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**Article**

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## FINANCIAL ECONOMICS | REVIEW ARTICLE

# Gender diversity in boardrooms – A literature review

Sudheer Reddy<sup>1</sup> and Aditya Mohan Jadhav<sup>1\*</sup>

**Abstract:** This paper examines the advancement of literature on gender diversity on corporate boards (board gender diversity). We discuss important management theories cited in the literature and examine the factors that affect board gender diversity. We present evidence from developed and emerging markets based on a review of studies to show how board gender diversity impacts a firm performance. We also review growing literature on the gender quota legislation that mandates the appointment of female director(s) on corporate boards. Research on board gender diversity reveals director characteristics, firm size, board size, board diversity, industry, type of ownership, customer base, and social and cultural characteristics as the factors that influence representation of female directors on corporate boards. Studies on the impact of board gender diversity on firm performance present inconclusive results. In a similar vein, studies on the impact of gender quota legislation on firm performance also present mixed results. Our study contributes to the growing literature on board gender diversity and provides a further understanding of factors that influence gender diversity on corporate boards. It also offers insights to regulators on potential limitations and the benefits of gender quota legislation.

**Subjects:** Corporate Finance; Strategic Management; Corporate Governance

**Keywords:** Board gender diversity; gender quota; female directors

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### PUBLIC INTEREST STATEMENT

The primary function of a board of directors in a corporation is to monitor the actions of managers and to protect the interests of shareholders. In recent times, there is an increased focus on the presence of women directors on corporate boards (board gender diversity) as evidence shows a positive impact of women directors on firm performance. In this review paper, we examine various aspects of board gender diversity. Review of studies shows that board gender diversity has a positive impact on firm performance and profitability but as the proportion of women increase, the benefits begin to diminish. We also review studies to evaluate the decision of countries that have made it mandatory for firms to appoint women directors on the boards. We find that mandatory board gender diversity is not necessarily beneficial for firms.

## 1. Introduction

Research on gender diversity on corporate boards (board gender diversity) is a topical subject that continues to attract considerable research attention. Women directors are under-represented and in response, several countries have enacted the gender quota legislation to mandate appointment of women directors on corporate boards. An increase in the number of female directors has garnered significant research on board gender diversity. In this article, we review the evolution of literature on board gender diversity in areas related to corporate governance and corporate finance. Specifically, we review the studies on the representation of gender diversity on corporate boards, the factors that affect board gender diversity and the impact it has on firm decisions and firm-specific issues. Finally, we review the growing literature on the impact of gender quota legislation and present future avenues for research.

Bulk of the literature on board gender diversity is empirical in nature and sources its theoretical underpinnings from management literature. Management theories cited in prior studies on board gender diversity are at three levels; individual, board and the firm. The often-cited theories include human capital theory, social identity theory, social network and social cohesion theory, resource dependency theory, and agency theory. Human capital theory (Becker, 1985) examines the effect of an individual's cumulative repository of skills, education, and experience in developing productive and cognitive capabilities, which in turn, benefit the individual and his/her organization. In the context of corporate governance, diverse and unique human capital of a corporate board is viewed as a key resource for the firm. Turner and Tajfel (1986) social identity theory examines the role of group membership in groups, such as gender, race, class, and occupation on an individual's identity. These identities create group boundaries and may provide higher evaluations of in-group members, further reinforcing higher entry barriers for out-group members. For example, a male-dominated board may strengthen group boundaries and exclude women from board directorship. Pfeffer and Salancik (2003) use the resource dependence theory perspective to argue that board linkages provide counsel, legitimacy and communication channels. An extension of resource dependence theory suggests that diverse directors provide diverse beneficial resources to the firm. Agency theory examines the role of information asymmetry and divergent objectives on the relation between principals and agents. Given the misalignment of objectives between managers (agents) and shareholders (principals), managers may not pursue the outcomes that are in the interest of shareholders (Eisenhardt, 1989; Jensen & Meckling, 1976). Given the organization structure is aimed at obtaining and utilizing resources via contracts (Berle & Means, 1932), the resource dependency theory and agency theory are the most common cited management theories in the literature on board gender diversity.

### 1.1. Resource dependence theory

Resource dependence theory is an influential management theory related to organization and strategy. The theory characterizes the corporation as an open system, which is dependent on contingencies in the external environment. Prior literature on the board of directors suggests that resource dependence theory is an effective framework to understand and examine boards. Pfeffer and Salancik (2003) suggest that directors bring four benefits to organizations: (a) information in the form of advice and counsel, (b) access to channels of information between the firm and environmental contingencies, (c) preferential access to resources, and (d) legitimacy. Based on the various resources they provide to a firm, Hillman, Cannella, and Paetzold (2000) classify those four benefits into director types, namely, business experts, insiders, community influentials, and support specialists.

