

Regulation, women on corporate boards and firm performance: the cases of France and Spain

María C. GONZALEZ* and Mark SMITH**

Contact: m.gonzalez@uniovi.es

Paper prepared for the 16th World Congress of the International Labour and Employment Relations Association (ILERA), Philadelphia, PA., 2nd-5th July, 2012

DRAFT – PLEASE DO NOT QUOTE

Affiliations:

* Department of Sociology, University of Oviedo

** Grenoble Ecole de Management

1. Introduction

In recent years there has been a growth of research interest in examining the impact of women in corporate boards on the firms' performance (Carter et al 2003; Erhardt et al 2003; Francour et al 2007) and reputation (Brammer et al 2009; Miller and Triana 2009), as well as the organisational determinants (Hillman et al 2007) and financial contexts in which they are appointed (Ryan and Haslam 2005), and the impact of some national social, political and economic factors such as the presence of women in senior management, the history of women in political office and the gender pay gap (Terjesen and Singh 2008) on female presence on corporate boards.

Regarding the latter factors it is particularly important to take into account that many EU member states have tried to develop women's presence at corporate board level by issuing recommendations or enacting laws. Even though regulation was grounded on a democratic argument in some countries – such as Norway and Spain – the 'business case' has still been the most prominent argument when debating the pursuit of gender equality in the boardroom in the EU and the US, yet causality remains unclear.

On one hand, Hillman et al (2007) found in the US the firm risk (not lagged) and size (measured by sales) to be significantly and positively associated with the presence of women directors. Mateos de Cabo et al. (2010) found in Spain a negative and significant association with women presence both of the (log) standard deviation of the return on assets in a three-year period (2000-2003), and their measurement of firm size (a composite of employees, assets and gross profits). Both studies would place women at boards of firms with some sort of poor performance (cf. Ryan and Haslam (2005) for the UK firms). Both studies also found the number of board seats to impact positively on the probability that a board member be female. A similar result has been obtained for the US (Hillman et al 2007).

On the other hand, whether women's presence on boards has an immediate positive or negative impact on firm performance has been an important driver for research on this topic, a research often fraught with causality problems: if the relationship is positive, is it that women bringing more diverse views improve firm performance or that best performing firms put more women on the boards? If the relationship is negative, is it that investors are biased against women and punish firms that appoint women (Dobbin and Jung, 2011) or is it, in presence of quota legislation with strong penalties (Teigen 2012), that women lack the necessary experience?

Adams and Ferreira (2009) have posited that the impact of board diversity on performance is likely to be heterogeneous. It is also possible that women's incorporation at board level may have no effect on firm performance (Carter et al, 2003). The benefits of having more diverse views on corporate boards have most often been put forward in support of the removal of barriers to women's progress. Yet, first, gender differences in relation to directors' professional profiles are generally small albeit for women being on average younger; and second, the presence of women per board is generally too small to be the basis for a turnaround in a firm performance in either direction. Furthermore, in a market where the regulator is actively encouraging women's incorporation onto corporate boards, investors will have less opportunity to find refuge for a bias against women.

Furthermore, the recent wave of regulation promoting gender equality in several European countries is likely to have weakened those associations. Any study of the determinants of women's presence at corporate boards is therefore advised to consider the presence or threat of connected regulation as a most relevant explanatory factor.

Our paper will explore these issues with regard to listed firms in two country cases, Spain and France, that enacted boardroom gender quota legislation in 2007 and 2011, respectively, albeit with weak penalties for non-compliance. Using 2004-2010 financial and corporate board members data we will examine to what extent firms' financial record affects women appointment. The case of Spain allows us to look at the relationship between firm performance and women's presence before and after a quite unexpected quota regulation was adopted, while the case of France allows us to look at this relationship in a context where debate on regulation was present for several years before adoption. Our hypothesis is that a relationship between firms' performance and women's presence is more likely to be found in France than in Spain, since French firms and their investors had more opportunity to consider the gender of board members as a market variable while women appointments in Spain were essentially seen as a response to the new regulation by both firms and investors.

The paper is organized as follows. First, we provide a brief overview of the Spanish and French context as to women's presence at management in general and the changes in regulation affecting the gender composition of corporate boards of listed firms. Second, the paper provides a descriptive comparative snapshot of the presence of women at corporate boards in both countries in the years 2004 and 2008. Third, the impact of regulation on corporate boards' gender structure is assessed in the Spanish case.

2. Context in Spain and France

2.1. Women at management

With a familialist welfare state tradition characteristic of Mediterranean countries, gender equality is not a traditional cultural or institutional trait of Spain. Regarding the work sphere, less than 50% of women were actively in the labor market up to 2007 (IM, 2010). This is connected to the traditional allocation of household and care responsibilities to women. According to the Labor Force Survey (INE, 2011), these responsibilities accounted for the labor market inactivity of 44.3% of inactive women and of 5.4% of inactive men in 2009. Yet, this traditional gender split is weakening: since 2001 the total number of people inactive because of household responsibilities has steadily declined for women and increased for men.

