

# Good Governance: Women on Boards Fact Sheets Quotas

#### Introduction

vicsport, with the support of VicHealth, has conducted research into the lack of women currently sitting on boards within the sport and recreation industry. Interviews were conducted with nine women who currently, or had previously, held a board position. The purpose of the interviews was to gather views based on firsthand experience and observations regarding common barriers faced by women, pathways onto board positions and possible strategies to encourage more women to get involved in governance positions of sporting organisations. Board positions held ranged from sporting clubs, State Sporting Associations (SSAs), peak bodies and government agencies.

One of the key themes discussed was quotas.

### Quotas

Due to the low representation of women on boards the enforcement of quotas has become a topic of debate. Through our research it was found that women made up only 29% of board positions in Victorian State Sporting Association's. In Norway, legislation relating to the minimum number of women on corporate boards has been introduced with levels of representation now reaching 45% since the laws were implemented in 2003. Several other European countries are now following, or making plans to follow, in Norway's footsteps. In the sporting industry, Hockey Australia is leading the way with their gender equity stance, which requires each gender to represent at least 35% of the board. As a result Hockey Australia now has four female State Presidents as well as a National President.

vicsport asked the women interviewed about their thoughts on whether quotas should be introduced and why it is that women are generally opposed to them despite the fact they are the perceived benefactors.

When asked about their thoughts on implementing gender quotas on boards, the majority of women disliked the idea of quotas but expressed frustration with the lack of progress and saw quotas as a possible last resort that may necessary for change to occur. One director stated that "it is sad that it has come to that but I've accepted that perhaps that's all we can do. "

#### **Quotas in Action: Norway**

The Norwegian Government passed new legislation in 2005 which required all publicly listed companies have at least 40 per cent of women on boards. Five years on, and approximately 45% of board members are women. Companies were given time period of five years to get numbers up to the prescribed levels before penalties such as large fines were introduced.

There have since been reports of increased performance from companies with a higher proportion of women on their boards. In addition, other European countries including Germany and Spain have implemented similar strategies after Norway's success.



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The interviewees revealed a number of the benefits that may be brought about by the implementation of a quota system. This included:

- Enforcing cultural change in organisations,
- Increasing the awareness of the benefits of gender diversity on boards.
- Allowing women to make an impact at board level by affording them an opportunity they may not otherwise have been afforded,

"We're all equal and you need to be appointed on our merits"

- An opportunity to break down barriers and improve the confidence of women to apply for the positions with a reasonable and fair chance at being successful in the application,
- It will be the foot in the door that women need in order build their confidence prove that they can be effective members of the sporting organisation through bringing new diversity and thought processes to the board.

During the interviews, the women also discussed the negative implications that the introduction of a quota system may have on women involved and the boards themselves. Among them were:

- Positions may no longer be afforded to the best possible candidate.
- Quotas may be detrimental to the board's performance and for the women appointed as a result of the quotas.
- The entire board needs to be made aware of the advantages of board diversity and be willing to be a part of the change or the chances of failure are increase significantly.
- Women may be viewed simply as tokens and not as contributing members of the board.

Despite the negative connotations seen around tokenism, several of the women felt that it had given them the opportunity which may not have otherwise been open to them. It is important that women feel that they have the abilities to fulfil the required skill set which will allow you to make a meaningful contribution no matter how the opportunity arose.

"I don't believe in tokenism, if I have been given a role due to tokenism then that is fine by me because it's given me an opportunity" Several strategies were proposed by the women to prevent, or minimise, tokenism. One suggestion put forward was to allow boards the power of initial appointment but for the women, or any newly-appointed board member, to have to stand for election after 12 months. This gives them the opportunity to establish themselves but also provides a form of validation for both the men and women involved.

Two of the women emphasised the importance of managing quotas correctly in order to prevent tokenism. The Chair person was seen to play an important role in ensuring that tokenism does not occur at the boardroom table by ensuring that all directors, male and female, views are considered and respected in discussion and



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decision making. "There is a need to train the organisation to accept and adjust to changes which are going to occur. It is a cultural shift as much as anything which must be managed properly. They should be seen as a target to be worked towards as in all other aspects of business."

Some believe that although it should not come to this it will enforce change and are therefore needed until such time as men and women are viewed with equal standing. "Quotas will give women opportunities that they may not otherwise have had however if they do not have the relevant skills for the position it may be detrimental to what the quota is trying to achieve, especially if they are the first woman on the board."

"You go onto a board as a director, not as a woman or a man"

Recommendations	Rationale
Use the word 'target' rather than 'quota'	<ul> <li>Avoid the negative connotations of quotas.</li> <li>Give the board some feelings of control and flexibility.</li> <li>Makes it just like any other management target that already exists for every business.</li> </ul>
Educate boards and the sporting industry on the importance of gender diversity	<ul> <li>Promote the benefits that gender diversity can provide.</li> <li>Enable all members to embrace the concept of women on boards.</li> <li>Increase the likelihood of a women succeeding at board level.</li> </ul>
Good management of the transition to quotas	A cultural shift of the organisation requires careful management.
Educate women on how to deal with tokenism	Teach women to take opportunities no matter how they arise and have confidence in their skills.