Hillman et al. (2000) extend the resource dependence theory to suggest that a more diverse board represents a valuable set of resources and may help achieve better economic outcomes. Resource dependence theory framework presents several arguments to promote board diversity. For instance, diverse directors act as a bridge to important constituencies in the external environment, resulting in greater access to more talent. Diverse directors also hold unique information that can potentially improve board advisory to managers and help in better decision-

making. Board diversity also sends important positive signals to the product and labor markets. As non-insiders and non-business experts, diverse directors may help to bring diverse perspectives and non-traditional approaches to problems. Prior literature on board diversity has considered gender and ethnicity as separate dimensions under resource dependence theory. However, recent studies on board diversity grounded in resource dependence theory focus on gender, and more specifically on the impact of gender on economic outcomes (Carter, D'Souza, Simkins, & Simpson, 2010; García-Meca, García-Sánchez, & Martínez-Ferrero, 2015; Isidro & Sobral, 2015; Low, Roberts, & Whiting, 2015; Lückerath-Rovers, 2013; Reguera-Alvarado, de Fuentes, & Laffarga, 2017).

### 1.2. Agency theory

Agency theory examines the relation between incentives and self-interest and suggests that much of organizational life is based on self-interest. Given that an information asymmetry exists between managers and shareholders, managers can filter the information they share with the shareholders. Such control over critical information complicates the problem between managers (agents) and shareholders (principals). The role of the board of directors is to become a source of reliable information for the shareholders of large corporations resulting in the effective monitoring of managers (Fama & Jensen, 1983).

Propagation of richer and reliable information from boards to shareholders may align managers' behavior that is consistent with shareholders' interests. Some of the metrics used to quantify the richness of board information are number of board subcommittees, number of board members with managerial and industry experience, number of board members with long tenure, frequency of board meetings, and number of board members representing specific ownership groups. Prior studies have adopted the agency theory framework to examine the impact of board gender diversity on firm decisions (Carter, Simkins, & Simpson, 2003; Francoeur, Labelle, & Sinclair-Desgagné, 2008; Chapple & Humphrey, 2014; Ararat, Aksu, & Tansel Cetin, 2015; Nguyen, Locke & Reddy 2015; Ntim, 2015).

Our review paper has the following structure. In the following section, we present the literature that initiated conversations around board gender diversity to explore various reasons cited to explain the under-representation of gender diversity on corporate boards. In sections III and IV, we review the empirical studies on the impact of board gender diversity on firm value and on firm-specific issues. In our conclusion section, we review the growing literature on the impact of gender quota legislation and also present future avenues for research.

## 2. Women on corporate boards

In 1983, based on the 10-year growth rate of the ranks of women directors, Elgart (1983) forecast that it could take about 200 years for women to attain equal representation in top corporate boardrooms. The author investigates the reason for the under-representation of women in Fortune 500 corporations and finds that 43% of the companies that did not have even a single women director on their boards claimed "already filled with qualified candidates" as a reason. Such an argument is not convincing enough considering the average director term and the number of director resignations.

Kesner (1988) in her broader study on directors' characteristics examines 250 Fortune 500 boards covering 27 different industries and concludes that extensive experience is required to serve on a board's influential committees. The author specifically attributes lack of experience as the reason for the under-representation of women directors in corporate boards. However, Bilimoria and Piderit (1994) challenge Kesner's (1988) work in several ways; detailed examination of differences in men's and women's experience expanded the range of director characteristics and a larger set of influential board committees. The authors study 300 Fortune 500 companies to find evidence for systematic sex-based bias against women director membership.

Women directors are acutely aware of gender bias that exists on corporate boards. Attitudes of existing male board members play a significant role in nurturing this gender bias. Burke (1997)

analyses 278 survey responses from women directors serving on Canadian boards to study their views onboard gender membership. The respondents attribute the under-representation primarily to the attitudes of male CEOs and Board Chairmen. The respondents viewed, “Male CEOs were seen as thinking that women were not qualified, they were afraid to take on new and untried women or were fearful that women might have a women’s agenda.” [Burke (1997), p.913].

