Corporate Quotas and Symbolic Politics in Advanced Democracies

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Abstract: This paper identifies trends in the adoption and implementation of quotas for corporate boards, an under-researched topic in political science. Corporate quotas—like legislative quotas—constitute the "fast track" to gender equality, but appear more commonly in advanced democracies. The measures take three different forms: laws covering all companies; laws covering state-owned companies only; and non-binding (voluntary) measures in corporate governance codes. Yet on-paper differences notwithstanding, corporate quotas are largely toothless. First-generation corporate quotas, like first-generation legislative quotas, operate symbolically. In raising the specter of stringent legislation in the long-run, corporate quotas induce firms into voluntary compliance in the short-run.

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Corporate Quotas and Symbolic Politics in Advanced Democracies

In 1991, Argentina became the first country in the world to legislate gender quotas for congress, mandating that political parties nominate 30 percent women to electable positions on closed candidate lists. Female activists across the globe successfully pressed for quotas, and affirmative action mandates now apply beyond the legislature, to cabinets, subnational executives, judiciaries, and the public administration (Thames and Williams 2013; Franceschet and Piscopo 2013). Gender quotas guarantee women access to state institutions and—while not uncontroversial—receive their legitimacy from states' constitutional promises to grant women equal political rights (Piscopo 2015). The recent diffusion of gender quotas to corporate boards goes beyond this mandate. These "corporate quotas" regulate the leadership of private organizations, entities not typically governed by the rights-based language of political participation. When Germany became the eighth Western European country to pass a corporate quota law in December 2014, BMW, Volkswagen, Daimler, and Opel threatened to move production out of the country in retaliation.[1] Corporate quotas extend states' gender equality commitments into private arenas, generating additional controversy.

The mechanisms and consequences of gender diversity on corporate boards (hereafter referred to as "board diversity") have received significant attention in the fields of economics, business, and management (Fagan, González Menéndez, and Gómez Ansón, 2012; Terjesen, Aguilera, and Lorenz 2015). Gender and politics scholars, however, have not analyzed the rise of corporate quotas beyond a few case studies (Meier 2013, Freidenvall and Hallosten 2013). Yet corporate quotas represent both a continuation of and a departure from typical gender equality policies. As Dahlerup and Freidenvall (2005) explained, quotas in politics signify widespread dissatisfaction with the "slow track" to equality offered by classically liberal democratic regimes. Liberal states typically tackle gender inequality by adopting non-discrimination laws purported to level the playing field for women. This approach corresponds to the pipeline theory of women's advancement: with discrimination prohibited, the benefits of equal opportunity accrue over time, and women gradually accumulate the qualifications needed to attain top positions at the same rates as men. Yet protection from outright discrimination does not always equalize men's and women's status. Faced with systematic exclusion, women's groups seek quotas as a "fast track" to gender equality. While the political fast track has been most popular in new or aspiring democracies (Thames and Williams 2013; Paxton and Hughes 2015), corporate quotas have appeared most commonly in the "old" democracies of Western Europe.

Thus, corporate quota adoption appears surprising, because the female-friendly labor policies found in Europe's established democracies do more than just level the playing field; they help women overcome the structural disadvantages associated with motherhood, creating an implicit fast track to power. The perception that European countries' policies favor women's advancement certainly bears out in politics, where women in Norway, Finland, and the Netherlands attain more than 30 percent of parliamentary seats without quotas (Paxton and Hughes 2015: 75-77). Yet these same states have adopted corporate quotas, choosing an *explicit* fast track to corporate leadership—even when they have rejected this track for political posts.

This paper examines this puzzle, assessing corporate quotas' adoption and implementation against research on political quotas. We pose three questions: Why are corporate quotas adopted? What are the key variations in their design? And, do they achieve their fast-track goals? Just as the first generation of legislative quota research documented global patterns in adoption, recognized key distinctions in quota types (especially the difference between statutory mechanisms and voluntary measures), and established directions for future investigations (Krook 2007; Dahlerup 2007; Dahlerup 2008), our paper contributes to the first generation of corporate quota research by establishing a typology of corporate quotas, making initial claims about the causes and consequences of this variation, and setting an agenda for future research. We conclude that corporate quota statutes "matter" because they symbolize a country's willingness to address women's underrepresentation in business via legislation. However, we also find that adopting and non-adopting countries raise their percentages of female directors over time. Corporate quota debates unfold as women-in-business groups highlight the dearth of female directors, and government ministers threaten legislative action unless companies voluntarily promote more women. This pattern repeats across the European cases, and we conclude that statutory threats may be as effective as legislation in bringing women onto boards, particularly in the short to intermediate term. The fast track leads to actual policy change, but also significant symbolic effects.

We build this argument in several stages. First, we compare the political science literature on candidate recruitment and legislative quotas with the business literature on board diversity, identifying the theories—and the resultant policy frames—through which scholars, advocates, and policymakers understand women's and men's differential access to power. Second, we use variation in corporate quotas' design to inductively construct a typology of corporate quotas. We focus on the difference between no quotas, recommendations in corporate governance codes or stock exchanging listings ("soft quotas"), and binding statutory measures that apply to only state-owned companies ("limited hard quotas") or to both privately-held and state-owned companies ("comprehensive hard quotas"). Linking our typology to theoretical and political debates about how and when women access power, we argue that countries framing the dearth of female directors as a structural, and thus political, problem will *legislate* their commitments to board diversity. Countries that resist framing the underrepresentation of female directors will rely on companies' voluntary good will, expressed through soft quotas or no measures at all.

We then explore how our typology, as a categorical variable, can guide research. We first evaluate the typology as an independent variable explaining quota effectiveness. While studies of legislative quotas have concluded that statutory measures are essential to raising the proportion of women in political leadership (Schwindt-Bayer 2009; Paxton and Hughes 2015), we find that soft quotas and hard quotas may be equally effective at raising the proportion of female directors. This observation guides our "statutory threat hypothesis." First-generation corporate quotas, like first-generation legislative quotas (Htun and Jones 2002; Piscopo 2015), are heavy on loopholes and light on oversight—but raise the specter of more stringent laws and enforcement in the long-term. Whereas political parties may support legislative quotas to curry favor among voters, firms may nominate more female directors to demonstrate their good-faith commitments as government ministers contemplate state intervention.

