Women's Presence on Corporate Boards:
Addressing Director Selection, Participation, and Gender Bias

Angela M. Young

Department of Management, College of Business & Economics, California State University, Los Angeles

Author Note

Angela M. Young [ORCID]
https://orcid.org/0000-0002-3320-219X

There is no conflict of interest associated with this work.

Correspondence concerning this article should be addressed to: Angela Young, Dept. of Management, College of Business & Economics, 5151 State University Dr., Los Angeles, CA, 90032-1526. Email: ayoung3@calstatela.edu

Copyright © Institute of Behavioral and Applied Management. All Rights Reserved.
Abstract

Gender diversity of corporate boards is gaining attention as a global issue, but women's presence on boards remains low despite increased numbers of qualified women. Most research compares gender diversity of boards and firm performance or corporate social responsibility compliance and reporting, ethics compliance, or other decisions impacting firm risk and success. Despite positive outcomes associated with gender diverse boards, few women directors are appointed, and progress is slow. Quotas and incentives have been considered and implemented in several countries to develop board gender diversity, but without enforced quotas, minimal change is seen. When women are appointed, they are often not present in sufficient number to impact board gender diversity. A direct focus on gender bias in director selection and board member participation is needed to provide a deeper understanding of women's presence on boards.

Keywords: corporate boards, director selection, gender bias
Women's Presence on Corporate Boards: Addressing Director Selection, Participation, and Gender Bias

Gender diversity of corporate boards is the basis for a breadth of research covering topics from candidate qualifications to firm performance. The low presence of women on boards is difficult to justify while the predominance of board selection has favored men without question despite decades of rapidly climbing rates of qualified women. Based on U.S. Census Bureau data, nearly 42% of women held a bachelor’s or advanced degree compared to 36% of men (Day, 2019). Proportions of women to men holding advanced degrees increased to 53% women and 32% men from 2011 to 2021 (U.S. Census Bureau, 2011-2021). In contrast, a survey of Fortune 500 board diversity reported that 73.5% of board director appointments are held by men (Missing Pieces Report, 2021). While gains have been made, women and women of color in particular hold disproportionately fewer positions on corporate boards with only 5.7% of board positions held by minority women, according to the survey findings.

Authors present an expanse of findings about the impact of women’s presence on boards with evidence for both negative effects (e.g., Ahern & Dittmar, 2012) and positive outcomes (e.g., Ahmad-Zaluki, 2012). Board processes and communication have been studied less intensely and merely mention the lack of gender diversity (Boshoff, Van der Bank, & Malan, 2019). Despite greater attention to gender diversity of boards, gender bias has not been the direct focus of research, but it is often mentioned as the reason for low presence of women on boards (Huang et al., 2019; Sánchez-Teba et al., 2021).

To improve gender diversity of boards, a growing number of countries mandate a fixed number or percentage of women board members. Quotas as one remedy to increase gender equity on boards is controversial and riddled with debates about stigmas attached to women selected to fill a quota, impact of forced selection of board members, and effectiveness in supporting real change. Countries more likely to implement mandates or encourage policies supporting gender diversity on boards tend to have a left-leaning government with a history of
gender-based initiatives (Terjesen et al., 2015). While encouragement and incentives seem useful, authors warn of tokenism and minimal effort toward change without an enforced mandate (Ahmad-Zaluki, 2012).

Adding to the challenge of studying gender diversity on boards, most research measures women’s presence on boards based on one, possibly two, women directors (Galbreath, 2011). That samples beyond one or two women on boards is difficult to find underlines the very problem. While authors surmise bias from low presence of women, direct examination of gender bias in director selection and board participation has not been addressed. To further theoretical development of the role of gender bias in corporate board membership, this paper will examine women’s representation on boards and meaningful constructs of interest reflecting the more deeply rooted perspectives of women’s presence and participation on corporate boards.