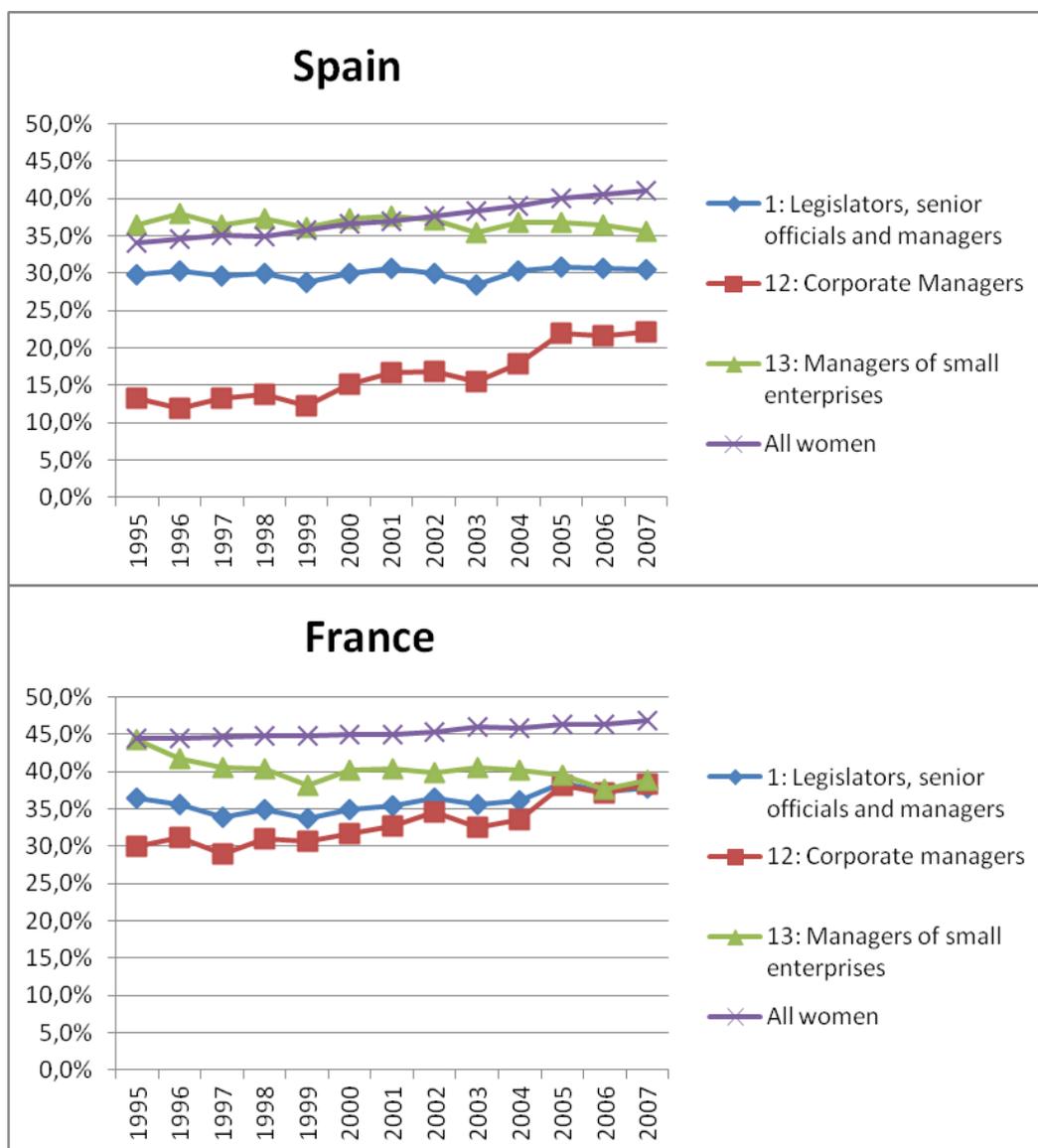
The French case often defies categorization when it comes to comparative research and attempts to locate labor market and welfare outcomes into cross-national classifications (Esping Andersen 1999). Indeed the French welfare state's Social Democratic tendencies of high support for childcare can be found along side more Conservative family taxation system (Lewis 1993). The rather high level of full-time working among women is in contrast to the reliance on part-time working among near neighbors of Germany and Belgium, yet these patterns do not correspond with particularly high employment rates in EU terms. At the same time, a rather traditional division of labor in

the household also persists despite the relatively strong attachment to the labor market among French women (Crompton et al 2010; Windebank 2001). The contradictory situation of French women on the labor market is perhaps explained by the development of an institutional framework to support women in work based upon labor shortage and pro-natalism rather than equality per se (Bouillaguet-Bernard and Gauvin 1988). However the 1983 Roudy law on equal treatment between men and women altered the logic of equality in France from protection to one of equality, strengthening the principle of equal rights in hiring, promotion, compensation, training, qualification and promotion