We draw our data from the Anglo- and European advanced industrialized democracies: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States. Only a few countries outside this sphere have adopted corporate quotas, notably South Africa, Malaysia, and Israel. Given their historical, political, and social ties (Lijphart 1999; Inglehart, Norris and Welzel 2002), the Anglo- and European democracies are similar countries facing similar national-level pressures to increase women's presence in corporate leadership. Yet not all demands lead to similar endpoints, hence the importance of creating typologies and developing hypotheses around the causes and consequences of policy variation.

Explaining Women's Presence on Corporate Boards

Scholars from business, management, and economics literature have explored board diversity at the firm level, concentrating on two questions: how women attain board posts, and the effects of improved board diversity. The latter agenda influences the former: if board and firm performance improve as gender diversity increases, then advocates have a compelling argument for encouraging or mandating women's inclusion on boards (Teigen 2012b: 135-6). Just as legislative quota advocates emphasize the positive changes to democratic governance and public policy that would follow from electing more women (Krook 2007; Franceschet, Krook, and Piscopo 2012), corporate quota proponents champion the "business case for diversity." That these arguments are premised on essentialist notions of women's difference or overly-optimistic notions of newcomers' ability to change institutions has not stopped researchers from exploring whether women indeed make a difference. The findings, which reveal a "net positive" for women's inclusion on boards (Fairfax, 2011; 860), inform lobbying strategies in North America and Europe: groups promoting women in business—such as the European Women's Lobby, the European Professional Women's Network, the Fawcett Society (UK) and Catalyst (US)—continually emphasize the firm-level economic benefits to diversifying boards and top management (Villiers 2010; Elomäki 2015).

Yet firms continue to appoint few female leaders. Gender scholars classically framed women's political recruitment as one of "supply and demand" (Norris and Lovenduski 1995). Social and economic structures affect the pool—or supply—of qualified aspirants. Economic and political modernization entailed removing the legal barriers that prevented women from attending school, participating in the workforce, and entering politics, leading modernization theorists to argue that women would become men's equals as their status improved (Inglehart, Norris and Welzel 2002; Matland 2002). Similarly, subscribers of "pipeline theory" in the business, management, and economics literature argue that, as more women gain the requisite educational qualifications and career experience, their proportions in corporate leadership positions will increase (Terjersen, Sealy, and Singh 2009). Yet just as modernization does not tell the whole story of women's political empowerment (Inglehart, Norris and Welzel 2002), studies of the "pipeline's broken promise"—a term itself popularized in a 2010 Catalyst report—reveal that businesswomen are not ascending the corporate ladder despite their education, training, work experience, and ambition (Branson 2008; Davidson and Burke 2012). As Catalyst's 2010 report highlighted, women comprise 40 percent of the global workforce—but 14 percent of corporate executives in the world's top publicly-traded companies (Carter and Silva 2010: 5). Change has proceeded glacially: for instance, in the EU-27 between 2003 and 2012, the proportion of female directors rose from 8.5 percent to 13.7 percent, and the number of female CEOs climbed from 1.6 percent to 3.2 percent (European Commission 2012: 10-12).

"Broken promise" adherents thus argue that modernization theory and pipeline theory, in privileging women's individual qualifications, overlook systematic gender discrimination on the supply side. Even when women have the credentials, gender stereotypes and the persistence of male-dominated recruitment networks prevent them from attaining the top positions in government (Niven 1998; Bjarnegård and Kenny 2016) and in business (Branson 2008; Villiers 2010). Women face this glass ceiling even in countries that actively promote women's labor force participation. For example, despite extensive parental leave policies, generous daycare provisions, and equal wage laws, women in advanced industrialized democracies—whether they have children or not—face “mommy penalties” or “maternal wall bias” (Epsing-Andersen 2009; Iverson and Rosenbluth 2010, Williams 2003).

On the demand side, gender scholars suggest that certain institutional variables may mitigate bias, pulling women into leadership positions. For example, political parties typically perceive less risk to nominating women in multi-member districts (Htun and Jones 2002; Schwindt-Bayer 2009). Likewise, corporate boards also recruit women in situations of low risk and high rewards, such as when profits are stable (Dobbin and Jung 2011) and when boards are large (Hillman, Shropshire, and Cannella 2007; Lückerath-Rovers 2013). Just as feminized policy portfolios, such as culture and tourism, have higher concentrations of female cabinet ministers (Escobar-Lemmon and Taylor-Robinson 2005), highly-feminized industries such as healthcare have greater numbers of female directors (Hillman, Shropshire and Cannella 2007). Women’s political power may also influence their economic power: Terjesen and Singh (2008) find positive correlations between countries’ proportion of women in politics and senior management, narrow sex-gaps in compensation, and proportion of female directors.

Beyond institutions, citizen preferences and organized lobbies also shape the demand for female leaders. In politics, constituents support female leaders because they associate women with political renewal, believe that female politicians favor more equitable policies, or view women’s presence as reflecting the fairness and legitimacy of the political system (Franceschet, Krook, and Piscopo 2012; Krook 2007). Parties perceive an electoral advantage in nominating women (Kittilson 2011), and endure public shaming when they do not (Towns 2012). Yet electoral competition and public accountability do not apply to business. Corporations have consumers, not constituents, and consumers choose products and services based on price and quality. Board diversity advocates appeal to businesses’ bottom line, but consumers largely remain unaware of board composition. Citizens typically focus on products (for example, the “not buying it” hashtag that shames companies whose merchandise perpetuates gender stereotypes) and, when corporate leadership does affect consumer behavior, CEOs—not boards—typically bear the brunt of bad publicity. For political parties, recruiting women enhances their image as modern, equitable and fair, leading to electoral benefits. For corporations, selecting female directors does not alter consumers’ behavior, perhaps explaining why pressure to promote women succeeds more readily once government ministers join women-in-business groups to press for change.

Adopting Corporate Quotas

Few national-level studies examine variations in board diversity outcomes and policies. In one exception, Terjesen and Singh (2008) find that the longer the country promoted women to senior political positions, the fewer the female directors. Talented women may pursue careers in politics rather than business, or leaders may become complacent about pushing gender equality in business (Terjesen and Singh 2008: 60-61).This study signals two potential explanations for why countries adopt corporate quotas: institutions’ effect on labor markets, on the one hand, and policy discourses on gender equality, on the other.