There are several theoretical perspectives that explain the persistent barriers to women’s advancement to the director level. Singh and Vinnicombe (2004) find that women director membership in the UK’s top 100 companies is very low despite the existence of equal opportunities and equal pay legislation. The authors explain their results with the help of two theoretical perspectives. First, they employ social identity theory to explain male directors’ behavior to define themselves as *directors*, reinforcing group boundaries that exclude women. The authors also use social networks theory to explain that power aggregation of directors’ network may be the reason for male senior executives in one company holding non-executive director positions in another company. Wide-ranging external and internal factors affect board gender diversity with varied impact. In the following three sub-sections, we summarize prior literature on the factors that affect board gender diversity.

### **2.1. External factors**

External factors, such as firm size, board size, industry, type of ownership, customer base, and social and cultural characteristics influence gender diversity on corporate boards. Brammer, Millington, and Pavelin (2007) focus on a firm’s external business environment and its customer base to explain board gender diversity. The authors examine firms that represent corporate boards of 243 firms listed on the London Stock Exchange to analyze board diversity, size, and composition. They find significant cross-sector variation in gender diversity, with a higher representation of women directors in industries such as Retail, Utilities, Media, and Banking that predominantly serve end-consumers. Hillman, Shropshire, and Cannella (2007) study US firms and find that large firms have a significantly greater likelihood of women director membership. They also find that when a firm is linked to other firms with women directors, it is more likely to have women representation on its own board of directors. De Cabo, Gimeno, and Nieto (2012) study European banks to examine if organizational characteristics affect board gender diversity. They focus on factors, such as riskiness of the bank, size of the boards, and growth orientation. Banks with lower risk, larger boards, and growth orientation tend to include women on their boards.

Terjesen and Singh (2008) explore the impact of social, political and economic structures of individual countries on board gender diversity by performing a cross-country analysis using data from 43 countries. Social structure analysis reveals board gender diversity is significantly high in countries with a high proportion of women in the legislature, senior official and management positions. However, the authors find significant under-representation of women on boards in countries with a longer history of woman political representation. Finally, their results indicate that countries that have income gender equality are likely to have a better representation of women on boards. Carrasco, Francoeur, Labelle, Laffarga, and Ruiz-Barbadillo (2015) use the cultural dimensions proposed by Hofstede and Bond (1984) to study the impact of cultural characteristics on women director membership in 32 countries. They find evidence that countries with lower board gender diversity have the greatest tolerance for inequalities in the distribution of power. In addition, countries that tend to value the role of men generally exhibit lower women board membership. Low et al. (2015) consider cultural differences across countries to examine the impact of board gender diversity on firm performance. The authors conclude that a country’s attitude towards women moderates the impact of a gender-diverse board on firm performance.

Family ownership has a positive impact on board gender diversity. Nekhili and Gatfaoui (2013) study French corporate boards and find that family ownership and board size strongly influence board gender diversity. Apart from establishing a strong influence of family connection on women director membership in Italian boards, Bianco, Ciavarella, and Signoretti (2015) also find that

majority of the gender-diverse boards tend to have at least one women director who is connected to the controlling stakeholder. Ruigrok, Peck, and Tacheva (2007) examine firms listed in SWX Switzerland and find evidence that women directors are less likely to be independent and more likely to be affiliated to firm management through family ties.

### **2.2. Impact of director characteristics on board gender diversity**

Prior literature on director characteristics has not established any association between director characteristics and the appointment of female directors. Characteristics such as education, business background, insider, network linkages, etc., play a limited role in director membership. Most studies merely describe the skill sets of the women who have succeeded in becoming members of a corporate board. Hillman, Cannella Jr and Harris (2002) study Fortune 500 boards to provide evidence that most women directors come from non-business backgrounds and hold advanced degrees. Burgess and Tharenou (2002) describe several traits, such as public relations, self-promotion, media management, strong network, training, and career development, which help women attain board membership. In their cross-country study, the authors perform a descriptive analysis of directors' education, age, marital status and the number of children.

Ruigrok et al. (2007) show evidence that women directors in Swiss firms are more likely to be outsiders and hold non-business degrees. Nekhili and Gatfaoui (2013) find demographic attributes, such as professional services, valuable skills, and network links influence women director appointments on French corporate boards. Adams and Funk (2012), in their survey-based study of Swedish directors, find evidence that women directors care more about benevolence, universalism and stimulation, and care less about power, security, conformity, and tradition. They also find that they are slightly more risk-loving in contrast to their male counterparts.