**Literature Review**

**Impact and Outcomes of Women’s Presence on Boards**

Most boards vary in size depending on numerous factors related to industry or firm strategy with a median board size of 9-10, according to Tonello (2020). Among the studies comparing gender diversity of boards and relevant organizational outcomes, findings are mixed but most report a positive impact with the presence of women on boards. Galbreath (2011) found increased focus on corporate sustainability with the presence of at least one woman on the board. The author went further to isolate a sub-group of firms with 2 or more women to address possible differences in outcomes beyond that occurring with a singular appointment of a woman director. Analyzing data from 200 firms listed in the Australian Stock Exchange (ASX), Galbreath found that, among firms with gender diversity, there were positive and significant increases in economic growth measured by tangible financial factors and greater attention to social responsiveness. Social responsiveness, according to Galbreath, is an important factor in successfully navigating issues across multiple stakeholders.
Reasoning that sound corporate governance is a strategic goal of top management and corporate social responsibility (CSR) is part of a firm’s business strategy and relevant to board performance, women’s presence on boards was found to have a positive influence on social responsibility compliance (Prudêncio et al., 2021) and CSR disclosure (Ramon-Llorens et al., 2021). Ramon-Llorens, et al. studied firms listed in the Spanish stock market and found that presence of women directors increased CSR transparency, but women directors with political or social connections did not have the same impact. The authors considered skills and expertise of women directors finding a moderating effect of female power in firms that abated any discernable difference in gender diversity of boards and CSR reporting.

Studies that focus on financial impact show typically positive outcomes. In Galbreath’s (2011) study, boards with two or more women showed improved financial indicators of firm performance including return on equity, capitalization, revenue, and net income. Another study used data from firms listed in the Tehran Stock Exchange, finding firms with women on the board engaged in less corporate tax avoidance (Hoseini et al., 2019). Gender diversity on boards was associated with fewer occurrences of corporate tax aggressiveness, an outcome the IRS considers to be a sound corporate governance practice (Lanis et al., 2017). In a study including 215 banks across 40 countries, presence of women directors on boards was found to decrease bank risk for “financially sound” banks, but not banks identified as “unsound” (Birindelli et al., 2020). Focusing on firms in China, presence of women directors reduced earnings manipulation (Sial et al., 2019). The same was found by Saona et al. (2019) in their study of firms across nine European Countries: lower earnings management was associated with board gender diversity. Additional positive impact was found in a study of family firms, showing boards with women directors reported less reliance on debt (López-Delgado & Diéguez-Soto, 2018). Wahid (2019) focused on gender diversity of boards and financial outcomes finding fewer financial reporting errors and less fraud among firms with gender diverse boards. Wahid explored more deeply the causes of the findings to bring into question board group dynamics.

Copyright © Institute of Behavioral and Applied Management. All Rights Reserved.
Beyond impacting financial performance, gender diversity on boards was found to increase innovation in a study of 97 firms and over 1,000 directors (Belkacemi et al., 2021). That development and innovation are a focus of boards with women directors was also found by Dwaikat et al. (2021), along with the finding that, among boards with women directors, there was an increased focus on monitoring.

Most researchers focus on performance outcomes of firms when women are present on boards; however, from a different perspective, some organizations and industries may be more prone to develop gender diverse boards. de Cabo et al. (2012) studied European banks to identify organizational characteristics that were predictive of women appointees on boards. The authors found that more women were appointed to board positions in those banks focused on low risk, firm growth, and with relatively larger boards. In another study related to firm and board characteristics and gender diverse boards, Nekhili and Gatfaoui (2013) found that increases in board size, higher debt-ratio, and firms with more managerial ownership were associated with a higher likelihood to appoint a woman director. It’s important to note that women directors comprised 7% of the sample in the de Cabo, et al. (2012) study and between 6.27 and 7.20% in the Nekhili and Gatfaoui (2013) study. Across the five years of data analyzed by Nekhili and Gatfaoui, the percentage of firms that had three women on the board ranged from 3.53 to 5.88%. Mention of the low number of women represented in the samples is not meant to indicate a weakness of these studies, but a reality of gender diversity of boards.