Ackers' argument of a connection between size of the firm and a gendered access to top management can be clearly observed in the case of Spain throughout the 1995-2007 period (cf. Figure 1). In France, however, in 2005-2007 the presence of women managers has become rather equal in small and corporate firms. Following Ackers' argument the gendering of class processes would be much stronger in Spain than in France.

Both countries have seen an overall increase in the access of women to positions of power in the economy in the period, much greater in Spain (nearly 7 percentage points) than in France (2.5 percentage points) but with Spain still behind as to the overall rate (41% vs. 46.8%) in 2007.

Figure 1: The female share of all employment and managerial occupations in Spain and France, 1995-2007



Note: data based on ISCO-88 (COM) 1- and 2-digit breakdown

Source: European Labour Force Survey 1992-2007 (authors' own calculations)

2.2. Quota legislation

In Spain, the main recent changes in the regulatory context were introduced by the May 2006 Unified Code of Good Governance, followed by the Equality Law of March 2007. The code compelled listed firms to explain and take initiatives to correct a *low or null* presence of women at corporate boards by the end of 2007. Ten months later, the Equality Law further compelled said firms and those with public ownership to include in their corporate boards a number of women that would achieve a balanced presence of women and men (defined as 40/60) by 2015. No antecedents were acknowledged for the code recommendation or the positive action introduced by the Equality Law on this issue, although it was likely inspired by the Norwegian legislation initiated in 2003. Unlike in that country, however, there are no explicit penalties for non-compliance and thus both norms constitute *de facto* soft regulation. This small detail did not ameliorate a particularly intense social debate around the fairness of the regulation introduced by the Equality Law, with the employers' confederation as a particularly strong opposing voice. Both the lack of penalties and employers' reluctance to accept gender as a principle affecting appointment may help to understand why a significant number of firms still remained "rebels" by 2010, not having appointed a single woman to the board. Still, regulatory change has been effective at making those firms a minority group.

The legislation on quotas finally enacted in January 2011 in France establishes the obligation of public and private limited companies with revenues or total assets over 50 million euros or employing at least 500 persons for three consecutive years of achieving 20 per cent of women at corporate boards in 3 years and 40 per cent in 6 years. There is here a penalty for non-compliance as to its potential to paralyze the board activity: board appointments in violation of quota will be declared null. This regulation was actually the culmination of a series of legislative changes that opened up the possibility of quotas some years earlier. Prior to an amendment to the Constitution in 2008, quotas had been regarded as impossible in France (Assemblée Nationale 2009).

Both countries' approaches to non-compliance are in any case much softer than that taken by Norway: company dissolution. The Norwegian approach was indeed very successful – 40% women by 2008 (Teigen 2008) and 48% women by 2009 (European Commission 2009).

3. Data and Analysis

Our study focused on firms for which data publicity obligations are greater and quota legislation on corporate boards' gender equality relevant, i.e. listed firms, in the period 2004-2010, by December of each year. It is an unbalanced panel since a number of firms entered and left the stock market in different years in the period which means we do not have observations for every firm every year.

A common protocol for data collection was developed to deliver country-sets of comparable data (cf. González and Martínez, 2012). The data was obtained from The sources used in both countries were: the data publicly available from the Securities Market Commission of each country, the Annual Corporate Governance Reports

elaborated by each company each year, and the Communications of Relevant Facts to the supervisory agency by each company each year. Financial data for each firm were extracted from the information publicly available in the web page of the national Stock's Exchange, from the Annual Accounts reports of each company each year, and from other specific sources available in each country (France: In-Financials Database; Spain: SABI Database). Collection, tabulation and inputting to SPSS took place between October 2008 and May 2011. The data collected was the number of board members by type and sex, along with data on the firms' employment size, sector of activity and financial data.

3.1. Descriptive analysis of boards' gender structure (2004-2008)

We describe corporate boards first, as to their general gender composition and size, and by type of appointment. Second, we show the evolution in the period in the number and proportion of firms that had no women on their boards, one, or more than one woman director. Also correlations between women's presence, board size and various company characteristics are considered.

As shown in Table 1, the average number of women directors per board increased in both countries in the period: in Spain from 0.57 in 2004 to 0.87 in 2008 and in France from 0.73 to nearly 1. This is still far from the regulators' target of 40 percent women on each board but shows some effort is being made by corporations. The number of executive and independent directors has remained rather stable in both countries during the period but only France has seen an increase in the number of female executive directors. Conversely, Spain has seen an increase in the number of female independent directors thus changing less the gendered "hard core" of the boards.