A significant literature explores how institutional variation in market structures and welfare regimes affect labor outcomes, including women’s overall workforce participation (Iverson and Rosenbluth 2010) and sex segregation in occupational choice and skill development

(Estevez-Abe, Iversen, and Soskice 2001; Estevez-Abe 2006). Institutions even shape women's familial roles and political preferences (Iverson and Rosenbluth 2006). More broadly, the "varieties of capitalism" literature, which categorizes European and Anglo democracies according to their differing market structures (Hall and Soskice 2001), uses varied indicators—from market coordination to family leave—to explain cross-national variation in women's economic and social status. Institutions therefore might also explain which countries adopt corporate quota policies.[2] For instance, Terjesen, Aguilera, and Lorenz (2015) propose that maternity leave, childcare, and female labor force participation correlate with corporate quota adoption—but find that states with generous support for women's employment have statutory quotas (i.e., Norway and Denmark) whereas others do not (i.e, Sweden and Luxembourg). In an earlier study, we found no correlations between weeks of maternity leave, different measures of female labor force participation, and the presence of corporate quotas (Clark Muntean and Piscopo 2013).

However, states' generous welfare regimes do signal recognition of systematic discrimination. Teigen (2012b) attributes countries' corporate quota laws to political norms that emphasize gender equality combined with a tradition of quotas for political offices. Most European and Anglo countries have at least one political party that uses quotas to select female nominees. Yet *mandatory* affirmative action in business does not always coincide with mandatory affirmative action in politics: of the nine countries in our dataset with statutory corporate quotas for private and state-owned enterprises, only four have statutory legislative quotas, and of the seven countries with statutory corporate quotas for just state-owned enterprises, only two have statutory legislative quotas. More European countries have adopted corporate quota laws than legislative quota laws.[3] Corporate quota adoption may thus depend less on an institutional predisposition or policy tradition, and more on how advocates and policymakers conceptualize women's opportunity structure in business.

For example, women's underrepresentation in Belgium has been framed as an injustice, one damaging to democracy (Meier 2013). Members of parliament wrote this understanding into Belgium's quota laws for federal advisory committees, the legislature, and corporate boards, while also framing corporate quotas as combating the glass ceiling (Meier 2013: 462). Meanwhile, in Sweden, the most dominant frame emphasized women's individual qualifications: despite some ministers' efforts to focus on systematic discrimination, the Swedish government declined to pursue quota laws for privately-held firms (Freidenvall and Hallonsten 2013). Finland similarly resisted discourses about structural discrimination in business, also rejecting statutory corporate quotas (Korvajärvi 2012). Thus, despite both Sweden's and Finland's welfare state tradition, their national discourses emphasize market competition and explain success in terms of individual merits, and reject quotas as a remedy for women's underrepresentation on boards (Tienari et al 2009). Likewise, though women's ministers and women-in-business groups in both Norway and New Zealand emphasized gender discrimination, these discourses gained traction in Norway, which adopted corporate quotas, but not in New Zealand, which resists regulating privately-held firms (Casey, Skibnes, and Pringle 2011). In focusing on policy discourses, these case studies attribute explanatory power to policymakers' and advocates' ability to persuade ministers, parliaments, and publics that the pipeline's promise is truly broken.

Countries adopting corporate quotas thus find that the slow track worked for them in politics (Dahlerup and Freidenvall 2005), but not in business, traditions of liberal non-discrimination measures and family-friendly economic policies notwithstanding. Importantly, corporate quota advocates—industry groups such as Catalyst and the European Professional

Women's Network, and government ministers with portfolios in women's affairs, justice, or equality—focus their attention exclusively on boardrooms and senior management. While advocates emphasize women's experiences of systematic discrimination and exclusion, their concern is with elite women, and they lack the broader, social justice-based claims characteristic of feminist movements (Elomäki 2015). Corporate quota adoption may therefore correspond less with the institutional metrics predicting women's broader workforce integration, and more with conversations about why very elite women remain excluded from very elite places.

Such conversations may especially resonate in countries where corporate governance does not just privilege shareholder profits, but recognizes social stakeholders, as Magnier and Rosenlum (2014) suggest in their comparison of France (stakeholder culture and statutory corporate quota) and the United States (shareholder culture and no corporate quota). The "stakeholder corporate culture" has rapidly diffused across Europe (Magnier and Rosenblum 2014), but we still see considerable national-level variation in the *type* of corporate quota adopted. The next section describes this variation, grouping countries according to design of their corporate quota. Theories of supply and demand, and the frames surrounding corporate quota debates, lead us to the following hypothesis: when advocates persuade governments that structural factors explain stalled progress for women at the top, countries adopt statutory corporate quotas, as opposed to voluntary diversity recommendations or no quotas at all.

Corporate Quotas and Diversity Commitments: A Typology

We analyze the corporate quota policies for all 22 countries in our sample. We use countries' original quota statutes, corporate governance codes, and stock exchange listings when available in English, supplemented and cross-checked with secondary sources, including newspaper articles, European Union reports, and descriptive studies by Teigen (2012b), Fagan, González Menéndez, and Gómez Ansón (2012), Machold et al (2013), and Terjesen, Aguilera, and Lorenz (2015). Our data begin in 2009, but our analysis is cross-sectional; we analyze each country's policy as of December 2015, but note when the policy evolved from an earlier version. We construct an inductive typology—an ordinal variable—of corporate quota types, following the criteria shown in Figure 1.

Categorizing Policy Variation

First, we ask whether or not a quota policy exists. Second, if a quota policy exists, we ask whether the quota is "hard"—meaning set percentages enacted through legislation—or "soft"—meaning targets contained within a country's corporate governance code or stock exchange registry requirements. Ministers or other government representatives may urge board diversity, but encouragement is not the same as statutory or regulatory change. The latter is essential to classify a country as having a corporate quota, but legislation differs from corporate governance and stock exchange rules in important ways. Legislation carries the promise of enforcement. Corporate governance codes and stock exchange listing rules do not. Typically drawn by a government regulatory agency (a finance ministry or stock exchange commission), soft quotas could potentially be enforced: government officials could revoke firms' legal status or deny their public listing. However, our research uncovered no examples of governments punishing firms for failing to meet diversity targets. Scholars have thus characterized soft quotas as non-enforced voluntary measures (Terjesen, Aguilera, and Lorenz 2015; Fagan, González Menéndez, and Gómez Ansón 2012), and we concur.

