “father quotas” and “fathers bonuses”.
3. Parental Leave: employment-protected leave of absence for employed parents, which is often supplementary to specific maternity and paternity leave periods (as above), and usually, but not in all countries, follow the period of maternity leave. Entitlement to the parental leave period is either for each parent or for the family, but entitlement to public income support is often family-based, so that in general only one parent claims such income support at any one time.

Source: *OECD Family Database*

## Appendix 3

**Table 1. Key Differences Between Feminine and Masculine Societies in the Workplace**

<b>Feminine</b>	<b>Masculine</b>
Management as ménage: intuition and consensus	Management as manège: decisive and aggressive
Resolution of conflicts by compromise and negotiation	Resolution of conflict by letting the strongest win
Rewards are based on equality	Rewards are based on equity
Preference for smaller organizations	Preference for larger organizations
People work in order to live	People live in order to work
More leisure time is preferred over more money	More money is preferred over more leisure time
Careers are optional for both genders	Careers are compulsory for men, optional for women
There is a higher share of working women in professional jobs	There is a lower share of working women in professional jobs
Humanization of work by contact and cooperation	Humanization of work by job content enrichment
Competitive agriculture and service industries	Competitive manufacturing and bulk chemistry

Source: Geert Hofstede, Gert Jan Hofstede, and Michael Minkov, *Cultures and Organizations: Software of the Mind* (New York: McGraw-Hill Books, 2010), table 5.5.

## APPENDIX 4 - MATERNITY LEAVE

Country	Length of leave and payment	Flexibility in use	Eligibility	Variation in leave due to child or family reasons:	Delegation of leave to person other than the mother
<i>Germany</i>	Fourteen weeks: six weeks before the birth and eight weeks following the birth. It is obligatory to take the eight weeks leave after birth. Payment: Hundred per cent of earnings, with no ceiling on payments	Women may continue with paid work until birth if they explicitly declare that it is their personal decision to do so. The woman may revoke her choice at any time. But for the two months after birth no paid work is allowed for reasons of health protection	All women employees, including those employed part time, even if working below the statutory social insurance threshold. Self-employed workers are not eligible	In the case of multiple or premature births, the length of leave increases to 12 weeks after birth	Maternity leave cannot be delegated to any other person since its aim is the protection of female employees and their children against health risks at work
Italy	Twenty weeks: at least four weeks before birth. Payment 80% of earnings with no ceiling. Public sector employees receive 100% of their earnings.	The 20 week period is compulsory, but there are two options for taking this leave: 4 weeks before the birth and 16 weeks after; and 8 weeks before the birth and 12 after	All employed and self-employed women with social security membership	In the case of multiple or premature births, the length of leave is increased by 12 weeks	Not mentioned
Sweden	7 weeks before and 7 after. A female employee is also entitled to full leave in connection with the birth of her child for a continuous period of at least seven weeks before the estimated date of the child's birth and seven weeks after. If she is not on leave on other grounds, two weeks of this maternal leave is to be obligatory (under EC Directives) during the period before or after the birth. The employee is also entitled to leave to breast feed the baby. Pregnancy benefit is payable to expectant mothers who are unable to work because of the physically demanding nature of their jobs. It is paid for a maximum period of 50 days at 80 per cent of the mother's qualifying income. A qualification period of employment is required to	Not mentioned	Not mentioned	Not mentioned	Not mentioned

	<p>be entitled to pregnancy benefit at 80 per cent of the income level. The employee, at the commencement of the leave, must have been employed by the employer for a six month period or for a combined period of at least twelve months during the preceding two years. If the pregnant mother is unemployed or has a very low income, she receives the pregnancy benefit at a basic level of SEK 180 per day. The income ceiling for pregnancy benefit is 7.5 price base amounts. The price base amount for 2008 is SEK 41 000. Pregnancy benefit is payable from the 60th day until the 11<sup>th</sup> day before the expected birth. Moreover a woman who is not allowed to do her ordinary work on account of risks in the work environment can receive pregnancy benefit for most of her pregnancy</p>				
UK	<p>A maximum of fifty two weeks. A woman can start to take her leave from the beginning of the 11th week before her baby is due. Most employees will be able to claim statutory maternity pay, which is paid by their employers and mostly or completely refunded by the Government. This is paid at 90 per cent of average earnings, with no ceiling, for the first six weeks, then a flat rate payment of £117.18 for the remaining 33 weeks (or 90 per cent of earnings, whichever is lower). The final 13 weeks are unpaid.</p> <p>Women who are not entitled to statutory maternity pay but meet qualifying conditions based on their recent employment and earnings may claim up to 39 weeks' Maternity Allowance, paid direct by Jobcentre Plus. This is paid at £117.18 for the remaining 33 weeks (or 90 per cent of earnings, whichever is lower).</p> <p>There has been a recent increase in paid maternity leave for women whose babies were due before 1 April 2007 the last 26 weeks of maternity leave were unpaid</p>	<p>None except for when leave can be started before birth</p>	<p>All women employees are eligible for 26 weeks ordinary maternity leave plus a further 26 weeks of additional maternity leave, regardless of length of service with the employer. There are some differences in entitlements between these two periods.</p> <p>When returning to work after ordinary maternity leave, women have a right to the same job and the same terms and conditions. Returning after additional maternity leave, the same rights apply, unless the employer shows that it is not reasonably practicable (for example, because the job no longer exists). In that case, alternative work with terms and conditions must be offered.</p> <p>To qualify for Statutory Maternity Pay you must have been: employed by the same employer continuously (some breaks do not interrupt continuous employment) for at least 26 weeks into the 15th week before the week your baby is due; and earning an average of at least £90 a week (before tax)</p> <p>Women not eligible for statutory maternity pay may be able to claim maternity allowance. To qualify, a woman must have worked (either on an employed or self</p>	None	No

			employed basis) for at least 26 of the 66 weeks before the week the baby is due (a part week counts as a full week), and earned an average of £30 over any 13 of those 66 weeks		
Hungary	Twenty four weeks: up to four weeks before birth. Payment: Pregnancy confinement benefit is provided if the insured mother was insured for at least 180 days during the last two years prior to childbirth and gave birth to the child during being insured or within 42 days after having been terminated the insurance or during paid sick leave	The start date can be between four weeks before birth and the birth itself	All women are entitled to 168 days unpaid maternity leave. Women employees and self-employed women with at least 180 days of previous employment are entitled to benefit payment for the period of maternity leave	None	None

Source: [www.coe.int/familypolicy/database](http://www.coe.int/familypolicy/database)