Table 1: Mean number of directors, (2004, 2006, 2008)

	Spain			France		
	2004	2006	2008	2004	2006	2008
<i>All Members</i>						
Total	10.11	10.35	10.99	11.53	11.63	12.06
Female	0.57	0.71	0.87	0.73	0.8	0.98
Male	9.54	9.64	10.11	10.8	10.83	11.08
<i>Executive Members</i>						
Total	2.03	2.1	2.04	7.9	7.23	7.06
Female	0.11	0.1	0.06	0.42	0.53	0.54
Male	1.92	1.99	1.97	7.48	6.7	6.51
<i>Independent Members</i>						
Total	3.12	3.07	3.32	4.63	4.29	3.58
Female	0.1	0.16	0.34	0.21	0.28	0.24
Male	3.02	2.9	2.98	4.42	4.01	3.28

Source: data publicly available from the Securities Market Commission of each country, the Annual Corporate Governance Reports elaborated by each company each year, and the Communications of Relevant Facts.

It is also useful to look at the distribution of companies according to the level of feminization of their boards. In Spain, the proportion of firms without female board members decreased from 60.3 percent of all listed firms in 2004 to 43.6 percent in 2008 (Table 2). At the same time, the percentage of boards with one or two or more women members increased during the period. Similarly, among the French SBF120 companies, in 2008 37.2 percent had no representation of women compared to 47.9 in 2004. A slight increase in the concentration of women at board level is also apparent in France: over the period the percentage of companies with more than one female member raised from 14.2 to 24.5.

Table 2. Percentage of companies without women, with one woman, and more than one woman on board by country and area of activity (2004-2008)

	Spain							
	2004				2008			
	N	0	1	>1	N	0	1	>1
Total	159	60.3	27.6	11.9	142	43.6	36.6	19.7
Agriculture	2	50	50	0	2	100	0	0
Mining & construction	29	62.1	27.6	10.3	27	40.7	51.9	7.4
Manufacturing	55	61.8	29.1	9.1	53	52.8	32.1	15.1
Transportation & utilities	26	73.1	15.4	11.5	21	47.6	38.1	14.3
Wholesale and retail trade	5	80	20	0	1	0	100	0
Finance	26	42.3	34.6	23	19	26.3	36.8	36.9
Services	16	56.3	31.3	12.6	19	31.6	26.3	42.1

	France							
	2004				2008			
	N	0	1	>1	N	0	1	>1
Total	98	47.9	37.7	14.2	118	37.2	38.1	24.5
Agriculture	0	0	0	0	1	100	0	0
Mining & construction	12	33.3	58.3	8.33	12	33.3	50.0	16.6
Manufacturing	35	37.1	48.5	14.2	39	33.3	41.0	25.6
Transportation & utilities	1	100	0.00	0.00	1	100	0.00	0.00
Wholesale and retail trade	0	0	0	0	0	0	0	0
Finance	14	57.1	35.7	0	17	23.5	41.1	35.2
Services	36	58.3	22.2	7.14	48	43.7	33.3	22.9

Source: data publicly available from the Securities Market Commission of each country, the Annual Corporate Governance Reports elaborated by each company each year, and the Communications of Relevant Facts.

Regarding the area of economic activity of the firms, in Spain the sectors in which it was more difficult to find a woman on the board in 2004 were ‘Wholesale and retail trade’ and ‘Transportation and utilities’; the ‘best performers’ areas were ‘Finance’, ‘Services’ and ‘Agriculture’ (the latter due to the small number of companies). In 2008 there is an improvement in women’s presence in all areas of activity (except Agriculture) especially in ‘Transportation’ and ‘Services’ that reduced the percentage of firms without a woman on board in almost 25 percentage points each. There was also a clear increase in the concentration of women at board level particularly in ‘Services’. As to France, there was little change in the industry distribution of women board members except for a decrease of 33.6 percentage points in ‘Finance’ in the proportion of companies without a woman on the board. Thus, regarding the possibility of industry

cross-national effects we only find some weak evidence for Finance that may be linked to a higher sensitivity in this sector to state regulation of threat of it.

Looking now at the relationships between women's presence at companies' boards and financial and boards' characteristics of firms in all the period 2004-2010, we find some evidence of an association between women's board presence and company performance in Spain. Table 3 shows the associations found with two different measurements of women's presence as possible dependent variables (i.e. with other variables lagged one year): the overall number of female board members and the percentage of board members that are women.

Table 3. Pearson Correlations for relationships between the number of women board members, the percentage of board members that are women and various financial and board characteristics of firms in Spain, 2004-2010.