Turning to the hard quotas as mandatory measures, we ask whether the legislation applies only to state-owned enterprises in which the state is the sole or majority shareholder (e.g.,, public utilities), or to state-owned enterprises and privately-held firms (companies owned by private parties). We characterize the former as "limited" and the latter as "comprehensive." Lastly, for both comprehensive and limited hard quotas, we consider two possibilities for enforcement: whether quota statutes impose sanctions for noncompliance (such as fines or revocations of directors' privileges) or opt for lax oversight. For the latter, the statute either lacks sanctions or imposes the toothless "comply or explain rule," where companies can evade filling the quota simply by disclosing their reasons.

FIGURE 1 HERE

Importantly, these distinctions emerge from countries' policies as they are written, not as they are implemented. Scholars of legislative quotas have shown that first-generation quota laws passed *because* they were weak: savvy politicians wrote numerous loopholes into legislative quota statutes, gaining substantial public relations benefits while not truly compelling parties to nominate more women (Piscopo 2015; Htun and Jones 2002). Similarly, the corporate quota policies surveyed here are first-generation policies: as discussed below, they too contain loopholes that undermine their effectiveness. Consequently, distinctions between hard and soft quotas, limited hard quotas and comprehensive hard quotas, and sanctions and lax oversight operate at the symbolic level: passing a hard quota signifies that correcting the dearth of female directors requires legislative intervention, even if the statutes are technically weak.

Countries by Corporate Quota Type

Soft quotas are non-legislated recommendations in corporate governance codes or stock exchanging listing rules, which specifically mention board diversity as an objective to be sought or achieved, rather than merely disclosed. Though other government ministries may recommend the appointment of female directors, only the regulations shaping how companies operate—governance codes and stock exchange listing rules—can be enforced (even if such enforcement is not ultimately pursued). For example, the New Zealand government aims to increase women's participation on private-sector boards, but the stock exchange does not formally require that companies adopt gender diversity strategies (New Zealand Stock Exchange 2015).[4]

Seven countries in our sample had soft quotas as of December 2015: Australia, Austria, Finland, Ireland, Luxembourg, Sweden, and the United Kingdom.[5] Most countries adopted soft quotas beginning in the 2000s (Fagan, González Ménendez, and Gómez Ansón 2012), and some were replaced by comprehensive hard quotas (discussed below). Nearly all were gradually strengthened from recommendations that diversity be sought, to specific statements about achieving specific targets (Ireland and the United Kingdom) or attaining mixed-sex representation (Austria, Finland, Luxembourg, and Sweden). Some soft quotas do require that firms "comply or explain." Yet it remains unclear whether firms do so, whether government officials have established criteria for evaluating explanations, and whether firms ignoring the targets or offering unpersuasive reasons are punished (Fagan, González Ménendez, and Gómez Ansón 2012). We therefore conclude that soft quotas lack enforcement and do not subdivide them based on sanctions versus lax oversight. At best, soft corporate quotas compel companies to consider women's inclusion, a situation similar to the voluntary targets for female candidates set by political parties.

TABLE 1 HERE

Hard quotas, by contrast, set target percentages that are binding. Table 1 shows that sixteen countries as of December 2015 currently apply either comprehensive or limited hard corporate quotas: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, the Netherlands, Norway, New Zealand, Spain, and Switzerland. In the case of limited hard quotas, we see that Australia, Austria, Finland, and Ireland adopt these measures in combination with soft quotas, while Greece, New Zealand, and Switzerland apply limited hard quotas without soft quotas. As shown in Table 1, limited hard quotas were adopted or updated in the last decade.[6] All use the "comply or explain rule." Compliance is overseen by government ministers who may or may not prioritize board diversity, and the statutes, like soft quotas, neither provide guidance on satisfactory reasons nor stipulate sanctions in the case of unsatisfactory reasons or outright noncompliance. Theoretically, limited hard quotas could contain sanctions, especially given their application to state-owned companies. We allow for this possibility in our conceptual model (the branch towards "sanctions" in Figure 1) but find that all current limited hard quota policies have lax oversight.

Nine countries have comprehensive hard quotas. Both Denmark and Iceland began with limited hard quotas, expanding these measures to private sector firms in 2011. The Netherlands, Belgium, France, Germany, and Spain transitioned from soft quotas in the early 2000s to comprehensive hard quotas later in the decade. In Italy and Norway, comprehensive hard quotas appeared without any prior experimentation with soft quotas or limited hard quotas. Countries' corporate quotas clearly change over time, which the branches in Figure 1 representing different evolutionary possibilities. Moreover, as with soft quotas and limited hard quotas, comprehensive hard quotas are recent developments. Norway was the earliest adopter, in 2003, and the remaining eight countries—Belgium, Denmark, France, Germany, Iceland, Italy, the Netherlands, and Spain—adopted their policies between 2007 and 2015.

Like limited hard quotas, comprehensive hard quotas vary in whether they impose sanctions or have lax oversight. Iceland imposes no sanctions and the Netherlands uses the "comply or explain" rule. We characterize both as lax oversight, since these procedures rely on ministerial discretion for enforcement. Belgium, Denmark, France, Germany, Italy, Spain, and Norway impose concrete penalties, but with varying degrees of severity. In Spain, companies failing to meet the quota will receive lower preference in the granting of government contracts—a comparably weak sanction. The newly-adopted German statute specifies that the vacancy remains until a woman is nominated. In France and Belgium, directors of non-compliant boards lose their compensation and their privileges, respectively. The Danish statute allows for fines, and the Norwegian and Italian statutes have escalating penalties, beginning with warnings, and ending with fines in Italy and company dissolution in Norway.