### **2.3. Impact of board gender diversity on women director appointments**

An investigation into the relation between gender and director appointments reveals how board gender diversity influences the appointment of women directors. Farrell and Hersch (2005) examine a set of Fortune 500 firms to provide evidence that board selection is not gender-neutral. They find that the probability of appointment of a woman director in a given year is negative and significantly related to the percentage of women on those boards in the previous year. In addition, departure of a women director more likely results in an appointment of women director as a replacement. Matsa and Miller (2011) investigate if women help women in corporate America. They find evidence that firms with more women on board also have more women top executives. Hutchinson, Mack, and Plastow (2015) study top 500 listed Australian firms and find evidence that the presence of women directors in a nomination committee positively affects board gender diversity.

Prior research on board gender diversity also provides evidence for an increase in the number of female directors. Farrell and Hersch (2005) document a growing trend in the percentage of US female director membership of the average firm from 5.6% in 1990 to 12.26% in 1999. In addition, in 1999, 87% of the US corporate boards had at least one female director compared with 53% in 1990. On the boards of large listed companies in 2015, about 21% of directors were women in the European Union and about 20% were in the United States (Kirsch, 2018). As the boards got more diverse, researchers focussed their attention on finding whether a more diverse board is a better monitor of management and, which is less likely to subvert the interest of shareholders.

### **3. Impact of board gender diversity on firm performance**

A bulk of prior literature on gender diversity on corporate boards has focussed on the impact of board diversity on firm performance. Carter et al. (2003) investigate US boards to study the impact of board diversity on firm value. The authors find a positive relation between the presence of a woman director and firm performance as measured by Tobin's Q. Their findings prompted a series of studies to examine the evidence in various country settings. The results, however, remain inconsistent.

### **3.1. Evidence from North America**

Erhardt, Werbel, and Shrader (2003) study the impact of demographic diversity on the board of directors. The independent variable, demographic diversity, is measured in terms of both ethnic and gender representation on boards. The authors find a positive association between financial indicators of firm performance and demographic diversity in the US board of directors. Francoeur et al. (2008) study the impact of gender diversity on corporate boards in firms having high betas, and high-market-to-book ratios or analysts' forecasts standard deviation. The authors find evidence that having more women on the board may not have an impact on stock returns. Carter et al. (2010) study gender diversity on board committees and US boards. They find neither a positive nor a negative effect on firm financial performance.

Miller and Del Carmen Triana (2009) examine the impact of innovation and firm reputation on the relation between board gender diversity and firm performance. The authors find no relation between board gender diversity and firm performance. However, the results show a positive relation between board gender diversity and innovation (in the form of R&D expenditure) but none with reputation. In their seminal work, Adams and Ferreira (2009) analyze the impact of gender diversity on governance metrics and firm performance. The authors find that women directors are less likely to have attendance problems than men. Women directors are also more likely to sit on monitoring-related committees than male directors. In particular, women directors are more likely to be assigned to audit, nominating, and corporate governance committees. Further, the authors find that gender-diverse boards are more likely to hold CEOs accountable for poor stock price performance. Board gender diversity has beneficial effects in companies with weak shareholder rights, where it is plausible that additional board monitoring can enhance firm value, but have a detrimental effect on companies with strong shareholder rights.

### **3.2. Evidence from Europe, Australia, and Asia**

Rose (2007) finds that women board representation on Danish boards has no significant link with firm performance as measured by Tobin' Q. However, in case of Spain, Campbell and Mínguez-Vera (2008) find a positive effect of the percentage of women on board on firm value. The evidence from Germany suggests that gender diversity negatively affects firm performance initially and after a "critical mass", affects positively (Joecks, Pull, & Vetter, 2013). Nguyen et al. (2015) show evidence from Vietnam that the marginal positive performance effect of board gender diversity ceases when the percentage of female directors reaches a breakpoint of about 20%. In a study based in China, Liu, Wei, and Xie (2014) find a positive and significant relation between board gender diversity and firm performance. However, the relation is insignificant in case of Chinese state-controlled firms. Authors find women executive directors to be more effective than women-independent directors. Chapple and Humphrey (2014) take an aggregate (market-level) approach to compare the performance of portfolios of firms with gender-diverse Australian boards to find no evidence of an association between diversity and performance. However, there is some weak evidence of a negative correlation between having multiple women on the board and performance.