1-year lagged variables	Number of women board members	% of women that are board members
ROE	-.01	-.05
ROA	-.00	-.04
Market-to-book value	-.03	.01
Debt-to-assets	.02	-.18***
Tobin's q	-.06	-.06
Sales-to-number of employees	-.09*	-.13**
Size by sales (log)	.05	-.23***
Size by employees (log)	.11**	-.18***
Size by assets (log)	.11**	-.19***
Number board members	.20***	-.16***
Yearly growth of board	.14***	.17***

*** Correlation is significant at the 0.001 level (2-tailed). ** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

3.2. Multivariate analysis of boards' gender structure in Spain: the impact of regulation

In order to assess the impact of the changes of regulation on female presence at corporate boards we conducted multivariate analysis of the dependent variables of interest entering a dummy for each year of the period expecting to see some positive impact from the year 2006 in which the first change takes place.

Our first dependent variable is WOMAN ON BOARD, a dichotomous variable coded 1 if a firm's board of directors included at least one woman and 0 otherwise.

The firms' data measures for financial situation and size were highly correlated among themselves (see Annex 1) but only assets(log) showed a significant association with our dependent variable of interest WOMAN ON BOARD, and its correlation coefficient was small. All independent variables were introduced with one-year lag to establish clearly the direction of causality.

A binomial *logistic regression* was run to predict the variable “woman on board” incorporating as explanatory variables first, only the controls for sector and year, and second, the final main effects model incorporating also the independent explanatory variables (forced-entry method).¹ The main results in terms of significance and sign of relationships, which can be seen in Table 4 (first two columns), are as follows:

1. Although in the model with controls-only all years after 2006 appear as significant years, in the final model only the year 2010 is positively and significantly associated with “woman on board”. This provides some support for a positive impact of regulatory changes.
2. Yearly growth of board members number in the past year is a significant and positive predictor of having a woman on the board.
3. Firms in Manufacturing and Transportation and Public utilities sectors are significantly less likely than firms in other sectors to have appointed a woman director in the period.

As a check on the robustness of our results we also conducted generalised estimating equations analysis on this variable (column 5) and on two other dependent variables that can be expected to follow a negative binomial distribution: “Number of women on board” (column 6) and “Women on Board” (ordinal variable coded 1 if a firm’s board of directors included only one woman, coded 2 if a firm’s board of directors included more than one woman, and coded 0 otherwise) (column 7). In these models firms are identified as subjects by number of register; within-subjects observations are identified by year.

The only change identified by using this method is that Transportation and Public utilities sectors are not significantly less likely than firms in other sectors to have appointed a woman director in the period. A multinomial logistic regression conducted on the dependent variable “Women on Board” (columns 3-4) also supports this change.

In summary, women directors’ incorporation to Spanish corporate boards in the period 2004-2010 happened essentially in the period 2007-2010, and particularly in the latter year, and it was made more likely the larger the board had been made in the previous year, something frowned upon by the regulator. Appointing a woman to the board where there was none in a firm with a recently expanded board may be a strategy to improve the market perception of the firm, especially from 2006, in accordance with the regulator recommendations. Manufacturing was the sector where women were less likely to be appointed.

¹ The model resulting of adding the number of board members of the previous year to the base model did not meet criteria for robustness and the variable was dropped.

Table 4. Regression models on (a) to have or not women on the boards, (b) to have none, one or more, and (c) number of women on boards. Unbalanced panel 2004-2010: cases = 1021; N=185 firms.

Variables	Binomial logistic (a) DV: Woman on board (reference category: 0 = no)		Multinomial logistic: Main effects (b) DV: Women on board (reference category: 0 = none)		GEE - Binomial logistic: Main effects ^	GEE - Negative Binomial: Main effects ^	
	Controls^^	Main effects	1 woman	+1 woman	(a) DV: Woman on board	(c) DV: Number of women	(b) DV: Women on board
	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)	β (S.E)
Constant/Intercept	+	-	-	_*	-	_**	_**
Agriculture, forestry, fishing, mining and construction	-	-	+	_*	-	-	_*
Manufacturing	_***	_***	_*	_***	_**	_**	_**
Transportation and public utilities	_**	_*	-	_**	-	-	_*
Wholesale and retail trade, finance, insurance and real estate	-	-	-	-	-	-	-
Other services							
Year 2010	+***	+**	+	+***	+**	+***	+***
Year 2009	_**	+	+	+**	+	+**	+**
Year 2008	+**	+	+	+	+	+*	+*
Year 2007	+*	+	-	+	+	+	+
Year 2006	+						
Year 2005	-						
Year 2004							
Yearly growth of number of board members (one year lag)		+*	+	+*	+*	+***	+***
<i>Model diagnostics:</i>							
-2 log-likelihood	1325.680	111.570		741.909			
Model chi-square	70.095 *** (df =10)	44.666*** (df =9)		85.686*** (df =18)			
Nagelkerke pseudo R ²	.090	.089		.140			
% of cases classified correctly	60,3%	61.1%		50.2%			
QIC (QICC)					877.682 (865.013)	473.350 (471.818)	405.229 (411.627)
n	1007	650		650	650	650	650

* Statistical significance at the $p < .05$ level. ** Statistical significance at the $p < .01$ level. *** $p < .001$

GEE = Generalised Estimating Equations

(^) In these models firms are identified as subjects by number of register; within-subjects observations are identified by year. In the models reported all variables were significant at least at the $p < .05$ level in terms of model effects test except for sector in (a).

