
Women Quotas Benefit An 'Elite' – Not You

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This opinion piece looks at Women Quotas that ensure a minimum percentage of women in corporate positions. The name 'women quota' is used because usually women are meant when 'gender quota' is said.

WOMEN QUOTAS ARE SPREADING FAST

Legal quotas for women on corporate boards are still controversial. So far, quotas mostly affect supervisory boards, but they are also being proposed for management boards. Some business organizations are already introducing women quotas at the operational level.

In 2019, Ms Schuster, Head of Comedy at ITV (a major UK television company) announced she will not buy any television comedy show with an all-men writing team or only a token woman. Ms Schuster said that after consulting with writers, producers, agents and performers, she had changed her buying conditions and will now refuse any scripts written only by men.

In 2019, the biggest UK equity fund, Legal & General Investment Management, which manages more than £1 trillion in assets, voted against over 100 chairmen for having not enough 'gender diversity' (under 25 per cent women) on their corporate board. "Boards made up of just men, from the same socio-economic backgrounds, cannot be the optimal forum for challenging debates", said Ms Sacha Sadan, Director of Corporate Governance, Legal & General.

WHO WANTS WOMEN QUOTAS

Radical feminists have long argued that despite decades of social protest, policy initiatives, educational reform, civil activism, and national and international laws, there is still a 'gender gap'. The nature and causes of such a gap are contentious. Nevertheless, their arguments are widely accepted, and many in media and politics agree that men have too many of the powerful well-paid jobs in society, that women have too few, and that something should be done about it, politically.

Their main argument is that women have fewer leadership roles because of *institutionalized discrimination* (when a social network of rules and practices advantages men and disadvantages women) and *conscious and unconscious discrimination* (men discriminate against women without knowing it). However, there are other causes of the so-called gender gap — such as women's choice of profession and career breaks for childbirth, childcare and family care.

Some all-men corporate boards have voluntarily introduced women quotas. Why? They may have mixed motives. Women quotas have at least one advantage for corporate leaders — they are easy to implement. Corporate executives need only reserve a certain number of jobs for women, then recruit or promote that many women, and their 'gender gap' problem is solved or so it may seem — whereas finding and removing obstacles that women face is a lot harder. Also, corporate lawyers may argue that a women quota (or equality, diversity, or inclusion policy) is a good legal defense against any accusation of discrimination.

WOMEN QUOTAS AND GOVERNMENT REGULATION

Governments have made laws that force business corporations to use women quotas. One of the first countries was Norway in 2006, which ordered corporations to have 40 per cent women on Supervisory Boards by 2008 or pay a fine or be closed. In Belgium, a law on sex quotas for business corporations has applied since 2011. The Netherlands government ordered that at least 30 per cent of board members in major companies must be women by 1 January 2020.

In Germany, the Supervisory Boards of the top 100 corporations should be 30 per cent women, by voluntary agreement. There is no sex quota for Management Boards, but the Minister of Family Affairs has said that progress was not good enough. "A women's share of less than 10 percent on the Management Boards of the big German banks is unacceptable," she told the *Handelsblatt* newspaper. "We need clear rules when self-imposed targets do not work."

Women's rights groups in Germany have called for a law to make women quotas mandatory for Management Boards. In reply, the German Employers Association (BDA) described the proposal as, "possibly unconstitutional". According to the AllBright Stiftung¹, by fall 2019 only 37 of 160 major companies in Germany intended to raise the share of women on their boards.

Nevertheless, more corporations are jumping on the social-activism bandwagon and declaring, "We are a fair employer. Whatever your minority or identity group, we welcome you as an individual to our equal, diverse and inclusive workforce" or similar words. Equality and individuality, diversity and inclusiveness are mutually exclusive objectives, but that is another matter, as is the maximum number of disadvantaged identity-groups that can be prioritized within a single business organization.

In Germany, the Charter for Diversity association (Charta der Vielfalt) was formed to help corporate managements with diversity issues. Already 3,400 companies and institutions with over 13 million employees have signed the charter. The Charta association recognizes a growing number of different personalities or diversities: ethnicity, migratory origin, disability, age, religion, sex, sexual orientation, gender, gender identity, and so on. As each of these groups is recognized by corporate managements they will first expect and then demand their own special corporate rules and regulations.

WOMEN QUOTAS MAY BE SEXIST AND ILLEGAL

A women quota is positive discrimination for women and negative discrimination against men. However, discrimination based on sex and race, religion, nationality and so on, is illegal in many countries. In such countries, women quotas may be unconstitutional. In fact, any kind of affirmative action that favors women over men or minority identity-groups may be illegal.

The National Coalition for Men (NCM) has taken US corporations to court to challenge managements that promote the advancement of women over men. On 14 June 2018, the NCM took legal action against the Financial Services Information Sharing and Analysis Center in California for offering a scholarship to only women applicants. The NCM alleged that men are being disadvantaged in the workplace.