Low et al. (2015) study firms in Hong Kong, South Korea, Malaysia, and Singapore. Controlling for potential endogeneity between board gender diversity and firm performance, the authors find that the increasing numbers of women directors on the board have a positive effect on firm performance. They also show that the country's attitude towards women-at-work moderates this relation. Abdullah, Ismail, and Nachum (2016) study Malaysian firms to find a varied impact across different performance indicators, firms' ownership, and boards' structure. The authors find that board gender diversity positively affects accounting performance and negatively influences market performance. Type of firms' ownership (government or family) significantly moderates this relation; government ownership is significant and family ownership is insignificant. Evidence from Europe, Australia, and Asia is also inconsistent necessitating further research in this area.



#### 4. Impact of board gender diversity on firm decisions

Researched topics that are not related to firm performance include firms' corporate social responsibility ratings, informative-ness of stock prices, high-quality earnings, financial restatement, financing and acquisition decisions, corporate social performance, analysts' earnings forecast accuracy and dispersion, mergers and acquisitions, strategic change, corporate opacity, and firm risk. In a US setting, Bear, Rahman, and Post (2010) study the effect of board gender diversity on firms' Corporate Social Responsibility (CSR) ratings to find a positive effect on their CSR ratings. In addition, the authors also find that CSR ratings mediate the relation between board gender diversity and firm's reputation. Nielsen and Huse (2010) examine the impact of board gender diversity on keyboard processes in the Norwegian setting. The authors find a positive association between board gender diversity and board strategic control and a positive impact on board development activities. Gul, Srinidhi, and Ng (2011) find that stock prices of US firms with gender-diverse boards reflect more firm-specific information due to increased public disclosure. Srinidhi, Gul, and Tsui (2011) examine US boards to find that firms with greater female participation on their boards exhibit higher earnings quality.

Abbott, Parker, and Presley (2012) find a significant association between board gender diversity and a lower likelihood of financial restatement in US firms. Huang and Kisgen (2013) examine the relation between gender-diverse boards and financing or acquisition decisions. The authors find evidence in US firms that suggests women do not exhibit relative overconfidence in significant corporate decision-making compared to men. Hagendorff and Keasey (2012) examine whether gender diversity affects firm risk using a sample of US firms. The authors find that a board with a higher proportion of female directors is no more or less risk taking than a more male-dominated board.

Hafsi and Turgut (2013) find that gender-diverse US boards have a significant effect on Corporate Social Performance. Boulouta (2013) finds that due to the stronger "empathic caring" exhibited by women directors, more gender-diverse boards in the US exert a stronger influence on the Corporate Social Responsibility metrics that focus on negative business practices. Gul, Hutchinson, and Lai (2013) study the relation between board gender diversity and analysts' earnings forecast accuracy and dispersion in US firms. The authors find that gender-diverse boards have higher analysts' earnings forecast accuracy and lower analysts' earnings forecast dispersion. Gregory, Jeanes, Tharyan, and Tonks (2013) explore the market reaction to trading activities of women directors in UK firms. The authors conclude that in the short term, markets react less favorably to trades by female directors, but in the long term, they recognize that the female executives' trades are informative.

Triana, Miller, and Trzebiatowski (2013) examine US firms to study how board gender diversity, firm performance, and the power of women directors interact to influence the amount of strategic change. The authors find that in case of an absence of low firm performance threat and women directors having greater power, the influence of board gender diversity on strategic power is the most positive. However, in case of the presence of low firm performance threat and women directors having greater power, the influence of board gender diversity on strategic power is the most negative. Levi, Li, and Zhang (2014) study the impact of board gender diversity on mergers and acquisitions in US firms and find that firms with female directors are less likely to make acquisitions, and if they do, pay lower bid premia.

Upadhyay and Zeng (2014) develop an opacity index based on analyst following, analyst forecast error, bid-ask spread, and share turnover to measure corporate opacity. The authors find that gender-diverse US firms are more transparent. Liao, Luo, and Tang (2015) examine the impact of board gender diversity on the voluntary disclosure of greenhouse gas (GHG) emissions in the form of a Carbon Disclosure Project report in UK firms. The authors find a significant positive association between gender diversity and the propensity to disclose GHG information, as well as the extensiveness of that disclosure. Perrault (2015) investigates how women on US boards contribute to

board effectiveness by breaking up all-male directors' networks. The author finds that women directors enhance perceptions of the board's instrumental, relational, and moral legitimacy through real and symbolic representations. This leads to increased perceptions of the board's trustworthiness, which in turn, fosters shareholders' trust in the firm.