(^^) The reference category for “sector” is “other services”; the reference category for “year” is “2004” in the first model (controls only) and “2006” in subsequent models.

In (b) and (c) regressions sector dummies were substituted by one “sector” variable with 5 categories and year dummies replaced by one “year” variable with 7 categories so as to assess their model effect; in both type of regressions “sector” and “year” were significant. It is the results for those variables that are reported - the signs and significance of relationships do not change when dummies are used instead.

We also analysed the other two measurements of women's presence that showed a closer association to financial variables: % OF WOMEN and NUMBER OF WOMEN at the boards through linear regression, taking the best model of the previous analysis as base model. The main results are offered in Table 5. While the regression coefficients of the financial variables are small, they are all significantly and negatively associated with the variable percentage of women at boards. More specifically, *firms with larger leverage, productivity and sales have a smaller percentage of women* at their boards. However, regarding the number of women at the board, *firms with larger productivity and sales have a larger number of women* at their boards, while firm leverage is not a significant predictor. In other words, productivity and sales have opposite effects on the percentage and number of women on the boards. Taking also into account that growth in the number of board members is a significant predictor of both dependent variables, the evidence points to women being added rather than substituting for exiting males. While, the significance of the year 2010 for both dependent variables confirms a fairly steady cumulative trend in women's appointments to the boards, slightly and insignificantly affected by the beginning of the economic crisis in 2008, without substitution gender parity will not be achieved in decades.

Table 5. Linear regression models on (a) percentage of board members that are women, and (b) number of women at the boards. Unbalanced panel 2004-2010: cases = 1021; N=185 firms.

Variables	(a) Percentage of board members that are women		(b) Number of women at boards	
	Controls [^]	Main effects	Controls [^]	Main effects
	β (S.E)	β (S.E)	β (S.E)	β (S.E)
Constant/Intercept	-	+**	+	-
Manufacturing	-	_*	-	_*
Transportation and public utilities	-	-	-	-
Wholesale and retail trade, finance, insurance and real estate	-	-	+	+
Other services	+***	+***	+**	+*
Year 2010	+	+*	+*	+*
Year 2009	+	+	+	+
Year 2008	-	+		
Year 2007			-	-
Year 2006	-	-	-	-
Yearly growth of number of board members (one year lag)	+***	+***	+***	+**
Debt-to-assets (one year lag)		_*		-
Sales-to-number of employees (one year lag)		_*		+**
Size by sales (log) (one year lag)		-**		+*
<i>Model diagnostics:</i>				
F	7.343 *** (df = 9)	8.471 *** (df = 12)	6.373 *** (df = 9)	5.748 *** (df = 12)
adjusted R ²	.095	.141	.082	.101
Standard error	10.482	10.209	.983	.973
n	545	545	544	544

* Statistical significance at the $p < .05$ level. ** Statistical significance at the $p < .01$ level. *** $p < .001$
 (^) The reference category for "sector" is "Agriculture, forestry, fishing, mining and construction"

Since the effects of regulation seem to be gradual another dependent variable was considered to analyse the financial profile of firms affecting women's appointment to corporate boards according to their "time of compliance" (ordinal variable coded 0 if a firm's board of directors included no woman in the period 2004-2010, coded 1 if a firm's board of directors included a woman for the first time in the period 2008-2010, coded 2 if a firm's board of directors included a woman for the first time in the period of regulation change 2006-2007, and coded 3 if a firm's board of directors included a woman in the period before regulation 2004-2005).

A multinomial logistic regression was conducted using the same variables as in the previous analysis but for the year dummies. However, the variable yearly growth of the board (one year lag) was not significant in the model and was substituted by "number of board members" (one year lag). The main results of this analysis are shown in Table 6.

Table 6. Multinomial logistic (main effects) on time of compliance. Unbalanced panel 2004-2010: cases = 1021, N=185 firms.