Gender bias is often noted as a reason that women’s presence on boards is low, and when women are on boards, they are present in such few numbers they may not be able to exert meaningful influence on board processes and decisions. Research on outcomes and impact of women directors is important and adds to the overall understanding of gender diversity on boards, but change is unlikely without directly addressing bias.
Figure 1 represents relationships that emerged from the research focusing on gender diversity of boards and the impact factors that have been studied or called for in relation to presence of women on boards of directors.

Figure 1

*Presence of Women on Corporate Boards*

The model is not intended to propose that gender bias is the primary impact on director selection and participation or women's presence on boards but to emphasize the need for research on gender bias in relation to director selection and participation. Research approximating gender bias and inferring bias based on proxies and after-the-fact decisions has been useful in understanding gender diversity on boards, but it is time to address gender bias directly. Research that investigates the effect of women's presence has provided strong evidence that women are effective board members, but that women's presence on boards must be proven through positive contribution rather than by qualification is symptomatic of the gender bias that exists. Gender bias in board processes is gleaned from low numbers of women on boards and general literature on gender bias, but not from direct study. Therefore, relationships proposed in this paper emphasize the study of gender bias directly in relation to director

Copyright © Institute of Behavioral and Applied Management. All Rights Reserved.
selection and participation and in relation to factors that may abate or exacerbate gender diversity and the presence of women on boards.

The first proposition is direct, focusing on gender bias in director selection to identify the extent to which gender bias, if any, exists among influential groups of decision makers including directors, executives, and investors. The focus on the selection process and decisions about director participation on boards in direct relation to gender bias will change the trajectory of our understanding of women’s presence on boards.

Therefore, it is proposed that gender bias be directly examined in relation to director selection:

- **P1**: Direct examination of director selection should include measurement of gender bias among current directors, top management executives, and investors.

Quotas

Where there are limited numbers of women on corporate boards, complying with mandated quotas is often central to the appointment of a woman director. There are differences, however, in effectiveness of quotas depending upon the level of enforcement. Some calls for quotas begin as unenforced mandates or incentives to encourage increased gender diversity on boards while some mandates are clearly defined and enforced. With growing numbers of countries implementing quotas to mandate gender diversity, required representation typically lands between 30-50% (Terjesen et al., 2015). Without quotas, little natural progression is documented. Ahmad-Zaluki (2012) analyzed data from 228 firms listed in the Malaysian stock market and within five years of an IPO between 1996-2006. Data represented board composition before an unenforced quota was implemented in 2011, the second of its kind. Without an enforced mandate, women’s presence on boards increased from only six to eight percent. Analyzing compliance with unenforced quotas among Spanish firms after a government provision offered incentives and recommendations for board gender diversity, fewer than nine
percent of firms complied with the recommendation (de Cabo et al., 2019). Not surprisingly, public institutions were among those firms more likely to comply.

A natural rate of change toward gender diversity seems slow at best. A study of female directors in UK companies identified 1 in 226 firms with majority female directorship and speculated that, at the present rate of change, gender balance on boards would not occur for over 200 years (Martin et al., 2008). A more optimistic estimate was offered by Jarque and Davis (2019) in their study of the Federal Reserve, noting at the current rate of change, the organization would be gender balanced in about three decades.

Quotas draw concern for forced appointment on boards and the loss of director discretion. It has been conjectured that compliance to meet quotas may rush firms into appointing women with inappropriate experience (Birindelli et al., 2020). Ahern and Dittmar (2012) described Norway’s 2003 mandate for 40% gender diversity on boards, finding a drop in stock price at the time of the announcement and generally younger, less experienced directors after the announcement of the mandate. The authors noted increases in leveraged acquisitions and an overall diminished firm performance.