The Symbolic Politics of Diversity Commitments

Financial sanctions clearly place the comprehensive hard quota cases of Belgium, Denmark, France, Italy, Norway, and Spain on a different path when compared to Iceland, Germany, and the Netherlands. Yet *all* comprehensive hard quotas contain other features that mitigate their numerical impact. First, many statutes vary the timing of implementation, including phase-in periods and/or gradual increases in the threshold percentage (as in Italy, France, and Belgium). Second, the statutes include loopholes that limit coverage to firms with certain numbers of employees, revenues, or legal structure (as in Denmark, the Netherlands, Belgium, France, Iceland, and Spain). Since these decisions reflect the minutiae of policy design, we do not conceptualize these variations in Figure 1.

Nonetheless, loopholes reduce comprehensive hard quotas' reach. The Norwegian law—generally considered to be the region's strongest—exempts private limited liability companies. Consequently, the law affects fewer than two percent of all Norwegian businesses (Teigen 2012a: 82).[7] In France, the law only applies to companies with more than 500 employees or 50 million Euro in annual revenues. These restrictions subject approximately 2,000 of the country's three million businesses to the quota (European Commission 2012: 19). The Dutch law, which expired in 2016, exempted firms with certain legal structures, ultimately affecting less than one percent of all companies listed with the Dutch Chamber of Commerce (Lückerath-Rovers 2012: 29). Denmark's statute appears particularly weak, requiring that companies *set*, rather than meet, a 40 percent target.

These myriad limitations indicate that statutory quotas may be more symbolic than substantive. The presence of enforcement, as captured by the distinction between sanctions and lax oversight, appears less important in practice: since corporate quota laws impact very few businesses, even effective enforcement mechanisms will not place significantly more women on boards. Here, we see strong parallels to first-generation legislative quotas: initial quota laws contained loopholes that rendered them numerically ineffective, but nonetheless demonstrated that states considered women's presence beneficial for democratic legitimacy (Piscopo 2015; Towns 2012; Krook 2007). Comprehensive hard quotas for corporate boards likewise demonstrate states' emphasis on fast tracking women onto corporate boards, no matter how reduced in practice.

Mindful that first generation quotas thus send powerful signals on paper, we set enforcement aside and derive our typology from the first three branches in Figure 1. Countries can present one of four levels of commitment to board diversity: no quota (*no commitment*), a soft quota only (*low commitment*), a limited hard quota typically but not always combined with a soft quota (*medium commitment*), or a comprehensive hard quota (*high commitment*).

By December 2015, three countries in our dataset had no quota mechanisms (Canada, Portugal, and the United States).[8] These countries have debated quotas, and government officials have even insisted on the importance of board diversity, but neither statutes nor regulations currently require women's inclusion on boards. This concrete action has occurred elsewhere: three countries exhibited low levels of commitment with soft quotas only (Luxembourg, Sweden, and the UK); seven presented medium commitment with limited hard quotas (Austria, Denmark, Finland, Greece, Ireland, New Zealand, and Switzerland); and nine expressed high commitment with comprehensive hard quotas (Belgium, Denmark, France, Germany, Iceland, Italy, the Netherlands, Norway, and Spain). This typology matches insights from the case study literature, in that countries emphasizing women's progress in terms of pipeline theory—i.e., Finland, Sweden, and New Zealand—currently manifest lower levels of commitment, whereas countries emphasizing structural discrimination—i.e., Belgium and Norway—have chosen the highest level. Nonetheless, the evolution of some countries' quotas along the pathways identified in Figure 1 suggests an overall trend wherein top policymakers acknowledge structural discrimination and adopt hard quotas.

Do Hard Quotas Result in More Women on Boards?

Our typology transforms corporate quotas' design into an ordinal variable. In this section, we use our typology as an independent variable to study corporate quotas' numerical effectiveness. Just as scholars of legislative quotas asked whether statutory or voluntary measures elected more women to congress (Schwindt-Bayer 2009, Jones 2009), scholars of corporate quotas have asked whether laws, rather than corporate governance codes, result in more female directors (Terjesen, Aguilera and Lorenz 2015). However, the recent nature of corporate quota reforms, their significant loopholes, and the difficulty of collecting comparable national-level data makes identifying concrete trends difficult.

Most companies in Western Europe appoint at least some women to their boards. In 2012, 42 percent of Italian and Portuguese firms had a least one female director, compared to 100 percent of Norwegian, Finnish, French, and Swedish firms (European Commission 2012). Yet quota type does not predict these groupings. Italy and Portugal both under-perform relative to their European peers, but Italy's comprehensive hard quota required that all boards consist of 20 percent women by 2012, whereas Portugal has no quota. Within the high-performing group of Norway, Finland, France, and Sweden, only two countries (Norway and France) have comprehensive hard quotas. Overall, the countries with the highest percentage of firms with at least two female directors in 2012 included countries with comprehensive hard quotas, limited hard quotas, and soft quotas (European Commission 2012).

Table 2 shows these mixed results more directly. We report the percentage of female directors in private sector companies for our 22 European and Anglo democracies in 2005 and 2013, using data from Terjesen and Singh (2008) for 2005, and Terjesen, Aguilera, and Lorenz (2015) for 2013. (The 2005 numbers are, to our knowledge, the earliest data covering all countries in our sample.) Importantly, the sampling methodology is not consistent across countries, meaning the national-level figures are calculated using different sets of firms (Terjesen, Aguilera, and Lorenz 2015: 234). The data approximates the change over time.

Table 2 organizes countries by gains in the proportion of female directors, in descending order. The final column lists the quota type in effect between 2005 and 2013. Since the data capture only female directors from private sector firms and not state-owned enterprises, the final column looks only at comprehensive hard quotas (H), soft quotas (S), or no soft quota (N). The timeframe predates Germany's and Denmark's adoption of comprehensive hard quotas, so these countries are classified according to the soft quotas in effect at the time. Countries with limited hard quotas are categorized according to whether they have soft quotas (Australia, Austria, Finland, and Ireland) or no quotas (Greece, New Zealand, and Switzerland). When looking just at privately-held firms, Greece, New Zealand, and Switzerland—like Canada, Portugal, and the United States—are not legally binding themselves to board diversity.