Variables	Not by 2010 β (S.E)	On 2008-2010 β (S.E)	On 2006-2007 β (S.E)
Constant/Intercept	_-***	_-**	-
Agriculture, forestry, fishing, mining and construction	+	+	-
Manufacturing	+***	-	_-**
Transportation and public utilities	+*	+	+
Wholesale and retail trade, finance, insurance and real estate	+***	+**	+
Other services			
Number of board members (one year lag)	_-***	_-**	-
Debt-to-assets (one year lag)	+*	-	+
Sales-to-number of employees (one year lag)	+	_-**	+
Size by sales (log) (one year lag)	+**	+***	+
<i>Model diagnostics:</i>			
-2 log-likelihood	1376.08		
Model chi-square	148.099 ***		
	(df = 24)		
Nagelkerke pseudo R ²	.246		
% of cases classified correctly	46.7		
n	570		

* Statistical significance at the p < .05 level. ** Statistical significance at the p < .01 level. *** p < .001
(^) The reference category for the dependent variable is "Board included a woman in the period 2004-2005"

Using as reference category that with firms that appointed a woman to the board before regulation changed (leading companies on the issue), we observe that those that followed suit the regulatory change or "early respondents" have a similar profile, except for not being in the manufacturing sector. However, the two other groups of companies, those pushed or "late responders", i.e. appointing a woman for the first time in the period 2008-2010, and the "rebels", i.e. no woman was appointed in the period 2004-2010, exhibit wider differences. On the year before, "rebels" have smaller boards, larger debt-to-assets ratio and sales, and are more likely than "leader" firms to be in manufacturing, transport and utilities, trade, finance, insurance and real estate. "Late

responders” to the regulator are more likely than “leaders” to be in the sector trade, finance, insurance and real estate, and also to have larger sales, smaller boards and smaller productivity than “leaders”.

These results qualify somehow those obtained in the linear regressions above as to the impact of the firms’ leverage and productivity on women’s appointment to boards. Companies responding late to regulation appear as the worst performers in terms of labour productivity in comparison to leading firms, early respondents and even rebels. Yet, it is important to remark that “rebels” are not financially better performing firms than others, in fact since they are firms with a larger debt-to-assets ratio they may be in trouble in the current credit crunch. Also, while the overall the evidence points out that there is reluctance among listed firms in Spain to appoint women if it is not by expanding the board size, “late responders” did opt for substitution more than any other group of firms.

VI. Conclusions

The passage of the laws on quotas in France and Spain means that these cases provide interesting propositions for assessing the potential to close gender gaps via legislative mechanisms.

In France has been something of a European leader in legislative approaches to close gender gaps on the labor market: the principle of equality between the sexes in the founding treaty of the EU actually originates from French domestic law (Mazey 1998). More recently France has enacted a legal requirement to negotiate on the gender pay gap at the firm level with the threat of financial penalties for firms that do not comply (Silvera 2009). These legislative solutions reflect the ‘*dirigist*’ traditions in France and the strong role for the state in promoting labor market changes (for example in relation to working time Sanséau and Smith 2010). However, this is not to say that the experience of other European countries has also been a factor in the emerging debate on quotas.

In Spain these changes can all be associated with those in regulation recommending firms to improve the gender composition of their corporate boards. First, the pattern of decrease in the proportion of firms without any women on the board, a particular concern of the Conthe Code, starts in 2006; also the increase in the proportion of listed firms with more than one woman at their boards follows the same pattern. Second, the appointment of female directors has seen a substantial rate of increase since 2006, being the increase in the average number of independent female directors from that year especially remarkable; this, in turn, is quite likely a consequence of the Conthe Code giving prevalence to the Nominations Committee, with a mandate of promoting equal opportunities, for the appointment of independent directors. Third, there is reluctance among listed firms in Spain to appoint women if it is not by expanding the board size which will make parity difficult to achieve in this decade. Fourth, both regulation and sector of activity are stronger predictors of women’s appointment to corporate boards than firm performance in this country. This lends some support to the initial hypothesis that a relationship between firms’ performance and women’s presence is more likely to be found in France than in Spain, since French firms and their investors had more opportunity to consider the gender of board members as a market variable while women appointments in Spain were essentially seen as a response to the new regulation by both firms and investors.