Jonsdottir et al. (2015) described a different scenario in Iceland during the 2008 banking crisis. With precrisis representation of about 10% of women on boards, gender quotas were robustly debated. After the crisis, the authors described a change in societal perspective and gender diversity quotas, effective in 2013, were not resisted as vehemently. The authors compared precrisis perceptions of board responsibilities among men and women directors finding that the precrisis focus of women directors was higher on monitoring activities than that of men. However, postcrisis, both men and women shared the greater focus on monitoring. A stereotype raised precrisis was that women directors would use boards to champion women’s issues, a stereotype that was disproved postcrisis. The authors raised the point that a prospective board member’s self-identified role and their identification with the CEO,
shareholders, or even an event or crisis might be influential factors in understanding how a board member performs.

There is a widely held notion that a tipping point of about 30% or more of women on boards is needed to create a large enough number of women to make a board gender diverse and to reap the benefits of a gender diverse board. Kishore (2019) added to the understanding of meaningful representation by examining the impact of a requirement for boards to have at least one women appointee on boards of Indian firms. The requirement resulted in tokenism with most firms only doing the minimum necessary to comply.

Quotas aside, when women are appointed to boards, there are additional barriers to full participation. Nekhili and Gatfaoui (2013) studied family firms finding women are not appointed to committees as readily as men and more often work on corporate social responsibility or public affairs related committees. Financial or strategic committees, such as compensation committees or nominating committees, are less likely to be available to women directors. The authors found that managerial and institutional ownership reduced committee membership and non-executive directorships held by women.

Whether or not quotas are an effective or fair means to create change, board selection based on compliance over any other consideration may impact meaningful participation on boards. Therefore, it is posited that quotas as the reason for appointment be included in future research and its influence, if any, be studied in relation to gender bias, director selection, and participation.

P2: Gender bias in director selection and participation should be examined in relation to compliance with quotas, as incentives, unenforced mandates, or enforced mandates.

**Context of Board Appointments**

Boards are responsible for strategic leadership of firms, according to Castellanos and George (2020) and should be focused on the development and implementation of firm strategy including board decision making processes. Board appointment then is based on expertise or
specific need of the board at the time of appointment. However, there is little support showing that board selection is systematic. Often a fallback argument is that directors are ultimately approved by shareholders. However, Nekhili and Gatfaoui (2013) note that shareholders have little responsibility for corporate governance, and except for activism or institutional investor pressure, minimal consequence or responsibility for fairness is perceived by shareholders. Director selection and assigned committee participation is something ungoverned by equal employment laws and is not overseen by human resource management departments; therefore, any guidance provided by hiring practices adds little to understanding director selection and participation.

Qualifications of selected board members is relative to the need of the board, but some factors have emerged in relation to appointment of women directors. In a study of banks in Indonesia presented by Endraswati (2018), the author reasoned that gender stereotyping and a culture of bias influenced findings comparing firm performance and the proportion of women on boards. The author showed that tenure of women was associated with increased firm performance, and the field of study of women appointees, but not level of education, was a significant factor in relation to increased firm performance. Boshoff et al. (2019) interviewed 22 directors in South Africa about board processes and communications and the resulting board climate. The authors proposed a model for future research to include fairness and integrity of selection. The authors’ purpose was not focused on gender diversity, but they noted the lack of women and Black directors and the benefit to future research to include diverse perspectives. Other reasoning for appointment of women on boards includes a propensity to appoint a woman meeting certain conditions including previous board experience and a higher level of education (Nekhili & Gatfaoui, 2013).

Board gender diversity and the gender composition of the board may be another factor in appointing women directors as described by Jarque and Davis (2019). The authors studied the 12 regional banks represented in the Federal Reserve Boards of Directors finding that
women directors are appointed more often to replace another woman than in any other circumstance. Analyzing resignations and hires across several decades, the authors found a 43.6% likelihood that a woman director who resigns or reaches term limit will be replaced by another woman. In contrast, only 12% of new appointees were women over the period of the study.

