

## **EDITORIAL: Board gender parity in 200 years or whether a board gender diversity issue is still on crossroad**

*Dear readers!*

The history of the appearance of the board gender diversity issue on the agenda of regulators appeared in 2003, when Norway was the first in the world to introduce a quota of 40% for company boards. Five years after the introduction of the gender quota of 40%, all companies in Norway met the established standard.

Interestingly, the first scientific studies of this issue appeared much earlier. In 1977, when the nonprofit organization Catalyst instituted a corporate board service designed to introduce corporations to accomplished business and professional women, there were only 147 women directors on the boards of the nation's 1,300 largest public companies. In a 1980 Harvard Business Review article, Felice Schwartz (1980), the founder of Catalyst declared: "The wall surrounding the corporate community, if it can be claimed to exist at all, is today a highly permeable one".

Furthermore, Elgart (1983) showed a relationship between the number of female directors and a variety of corporate characteristics, such as size, type of industry, and length of a boardmember's term. The author analyzed the reasons given by 126 survey respondents of the Fortune 500 for not recruiting more female directors and discusses the perceptions of female boardmembers about their own futures on their boards. The author of this study, having studied the dynamics of the growth of the presence on the boards of Fortune 500 companies during the previous 10 years, concluded that at such rates we can expect gender parity on the boards (50% of women on the boards) only in... 200 years. Even after this study and such a categorical conclusion, the market waited for the appropriate steps of the regulators for another 20 years. This shows that the market is very weak in self-organizing itself in solving the issue of gender in boards, and the intervention of the regulator with quotas is unavoidable here.

From the point of view of empirical research on the issue of gender diversity in boards, they can be divided into two groups. The first is about factors affect the resolution of the gender issue, that is, contribute to the appearance of women on boards. The second is about the effect of the presence of women on boards. This is about the link between the board gender diversity and firm performance.

The first group of studies focused on such factors as qualification and personal characteristics of women board members, board size, firm size, industry, type of ownership, external environment of the firm, political environment in the country, cultural stereotype in the country.

The second group determines the influence of the gender issue on the further appointment of women to boards, the efficiency of the firm's activities, the problem of managerial opportunism (control over the activities of the CEO), strategic control, the firm's corporate social responsibility, profit management, risk management.

Quotas are the most widespread and effective mechanism for solving the gender issue in the world. A significant number of both developed and developing countries of the world have used this approach. Some countries have phased in quotas to allow the market for female non-executive directors to meet further demand from boards.

The experience of Britain is remarkable here. Thus, in 2011, based on the results of the Davis Report, a quota of 25% was established for companies included in the FTSE 100 stock index. Already five years later, in 2016, this task was fulfilled. Immediately, in the same year, as a result of the Hampton-Alexander Report, the quota was increased to 33%, but already for a larger number of British companies (350 companies of the FTSE 350 index) with a deadline of 2020. The company even exceeded this plan, reporting already in 2019 an indicator of 30.6%.

The British approach is indicative, because first the situation in the market for services of non-executive directors is studied, a group of companies is selected, the quota target and the deadline are set (as a rule, 5 years). After 5 years, the market for the services of non-executive directors is re-examined, and if the previous target is reached, a new, higher quota target is set and a larger group of companies is selected. That is, everything is consistent, careful, analytical, but most importantly, effective.

All above mean that the board gender diversity is a dynamic, not static issue and regulators should outline an appropriate horizon where this issue should be moved by regulation to be picked up further by the market. Board gender diversity has been studied by many authors of the papers published in *Corporate Ownership and Control* journal since 2003. We will be able to have a solid collection composed of more than 100 papers for certain. There are papers with an international focus (Boshanna, 2021; Gallucci et al., 2020; Guedes & Monteiro, 2020; Esposito De Falco et al., 2019) as well as a country focus (Morrone et al., 2022; Chen et al., 2022; Hogan & Kostyuk, 2021; Qian et al., 2021). This is an excellent contribution to the previous research on a broader issue of board of directors by Mantovani et al. (2022), Velte (2018), Trinh et al. (2018), Kostyuk and Barros (2018), Modiba and Ngwakwe (2017), Gennari (2016), Moraka (2015).

You are welcome to explore the content of the journal *Corporate Ownership and Control* to enjoy reading paper on the gender diversity issue since 2003.

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