TABLE 2 HERE

Of the countries with hard quotas in effect between 2005 and 2013, female directors made notable gains, though only Norway realized its target percentage. The presence of female directors in Norway and Iceland rose by 26 and 23 percentage points, respectively. France, the Netherlands, and Belgium saw the second-largest gains, of 17, 11, and 10 percentage points, respectively. The French, Spanish, and Italian laws have phase-in periods, so these countries may make larger gains in the future. Nonetheless, Spain and Italy performed particularly poorly, raising the proportion of female directors by just seven and four percentage points, respectively. Examining relative gains paints a more optimistic picture for all countries: where a hard quota applied before 2013, the percentage of female directors increased exponentially (Iceland), quadrupled (France), or tripled or doubled (Belgium, the Netherlands, Norway, Spain, and Italy). While these percentages fall short of the statutory targets in all cases save Norway, they nonetheless constitute significant improvements from earlier in the decade.

Yet the countries with the largest gains are not exclusively those adopting comprehensive hard quotas. Soft-quota countries are in fact outperforming or matching hard-quota countries. Finland applies a soft quota, but its proportion of female directors more than tripled between 2005 and 2012. Finland's absolute gains are bested only by Norway and Iceland, meaning Finland tops all other countries applying a hard quota. Sweden, Denmark, Germany, Austria, Ireland, and Switzerland also made notable gains (between 15 and 5 percentage points), increases comparable to those from the hard quota cases of the Netherlands and Spain. These comparisons indicate that soft quotas—as recommendations that lack enforcement—may nonetheless improve diversity outcomes, even placing soft-quota countries relatively on par with hard-quota countries.

Indeed, Table 2 clearly shows that quotas matter *irrespective of type*. Save Switzerland and Portugal, all countries increasing their share of female directors between 2005 and 2013 applied comprehensive hard quotas *or* soft quotas. Portugal's gain was a negligible 1 percentage point, leaving Switzerland as the only no-quota country showing modest improvement (5 percentage points). Differences in the samples could explain small percentage point changes between 2005 and 2013, but even so, nearly all countries without statutory or regulatory commitments to board diversity stalled in appointing female directors. Aside from Portugal, the countries clustered at the bottom of the table—Greece, Canada, New Zealand, and the United States—apply neither hard nor soft quotas for privately-held firms.

The Use of Corporate Quotas as a Statutory Threat

That statutory quotas do not always lead to greater gains in nominating female directors affirms our conclusion that hard corporate quotas are about symbolic politics. Countries' high commitment to board diversity does not consistently raise women's presence on boards, suggesting that more than policy design matters. We posit an alternative hypothesis based on the European and Anglo democracies' shared policy environment. In all countries in our dataset, statutory interventions have been debated and discussed. We suggest that highly-publicized quota debates call attention to the dearth of female directors, allowing policymakers and interest groups to frame women's absence in terms of structural factors or individual merit. Within these debates, the very threat of using legislation to correct for systematic discrimination may compel boards and corporations to act voluntarily, in order to demonstrate their progress and undercut efforts to adopt statutory solutions.

Indeed, quota advocates at the national and international level have insisted that voluntary measures produce glacial change, and that countries must exit the slow track. For instance, Viviane Reding, the EU Commissioner for Justice between 2010 and 2014, initially focused on voluntary measures. Between 2010 and 2011, Reding requested that all EU companies sign a pledge to promote 30 percent women to their boards. By 2012, frustrated by widespread inaction, Reding demanded a 40 percent statutory quota at the EU level. Reding justified EU intervention by blaming corporations for their "decades of empty promises and failed attempts at self-regulation."[9]

Efforts at the country level mirror this pattern. Throughout the 2000s, government ministers across Europe convened studies, advisory bodies, and working groups to examine women's participation in corporate life (European Commission 2012). This activity resulted in heightened ministerial monitoring of board diversity, with companies' enthusiastically signing diversity pledges (European Commission 2012; Fagan, González Menéndez, & Gómez Ansón 2012). For example, the percentage of women on Finnish boards rose 19 percentage points between 2005 and 2013 (Table 2)—the same period during which hard quotas were promoted by women's groups and government ministers (Teigen 2012b: 132-133). In Sweden in 1999 and again in 2002, the Minister of Gender Equality and Integration threatened companies with a comprehensive hard quota; in 2004, the minister demanded 25 percent female directors or "the government would act" (Bohman, Bygren, & Edling 2012: 95). Private firms responded (Bohman, Bygren & Edling 2012: 95). Sweden's average proportion of female directors subsequently rose 15 percentage points (Table 2). Demands for hard quotas then eased, but were revived again in 2014, when a new government report criticized a slow-down in voluntary progress. In response, the Finance Minister, the Justice and Migration Minister, and the Gender Equality Minister all remarked that quota legislation appeared increasingly likely.[10]

Like Reding, domestic leaders have demanded voluntary reform "or else." In 2010, the British government commissioned Lord Davies to examine the dearth of women on boards. The subsequent Davies Report established a voluntary target of 25 percent by 2015, a recommendation incorporated into the UK corporate governance code in 2012 (European Commission 2015). That same year, Prime Minister David Cameron became impatient, threatening UK companies with comprehensive hard quotas unless their performance improved. Vince Cable, the then-Secretary of State for Business, Innovation, and Skills, demanded that the UK's FTSE 100 companies appoint at least one female board member by 2015.[11] This tough talk produced notable changes: by 2014, women had achieved 20 percent of the FTSE 100's board seats, up from 12.5 percent in 2011.[12]

Though data from a broader set of UK companies does not reflect the same increase (see Table 2), the FTSE improvements mollified the British government. Lord Davies explained in March 2015: "We said initially that, if British business did not fix this on its own, we would reserve the right to consider legislative intervention…. There is still much work to be done, but no evidence to warrant an about face."[13] In other words, companies had made sufficient progress such that hard quotas were no longer necessary. Though the Fawcett Society continued to decry slow progress and demand quotas, Davies expressed the government's renewed faith in the slow track: "Real, sustainable change is only achieved by winning hearts and minds. This is much harder work, arguably a longer route, but the insight we have gained into the complexities and significant barriers to women's progress, would only have been glimpsed had we opted for quotas."[14] The British experience illuminates how different frames for female directors' absence—systematic discrimination versus individual merit—affect corporate quota adoption. Those critical of the slow track generate a statutory threat, which spurs short-term increases in the proportion of female directors. The very success of ministerial pressure and soft quotas then undercuts arguments that women's absence from the board room is structural and requires legislative solutions.