## 5. Conclusion

It is abundantly clear that women directors are under-represented on corporate boards. In response, several countries have enacted gender quota legislation to mandate the appointment of women directors on corporate boards. Gender quota legislation tries to address the ethical aspect that women are under-represented despite equal competence (Terjesen, Aguilera, & Lorenz, 2015). Across countries, gender quota legislation takes a variety of forms but generally consists of a set gender quota (percentage of board size), time period, and penalties for non-compliance. The Norwegian government was the first to establish a 40% female quota in 2003, Spain established 40% female quota in 2007. The growing list of countries to join the bandwagon are Belgium, Finland, France, Iceland, Israel, Italy, India, and Kenya.

Recent studies have focussed on the impact of gender quota legislation. Evidence from Norway is unique given the huge exogenous gender quota shock. Norway passed the gender quota legislation in December 2003 and enforced the law in January 2006, with a two-year transition period. By 2008, all public limited Norwegian boards complied with 40% gender quota. Bøhren and Strøm (2010) study Norwegian firms over the period 1989–2002, prior to the implementation of the gender quota legislation. They intentionally choose the sample period to explore whether the regulator could have used observable board characteristics in the unregulated period. The authors find no convincing economic reason for a quota legislation that enforces a minimum fraction of the firm's directors of a certain gender. Wang and Kelan (2013) empirically examine the influence of gender quota on Norwegian boards over the period of 2001–2010. The authors find that an increase in women director membership positively affects the appointments of women in top leadership positions. The authors also document that the independent status of women directors has a positive impact on the likelihood of a board chaired by a women director.

Ahern and Dittmar (2012) extensively study the impact of board gender diversity on firm value in the context of Norwegian gender quota legislation. They collect data for all firm-years over 2001 to 2009 to provide a complete picture of the transformation of Norwegian boardrooms and show that the quota-driven board gender diversity has a large negative effect on firm performance as measured by Tobin's Q. The authors document a significantly different stock price reaction to the announcement of the quota legislation for those firms with no women directors compared to those with at least one woman director. They also find that the quota-led firms grow in size, make more acquisitions, and realize worse accounting returns.

Evidence from Spain indicates a positive impact of gender quota legislation. Lucas-Pérez, Mínguez-Vera, Baixauli-Soler, Martín-Ugedo, and Sánchez-Marín (2015) show that gender diversity positively affects the effectiveness of Spanish boards, resulting in positive firm performance, and conclude that Spanish legislative actions aimed at increasing the presence of women on boards of directors are justified for reasons of economic efficiency. The authors find that gender diversity on boards leads to a greater diversity of knowledge and skills, as well as to a greater variety of appropriate criteria for making decisions.

However, a cross-country study by Labelle, Francoeur, and Lakhal (2015) shows that the regulation of board gender diversity through a legislative (enabling) approach negatively affects the relation between gender diversity and firm performance. The authors argue that a fast-tracked increase in the demand for more female directors can create a shortage of women with sufficient business experience, forcing firms to appoint less experienced women. Impact analysis of gender

quota policy has motivated research in understanding the need for policy, underlying institutional factors, and ethical tensions.

Terjesen et al. (2015) study 10 countries to outline an integrated model of three key institutional factors to explain the establishment of gender quota legislation. The key institutional factors are left-leaning political government coalitions, female labor market and gendered welfare state provisions, and path-dependent policy initiatives for gender equality. Ferreira (2015) argues that current research neither supports nor provides a case against board gender quotas. The author concludes that causal effects are too hard to estimate and that a study on the potential benefits to larger society is more important than focus on narrow measures of firm profitability. Using data qualitative interviews, Seierstad (2016) explores how women in senior positions justify gender quotas and their use in helping them attain board positions. The author finds that women use both individual justice argument and economic case to rationalize gender quotas.

Following other countries around the world, India also legislated its gender quota policy in 2014. The quota policy mandates at least one female director for listed companies, effective since 1 October 2014. Accordingly, all listed companies with equity capital more than USD 1.5 million and net worth exceeding USD 3.8 million<sup>1</sup> come under the new quota policy in India. There are proposals for gender quotas in listed firms in Denmark, Ireland, Netherlands, South Africa, and Sweden. Voluntary targets are in place in several countries including Poland and Austria. Serious policy debates are taking place in many countries. Future research may focus on the potential limitations and benefits of gender quota legislation to larger society and explore what factors might help countries to pass their gender quota legislation.

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#### Note

1. We use the exchange rate 1 USD = INR 65 to convert INR 100 million = USD 1.5 million and INR 250 million to USD 3.8 million.

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