Another occurrence that obfuscates board appointment is multiple board membership. Huang et al., (2019) examined multi-board membership among firms listed in the German exchange, DAX. The authors speculated that elitism that accompanies board appointment is a motivation to protect membership through exclusion. The authors presented evidence that among boards with men who were members of multiple boards, there was less inclusion of women. The presence of women directors on boards, however, was related to further increased inclusion of women.

A holistic literature review of gender diversity on boards presented three different groupings of research over time (Sánchez-Teba et al., 2021). The authors identified early research from 1994-2005 that studied gender differences and whether gender bias existed. From 2006-2012, research focused on the differences between men and women directors while literature after 2012 emphasized impact of women directors and firm performance, CSR, and the gender pay gap.

Gender bias is woven through literature about women’s presence on boards, and these waves of focus on gender diversity of boards do not often address the extent to which the context of board appointments matter.

Given the complicated nature of director selection and participation on boards, it is proposed that a greater focus is needed on the context surrounding board appointments:

**P3:** Director selection and board participation should be examined in the context of board appointments including gender bias among directors, top management executives, and
investors; board need for specific skills and expertise; comparison of candidate qualifications; gender diversity of the current board; and participation on multiple boards.

**Discussion**

This paper proposes that research on women’s presence on boards focus directly and in depth on gender bias on corporate boards and related processes of selection and participation. An approach from the perspective of attitudes toward women and identifying the extent of gender bias in groups playing some role in director appointments and board participation will move literature forward and in a different direction, refraining from continued arguments focused on proving qualifications or the promise of positive outcomes. Research that has presented evidence that women’s presence on boards improves firm outcomes is extremely useful but supports the notion that women, as a group, must prove their ability and promise outcomes beyond those of appointees who are men, even in this time of increased education and experience of women leaders.

The constructs of interest in this paper are proposed to draw attention to the direct examination of gender bias, if any, in relation to director selection and participation, including the context of board appointments and quotas. The context of board appointments includes expertise needed by the board, candidate-appointee qualifications, gender diversity of the current board, and whether potential appointees are on multiple boards. These factors emerge in research as possible influential factors in board selection but have not been a focus of much theoretical or empirical study. Quotas, enforced or unenforced, and incentives have been discussed in research on gender diversity of boards and are included in this paper as another aspect that must be considered in future research. Together these factors are proposed in relation to a direct focus on possible gender bias, director selection and participation and will more precisely focus research on understanding gender diversity of boards.

The focus of this paper is on gender, but the need for board diversity extends to women and men of color. Of the advances made, the greatest have been among white women; women...
and men of color have not seen the same proportion of gains with 11.8% of board appointments held by minority men and only 5.7% held by minority women (Missing Pieces Report, 2021). Perhaps many of the same arguments put forth in gender research hold true for racial bias or intersectional gender-race bias, but a specific focus on race is needed to develop a better understanding of board racial diversity and to develop a basis for change.

Regardless of how robustly quotas are debated or enforced, any appointment of women on boards will only lead to further hurdles and barriers if board awareness and attitudes are not understood and if understanding is not transformed into change. Examining board processes and gender bias in board selection and participation proves challenging, but without such a focus there are missing components in the explanation for gender bias in board selection, the lack of women’s presence on boards, and the slow rate of change in developing gender diverse boards. Directors have extensive power, even over a CEO in some cases, and make determinations ultimately about who controls the firm. It would follow that selection of replacement or additional board members would be of the utmost importance and done with the most rational and well considered selection processes.

In a study about the impact of board characteristics, social and economic perspectives were noted as relevant lenses from which to view gender diversity of boards (Hoseini, Gerayli, & Valiyan, 2019). The authors emphasized the importance of fairness in selection of board members and held that fairness excludes gender as a selection criterion. But, neither inclusion through quotas nor exclusion by bias creates the most effective boards. Nearly every study identified in this paper that assesses the relationship between firm performance, CSR disclosure, financial implications of decisions, and ethics points to gender bias. How can a process be fair and reasonable yet result in such disproportionate appointments?