References

- Acker, J. (2009) 'From glass ceiling to inequality regimes', *Sociologie du Travail*, 51: 199-217.
- Adams, R. B. and Ferreira D. (2009) "Women in the boardroom and their impact on governance and performance", *Journal of Financial Economics*, 94: 291-309
- Assemblée Nationale (2009a) "L'Accès des femmes aux responsabilités dans l'entreprise" Rapport d'activité de la Délégation aux droits des femmes et à l'égalité des chances entre les hommes et les femmes, Assemblée Nationale
- Brammer, S., Millington, A. and Pavelin, S. (2009) 'Corporate reputation and women on the board', *British Journal of Management*, 20: 17-29.
- Bouillaguet-Bernard, P. and Gauvin, A. (1988) "Women, the state and the family in France: contradictions of state policy for women's employment" in Rubery, J. (ed.) *Women and Recession* London: Routledge
- Carter, D., Simkins, B. and Simpson, G. (2003): "Corporate governance, board diversity, and firm value", *Financial Review*, 38, pp. 33-53.
- Cohen, P.N. and Huffman, M.L. (2007) 'Working for the woman? Female managers and the gender wage gap', *American Sociological Review*, 72: 681-704.
- Crompton, R., Lewis, S. and Lyonette, C. (2010) *Women, Men, Work and Family in Europe* Basingstoke: Palgrave Macmillan
- Dobbin, F. and J. Jung (2011) 'Corporate board gender diversity and stock performance: the competence or institutional investor bias?', *North Carolina Law Review*, 89: 809-838.
- EC, European Commission (2009) 'Men and women in decision-making: highlights', *Employment, Social Affairs and Equal Opportunities News*, 21 December <http://ec.europa.eu/social/>
- EC (2010) "More Women in Senior Positions: key to economic stability" Directorate-General for Employment, Social Affairs and Equal Opportunities European Commission
- Erhardt, N., Verberl, J-D. and Shrader, C. (2003): "Board of director diversity and firm financial performance", *Corporate Governance: An International Review*, 11, pp. 102-111.
- Esping Andersen. G. (1999) *Social Foundations of Post industrial Economies*. New York: Oxford University Press
- Francour, C., Labelle, r. and Sinclair-Desgagné, B. (2007) 'Gender diversity in corporate governance and top management', *Journal of Business Ethics*, 81: 83-95.
- González, M. and Martínez, L. (2012) "The Women on Boards in Europe Project: Aims, methodology and implications. In: C. Fagan, M. Gonzalez and S. Gomez (2012) *Women on Corporate Boards and in Top Management. European Trends and Policy*. Chippenham: Palgrave-MacMillan, Ch 3.
- Hillman, A., Shropshire, C. and Canella, A.A. (2007) 'Organizational predictors of women on corporate boards', *Academy of Management Journal*, 50 (4): 941-952.
- IM, Instituto de la Mujer (2010) *Estadísticas*, On-line data, www.inmujer.es
- INE, National Institute of Statistics (2011) *Encuesta de Población Activa*, On-line data, www.ine.es
- Lewis, J. (1992) "Gender and the Development of Welfare Regimes" *Journal of European Social Policy*, 2 (3), 159-73
- Mateos de Cabo, R. Gimeno, R. and L. Escot (2010) 'Discriminación en consejos de administración: Análisis e implicaciones económicas', *Revista de Economía Aplicada*, 53, 131-162.

- Mazey, S. (1998) "The European Union and Women's rights: from Europeanisation of national agendas to nationalisations of European agendas?" in Hine, D. and Kassim, H. (eds.) *Beyond the Market: the EU and National Social Policy*. London: Routledge
- Miller, T. and Triana, M.C. (2009) 'Demographic diversity in the boardroom: Mediators of the board diversity-Firm performance relationship', *Journal of Management Studies*, 46:5, 755-786.
- Ryan, M.K. and Haslam, A. (2005) 'The glass cliff: evidence that women are over-represented in precarious leadership position', *British Journal of Management*, 16: 81-90.
- Sanseau, P-Y, and Smith, M.. (2010) "Réglementation du temps de travail et équilibre vie -travail: Une comparaison France-Royaume Uni" in Duyck, J-Y and Vilette, M-A. (eds.) *Temps du travail et GRH*. Paris: AGRH Yuibert
- Silvera, R. "Compulsory pay gap bargaining in France" (2009) in Smith (ed.) "Analysis Note on Gender Pay Gap" Commissioned by and presented to the EC's Directorate General Employment and Social affairs, Unit G1 "Equality between women and men"
- Singh, V., Terjesen, S. and Vinnicombe, S. (2008) 'Newly appointed directors in the boardroom: How do women and men differ?', *European Management Journal*, 26, 48-58.
- Teigen, M (2008) 'Norwegian Quota Policies', *ISF Working Papers*, 2008/12, Institute for Social Research, Oslo.
- Teigen, M (2012) "Gender quotas for corporate boards in Norway: innovative gender equality policy. In: C. Fagan, M. Gonzalez and S. Gomez (2012) *Women on Corporate Boards and in Top Management. European Trends and Policy*. Chippenham: Palgrave-MacMillan, Ch 4.
- Terjesen, S. and Singh, V. (2008) 'Female presence on corporate boards: a multi-country study of environmental context', *Journal of Business Ethics*, 83: 55-63.
- Windebank, J. (2001) "Dual-earner couples in Britain and France: gender divisions of domestic labour and parenting work in different welfare states" *Work, Employment & Society*