



WHY QUOTAS ARE NOT ENOUGH TO IMPROVE BOARDROOM DIVERSITY

HOW TO REAP THE FULL BENEFITS OF GENDER DIVERSITY

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Many countries have imposed quotas or targets for the proportion of women in the boardroom, including Norway, Finland, France and Spain, where boards must be 40% female. But many nations do not impose financial penalties for non-compliance, including Switzerland, which passed a law in 2018 that [requires boards to be 30% female](#). As we know, incentives to change matter. When penalties are more severe, the speed at which gender equality is achieved increases.

There are many benefits for companies [that appoint more women onto their boards](#). For one, post-quota female directors have more social capital than men — [bigger and more valuable networks](#). This reflects the fact that in some countries, such as Norway and Spain, female directors are more likely to hold multiple directorships than men. Thus, women directors occupy an important role as knowledge brokers across companies. Networking is, after all, the lifeblood of business.

Yet quotas are controversial. Critics claim that they are a box-ticking exercise and can lead to people being chosen for their diversity rather than their talent. In Spain and Norway, female directors appointed after the quotas were introduced, are less likely than their pre-quota counterparts to have some of the traits that are considered to make for good directors. Post-quota appointees are, for example, younger, have less experience as chief executives, and are less likely to be business owners or entrepreneurs.

However, post-quota female directors in Spain and Norway are more likely to have backgrounds in finance and economics, and have higher levels of education, than those appointed pre-quota, which are also director-worthy achievements. The problem is that many companies are still looking for people to hire as directors who have a pre-quota background. Recruiters must widen their criteria if they are to fulfil quotas, but that is only the first step.

Businesses will also need to think about what it takes to prepare women for board positions and the dynamics will change once more women are on boards. For a board that is merely starting out with the integration of the first women, [the danger is that tokenism](#) – the woman will stand out – suggesting hyper-visibility, potentially polarization, and stereotyping. In this context, the woman might also be more difficult to integrate, yet this can easily be overcome as the dynamics start to change once the share of women directors exceeds 15 percent. The change involves moving away from being a woman's voice to just another board member rather than a representative of an entire demographic group. Given the high likelihood of biases to exist, boards and especially the nomination committee needs to give thought to not only the number of women that join, but how the joining process can be structured to facilitate constructive conversations.

Companies must consider more than just how to appoint more women onto their boards. Indeed, the focus must shift to how to integrate them, to reap the full benefits of gender diversity.

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