Hard quotas thus become politically possible only when the statutory threat fails to induce voluntary change, as in the Netherlands (Lückerath-Rovers 2012; Machold et al 2013) and Norway (Teigen 2012a). In Germany, hard quota legislation was first introduced in 2010. Although the legislation stalled, Chancellor Angela Merkel announced in 2011 that German companies were receiving "one last chance" to take voluntary action. In 2013, Merkel's coalition partners, the Social Democrats, proposed a comprehensive hard quota of 30 percent by 2015 (with an increase to 50 percent by 2018 for federally-appointed board seats in the public sector).[15] Government ministers justified the legislation by expressing frustration with voluntary change: Heiko Maas, the Social Democratic Minister of Justice, stated "The story that there are not enough women can really only be told to people who have remained spiritually stuck in the last century."[16] Though Germany had voluntarily raised its proportion of women on boards by 10 percentage points between 2005 and 2013 (Table 2), Merkel's coalition partners—unlike Cameron's government—lost faith in the slow track. Speaking before the German parliament, Merkel expressed her resolve: "We've decided to do this, and it will happen."[17]

Germany's comprehensive hard quota passed in November 2014. Yet like other comprehensive hard quotas, the law packs more symbolism than substance. The quota applies only to supervisory, nonexecutive boards, affects approximately 100 listed corporations, and contains voluntary reporting requirements for an additional 3,500 midsized companies.[18] Loopholes notwithstanding, some of the country's most powerful corporations expressed strident opposition. That Germany acted even when faced with these corporations' relocation threats exemplifies how comprehensive hard quotas symbolize a country's high commitment to board diversity.

Those countries with *no* legal or regulatory commitments to board diversity (the United States, Canada, and Portugal), or with a legal commitment to state-owned companies but not private ones (Greece, New Zealand, and Switzerland), have discussed women's exclusion, but currently opt to not intervene in market or pipeline processes. Portugal merely "encourages" listed companies to attain 30 percent representation of the underrepresented sex (European Commission 2015). Former New Zealand Prime Minister Jenny Shipley spoke on the importance of women on boards (Casey, Skibnes & Pringle 2011), and former Canadian Minister for the Status of Women Kellie Leitch recommended that Canada aspire to 30 percent representation.[19] The Swiss government recently committed to drafting legislation that would recommend a non-binding 30 percent target, a watered-down provision that explicitly rejects quotas and respects companies' operational autonomy.[20] Anita Fetz, a Swiss senator, explained that women's "dislike" of science and technology meant that companies in certain industries need time, not mandates, to find suitable female directors. However, she admitted that quotas may prove necessary in the long-run.[21]

Together, these country-level developments highlight the crucial role played by government ministers in taking up lobby groups' demands and generating statutory threats. Conversations about why women remain underrepresented from boards are happening across Western Europe and North America, but statutory quotas require that a sufficient number of ministers recognize that voluntary measures have failed (i.e., Germany). Elsewhere, countries raise the percentage of women on boards by maintaining their faith in individual women's abilities to break through in the short run—while keeping comprehensive statutes on the table in the long run (i.e., Sweden, Switzerland, and the United Kingdom).

Discussion and Conclusion

This paper presents the first generation of research on corporate quotas. Like the first generation of research on legislative quotas, we guide future research by documenting variation in how and why countries adopt corporate quotas. Drawing on data from 22 advanced industrialized democracies, we identify four types of corporate quota policies, which correspond to four types of legal or regulatory commitments to board diversity: hard quotas for state-owned and privately-held companies (high commitment); hard quotas for state-owned companies, typically but not always combined with soft quotas (medium commitment); soft quotas (low commitment); and no quotas (no commitment). We then advance hypotheses about the relationship between policy discourses and corporate quota adoption, on the one hand, and corporate quota type and policy effectiveness, on the other.

Drawing from literature on legislative quotas and on case studies of corporate quotas, we argue that countries adopting hard corporate quotas, especially comprehensive hard quotas, have attributed female directors' exclusion to systematic gender discrimination, rather than individual merit or insufficient numbers of women in the pipeline. Yet committing to structural change may be purely symbolic, as hard quotas contain myriad loopholes that mitigate their numerical effects. We confirm corporate quotas' symbolic dimension by examining over-time changes in the appointment of female directors, concluding that high commitments (comprehensive hard quotas) and low commitments (soft quotas) may *both* increase female directors' presence in the short term. We thus posit an alternative explanation: attention to the dearth of female directors creates a statutory threat, compelling companies to act. At the EU level and the national level, government ministers and women-in-business groups have framed hard quotas as necessary correctives to the slow track's unrealized promises.

The symbolic politics of corporate quota laws work in tandem with the statutory threat. Companies' and some policymakers' vociferous opposition to hard quotas shows that even toothless statutes send strong messages. Comprehensive hard quotas signify the government's willingness to intervene in firms' ostensibly private decision-making, in the name of gender equality. Whereas policymakers frequently justified legislative quotas by appealing to political parties' role as interlocutors of democracy (Piscopo 2015; Krook 2007, Towns 2012), corporations play no such public or political role. Consequently, comprehensive hard quotas—in symbolizing governments' willingness to impose fast-track measures on private organizations—may signal broader normative shifts about *where* equality must appear.

Yet much remains unknown about the adoption and implementation of corporate quotas. We suggested that quota adoption evolves along the paths in Figure 1: soft quotas lead to hard quotas, as in Belgium, France, Germany, the Netherlands, and Spain, and limited hard quotas lead to comprehensive hard quotas, as in Denmark and Iceland. Multivariate models could better examine critical independent variables. Do countries' market structure, skill regimes, welfare state provisions, or corporate governance models affect corporate quotas' adoption and evolution? Does the percentage of female parliamentarians or female cabinet ministers matter? Such large-*n* studies will become possible as more countries adopt corporate quotas. In the meantime, scholars could conduct controlled-case comparisons, using our typology to guide case selection across different quota types. Here, qualitative interviews could unveil how proponents understand quotas in relation to their country's institutional structure and policy tradition. Case studies could further specify the lobbying tactics used by women-in-business groups and government ministers, to pinpoint when corporate quota debates begin and to understand why structural discrimination frames win in some cases, while stalling or failing in others. This research could also tackle endogeneity: do firms appoint women when mandated or threatened (as we suggest), or do quotas become adopted when firms already excel at appointing women?