Relevant US anti-discrimination laws exist, so that corporations with voluntary sex quotas may be acting illegally. There are legal precedents. In the 1990s and early 2000s, Morgan Stanley paid \$54 million, and Smith Barney and Merrill Lynch each paid over \$100 million, to settle sex discrimination claims. Such legal action could be taken by other kinds of minority group. Corporate policies that positively discriminate or prioritize minority groups become increasingly complex as more social identity groups begin to self-identify. Corporations with an occupational advancement policy for minorities may have stepped into a legal minefield.

ARE WOMEN QUOTAS GOOD OR BAD FOR BUSINESS

There is no scientific proof that women quotas are good for business. Academic research comparing the performance of corporations before and after introducing women quotas is inconclusive. Studies find that women quota systems have no significant effect on business performance.² So that corporate executives who introduce women quotas are like laboratory rats: others will observe them, and see how they perform, before deciding whether to copy their behavior.

ARE WOMEN QUOTAS GOOD OR BAD FOR WOMEN

At the Legal Debates 2018, an event held in London, Ms Vivienne Arztof of Thomson Reuters (professional and consulting services) pointed to Spain, Italy and the Netherlands, where women quotas have been made law. The former lawyer explained how these quota measures have failed to lead to wider organizational change: "There is no trickle-down effect, ... If it's really about equality of opportunity and fairness for women — it has to be for all women," she argued. There is also the risk of women being the token woman — given the job because of their sex or to fill a quota. "Women are on the backfoot even before they start!".

In future the old-boy networks will co-existence with old-girl networks. In the UK, the *Women on Boards* organization (WOB) was formed to provide information, encouragement and connections for women to help them to reach top corporate positions on boards and committees. WOB aims to "break down the barriers" to corporate boards and build a pipeline of board-ready women.

But are women on boards good for women? Women on corporate boards will always be an extremely small percentage of all women in employment. And women executives will care about other women employees as much as men executives care about other men employees – neither more nor less; in fact, very little, if at all. Women directors and executives tend to do what they are paid for, what they are rewarded for, and what is to their own advantage.

The UK supermarket chain Tesco pays its supermarket employees (mostly women) the legal minimum wage, whereas Tesco board members (including women) pocket millions of pounds annually. Those women board members do not protest the Tesco gender pay gap. There is no reason to believe that more women on boards will bring any improvement in working conditions for women. Women directors and corporate officers self-identify as members of the managerist caste. Their attitude will remain ambitious and aspirational: "As long as there is a ruling manager class, I want to be a member of it."

WHAT IS TO BE DONE

Corporations can attract and retain outstanding women by refreshing their corporate culture with more women-friendly policies.

Because women still take the larger burden of child rearing, this is an obvious place to start. The objective should be to reduce that burden on women. Measures could include greater work flexibility, improving the quality and pay of part-time work, shared-role arrangements, shared paternity and child-care leave for both parents, returnship programs, child nursery and kindergarten places, and so on. There is a need for such measures. A 2015 report for the UK, found that 54,000 new mothers lose their jobs every year. Apart from anything else, this is a significant and unnecessary loss of human capital to business corporations. Managers should be trained to actively support women employees with work-family balancing.

Governments must play a role too. In some countries, like the UK, the gender gap widens when women reach their child-rearing years. Alexandra Topping explains in *Then fight for father's rights to shared parental leave*³ how Scandinavian countries are taking the lead. Sweden, Iceland and Finland have non-transferable leave for fathers. That is why in Sweden and Iceland men's uptake of parental leave is as high as 90 per cent. Under new rules, all Finnish mothers and fathers will both get nearly seven months paid leave. So this is one area where a real difference can be

made by corporations and governments together, instead of governments simply issuing political dictates on women quotas, which make no difference at all for the great majority of women.

But equal opportunities for women is, of course, not only about the work-family balance for parents. A whole series of initiatives can be introduced to encourage women to enter those higher-paying fields that are traditionally avoided by women. Additional training courses for women on leadership could also be introduced.

CONCLUSION

Corporate managements are under pressure to advance women in their workforce. However, the gender gap and under-representation of women in leadership positions and certain jobs has multiple causes; these must be identified and righted. But social imbalance is not primarily a management issue: it is first and foremost a moral and political issue for society to decide and correct.

Western countries are proud of their liberal philosophical principles. Governments and corporations should be true to these liberal values and treat men and women as sovereign individuals and not as members of sub-groups of society. Governments should not try to impose equity quotas on every company and institution. Managers must be mandated to judge every employee based on their individual ability and character. Instead of sex quotas for managerists, we must ensure that genuine opportunities exist for all women to progress in their jobs and chosen careers.

Concluding on a positive note, the share of women in most specializations and professions has been rising now for many decades.

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NOTES

1. See <https://www.allbright-stiftung.de>
2. *Board gender quotas: can women realistically boost firm performance?* Casteuble, Lepetit and Thu Ha Tranc, 2019, 36th Symposium on Money, Banking, Finance. Besancon, France, 12-14 June 2019.
3. <https://www.theguardian.com/commentisfree/2020/feb/11/gender-pay-gap-shared-parental-leave-finland>