**Future Research**

Studying gender bias directly is a challenge, particularly in a specific identifiable group of people such as boards of directors. Surveys across multiple organizations may yield insight into
generally held beliefs that influence director selection and participation. Diehl et al. (2020) developed a 21-item scale assessing male privilege, constraints, devaluation of women, and other related constructs of gender bias in organizations. Such a measure would allow for more direct assessment of gender bias, if any, and move literature forward in its understanding of gender and women’s presence and participation on boards.

Studies speculating gender bias as a reason for low presence of women on boards typically identify relationships between women on boards and firm performance or corporate social responsibility. Both factors can be studied with readily accessible data, but the same accessibility may not be available if gender bias is the focus of study. More focused collection of detailed data may be gathered through observational methods. Interviews with former directors and women directors may add another perspective toward understanding challenges and barriers to women’s presence and participation on boards. Detailed examination of selection processes may lead to a better understanding of board processes and toward awareness and reduction of bias. Firms seeking transformation of boards may be open to the idea of studying processes of board selection and participation, or those firms successfully creating change in gender diversity of boards might be willing to participate in research.

Industry, competitor, shareholder, employee, and customer attitudes toward women and gender bias may be useful perspectives to examine the extent to which the broader environment of an organization is reflected in or influences selection and participation of women directors. Industry practice and levels of diversity inherent in industries, for any reason, may challenge or support advances in developing diverse boards. Assessing, at the industry level, general attitudes toward gender may prove fruitful in understanding challenges to firms developing diverse boards and qualified board candidates seeking board membership. Type of firm, too, may impact the extent and process by which director recruiting may take place, and it may influence a firm’s ability to develop a diverse board. While shareholders, customers, and employees do not directly influence director appointments, overall pressures and values may

Copyright © Institute of Behavioral and Applied Management. All Rights Reserved.
infiltrate or excuse decisions. These peripheral groups may provide another interesting perspective and are among groups that may respond to requests for surveys or interviews.

Legislative decisions on incentives, unenforced and enforced mandates, and other policies to encourage gender and race diversity on boards provide an interesting area of future research in two ways. First, the study of country or region development of legislative thought and action provides an interesting perspective on cultural and political discourse and attitudes. Second, as decisions are made about whether to legislate quotas, pre- and post-quota studies provide continued comparative settings to research. Quotas and mandates are not the only means of change; an organic progression and development toward gender diverse boards may continue and provide useful comparative settings from which to understand board diversity and dynamics. Examining natural progression of gender diversity on boards and comparing outcomes to legislated change could provide a unique perspective on cultural or attitudinal antecedents to gender bias and board diversity.

**Conclusion**

Gender bias is an insidious constraint that limits the fairness and integrity of business processes, including board selection and participation. While increasing numbers of women are educated, experienced, and well prepared for board membership, women’s presence on boards remains low. Some countries have mandated gender diversity of boards and enforced mandates make a difference; however, quotas remain a questioned practice in many countries. Research points to positive impact associated with gender diversity of boards, but without addressing gender bias directly, an important component will be missing from the understanding of board diversity. This paper focuses on gender bias and proposes direct study of gender bias in director selection and participation to build an understanding of women’s presence on boards and as a basis for change. Gender attitudes, quotas and incentives, and the context of board appointments are proposed as factors that will add meaning to research on gender diversity of
boards. Study of these constructs in detailed and direct ways may prove challenging, but if done, would provide deeper insights into building effective and gender diverse boards.
References


Copyright © Institute of Behavioral and Applied Management. All Rights Reserved.


Copyright © Institute of Behavioral and Applied Management. All Rights Reserved.
http://dx.doi.org/10.1108/17542410810866944


Copyright © Institute of Behavioral and Applied Management. All Rights Reserved.