Lastly, future research should examine whether female directors' presence changes workplace equality policies. Just as legislative quota scholars asked whether women's presence affected interest representation, we encourage political scientists to explore whether female directors improve firms' performance on workplace equity, broadly defined.

Notes

[1] Lukas, Carrie, "Boardroom quotas won't help women." *International New York Times*, December 8, 2014.
[2] Though recent scholarship challenges the explanatory power of varieties of capitalism measures (Thelen 2012).
[3] Table 1 was cross-checked with data on legislative quotas from http://www.quotaproject.org/ (accessed May 19, 2016).
[4] New Zealand Ministry of Women, "More Women on Boards," http://women.govt.nz/our-work/women-leadership/all-about-boards/more-women-boards (accessed April 21, 2016). Similarly, the Portuguese government resolved in 2015 to encourage listed companies to attain boards with 30% women (European Commission 2015), but the most recent corporate governance code contains no diversity provisions.
[5] The New York Stock Exchange (2010: 7, 26) describes diversity as knowledge and experiences, and not sex. Thus, unlike Terjesen, Aguilera, and Lorenz (2015), we do not classify the U.S. as having a soft quota.
[6] Policies focused on equity in the public sector date to the 1980s for Denmark and Finland.
[7] Calculations based on figures from Teigen (2012b: 82).
[8] Canada has no federal level policies, though some provinces have limited hard quotas or soft quotas (Paul Hastings 2014).
[9] "Reding pushes 40% quota on corporate boards." *Euractiv* November 15, 2012.
[10] Carlstrom, Johan, and Niklas Magnusson. "Sweden Threatens Businesses with Sex Quotas as Women Snubbed." *Bloomberg* February 13, 2014. "Firms Face Penalties if Boards Not 'More Female'." *The Local*, May 15, 2015.
[11] "Vince Cable: Boardrooms need more women." BBC 30 January 2013; "Promote women or face board quotas." *BloombergBusiness* February, 10 2012.
[12] Ibid.
[13] "Is it Time for Quotas for Women?" *Financial Times* March 25, 2015.
[14] Ibid. Also, "Fawcett on Lord Davies' Women on Boards Report," October 29, 2015 (http://www.fawcettsociety.org.uk/2015/10/fawcett-on-lord-davies-women-on-boards-report/, Accessed August 15, 2016).
[15] Davidson-Schmich, Louise, "What Germany's Gender Quotas for Candidates can Teach us about Its Gender Quotas for Corporate Board" January 26, 2015, *The International Association for the Study of German Politics*.
[16] "Germany Planning Quotas for Women in Boardrooms." *The New York Times* November 26, 2014.
[17] "BMW Speaks Out Against Plan for German Female Board Quota." *BloombergBusiness* November 26, 2014.
[18] Lukas, "Boardroom quotas won't help women."
[19] Wells, Jennifer. "Enough Inertia. It's Time for Gender Quotas in the Board Room." *The Star*, February 13, 2016.
[20] "Justice Minister Calls for 30% Boardroom Quota for Women." *Swissinfo.ch* September 14, 2014. "Swiss Government Backs Quotas for Women in Boardrooms." *Reuters* December 4, 2015.
[21] Geiser, Urs. "State Quota Offers Leg Up Into Men's World." *Swissinfo.ch*, January 23, 2014.

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TABLE 1
Corporate Quotas by Type and Year (Most Recent Reform)

Country	Adoption	Rule for Women's Inclusion on Boards
Comprehensive Hard Quotas—Private Sector and State-Owned Companies		
Belgium	2011	33% by 2012 for state-sector and 2017 or 2019 for public sector[a]
Denmark	2012	Companies to set 40% target by 2013
France	2010	20% by 2012; 40% by 2017
Germany	2014	30% starting in 2016; 50% by 2018 in state-owned sector only
Iceland	2010	40% by 2013
Italy	2011	20% by 2012; 33% by 2015
Netherlands	2010	30% immediately (expired 2016)
Norway	2003	40% by 2008[b]
Spain	2007	40% by 2015
Limited Hard Quotas – State-Owned Companies Only		
Australia	2010	40% target
Austria	2011	25% in 2013; 35% by 2018
Finland	2008	40% target
Greece	2000	33%, only if fully-qualified women available
Ireland	2004	40% target
New Zealand	2011	45% target
Switzerland	2013	30% target
Soft Quotas – Private Sector and State-Owned Companies		
Australia	2014	Set measurable objectives for gender diversity
Austria	2009	Recommends representation of both genders
Finland	2010	Have at least one female board member
Ireland	2014	Recommends specific targets depending on board size
Luxembourg	2013	Must have representation of both genders
Sweden	2015	Strive for gender balance on board
United Kingdom	2014	Recommends specific targets depending on board size
No Quota		
Canada		
Portugal		
United States		

Sources: European Commission (2015) and authors' own elaboration using primary source texts
[a]. Exact year varies by company size.
[b]. Stipulates specific ratios given board size, averaging 40 percent.

TABLE 2
Percent of Female Directors in Private Sector Firms

Country	2005	2013	Difference	Quota Type
Norway	16	42	26	H
Iceland	2	25	23	H
Finland	8	27	19	S
France	5	22	17	H
Sweden	13	28	15	S
Netherlands	5	16	11	H
Germany	6	16	10	S
Austria	3	13	10	S
Belgium	6	16	10	H
Denmark	5	14	9	S
Ireland	2	9	7	S
Spain	4	11	7	H
Switzerland	4	9	5	N
Italy	2	6	4	H
Luxembourg	2	6	4	S
Portugal	5	6	1	N
United Kingdom	14	14	0	S
Greece	9	9	0	N
Canada	14	13	-1	N
United States	15	14	-1	N
Australia	10	8	-2	S
New Zealand	14	12	-2	N

Sources: Terjesen and Singh (2008) and Terjersen, Aguilera, and Lorenz (2015).

FIGURE 1
A Typology of Corporate Quotas