

# Balance *for* Better Business

## Balance for Better Business

### Submission to the Joint Oireachtas Committee on Gender Equality on the recommendations of the Citizens' Assembly

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#### Introduction

Balance for Better Business welcome the opportunity to make a submission to the Joint Oireachtas Committee on Gender Equality on the recommendations of the Citizens' Assembly. We believe that this is a critical area for business and government to work together to achieve a more gender balanced society and are privileged to be part of this important national conversation.

Balance for Better Business was launched in 2018 by the then Taoiseach, Leo Varadkar T.D., as an independent business-led Review Group to improve gender balance on the boards and senior leadership teams of businesses in Ireland. The initiative was established by the Government as an action under the National Strategy for Women and Girls 2017-2020 to make recommendations on how more women can be involved in decision-making at the top level of businesses in Ireland. The Review Group, which is comprised of senior figures in Irish business and public service, examines the gender mix within the governance and senior management of companies in Ireland and the issues that arise in connection with the appointment of company directors and senior management.

In our submission we are focusing on the specific recommendations which relate to the role of women in the workplace, aligned with our mission to promote gender balance at the board and leadership levels of Irish business to drive better business and societal outcomes. Our vision is that this will achieve a more gender balanced economy, where leadership roles in the private sector reflect broader society in Ireland, driving better business outcomes across environmental, social and governance criteria.

#### Leadership in politics, public life & the workplace

##### 21. Improve gender balance on boards by:

(b) Enacting gender quota legislation that requires private companies to have at least 40% gender balance according to specific criteria such as turnover, number of employees etc.

We agree and share the overall vision of the citizens assembly to enhance and build a more gender equal society. However, our experience over the last four years has demonstrated that, specifically in the area of enhanced female representation on boards and leadership teams, progress has been made with the implementation of a voluntary target driven approach.

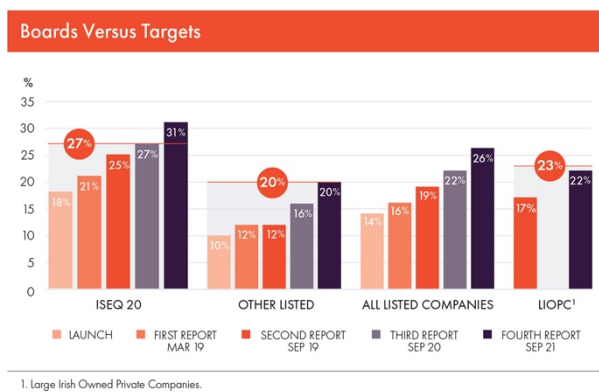
Balance for Better Business set targets over seven broad leadership measures. They were set to be progressive, tracking change over time. Setting targets also helps us to monitor progress.

# Balance *for* Better Business

Setting targets for gender representation in different types of organisations provides a benchmark for business leaders to track their progress against organisations that are similar to their own. They also provide business with the opportunity to challenge themselves and the marketplace to push for better gender balance.

We support the achievement of these targets through annual publication of the results, providing a benchmark for employees, investors and other stakeholders to measure organisational progress and hold businesses accountable for making achievable progress based on companies similar to them. We also support the achievement of targets through direct engagement with organisations. Each year we have written to the publicly listed companies to highlight the targets and in 2022 we are making direct one to one contact with a selection of companies to encourage and support them to make additional progress. Engagement with organisations is also conducted through telling the stories of organisations that are already meeting or exceeding targets and those making significant changes, focusing on how they have made these changes. In our last report we included case studies from two organisations, CPL and Vodafone. In 2022, we have broadened these case studies across publicly listed and privately held organisations, adding eight organisation profiles to our case study set. In the case studies, companies highlight their key metrics and also the top five tactics they have employed to drive greater gender balance, providing clear advice and pathway to other organisations.

The data we have published each year demonstrates how progress at the board level is steady and consistent across the publicly listed boards and in the large Irish owned private companies, as illustrated in the graphs below from our fourth report in [November 2021](#). Representation on the top Irish boards, those in the ISEQ20 has increased from 18% in 2018 to 31% in 2021 and we will report further progress in our 2022 report. This progress has been achieved in a voluntary, target driven environment.

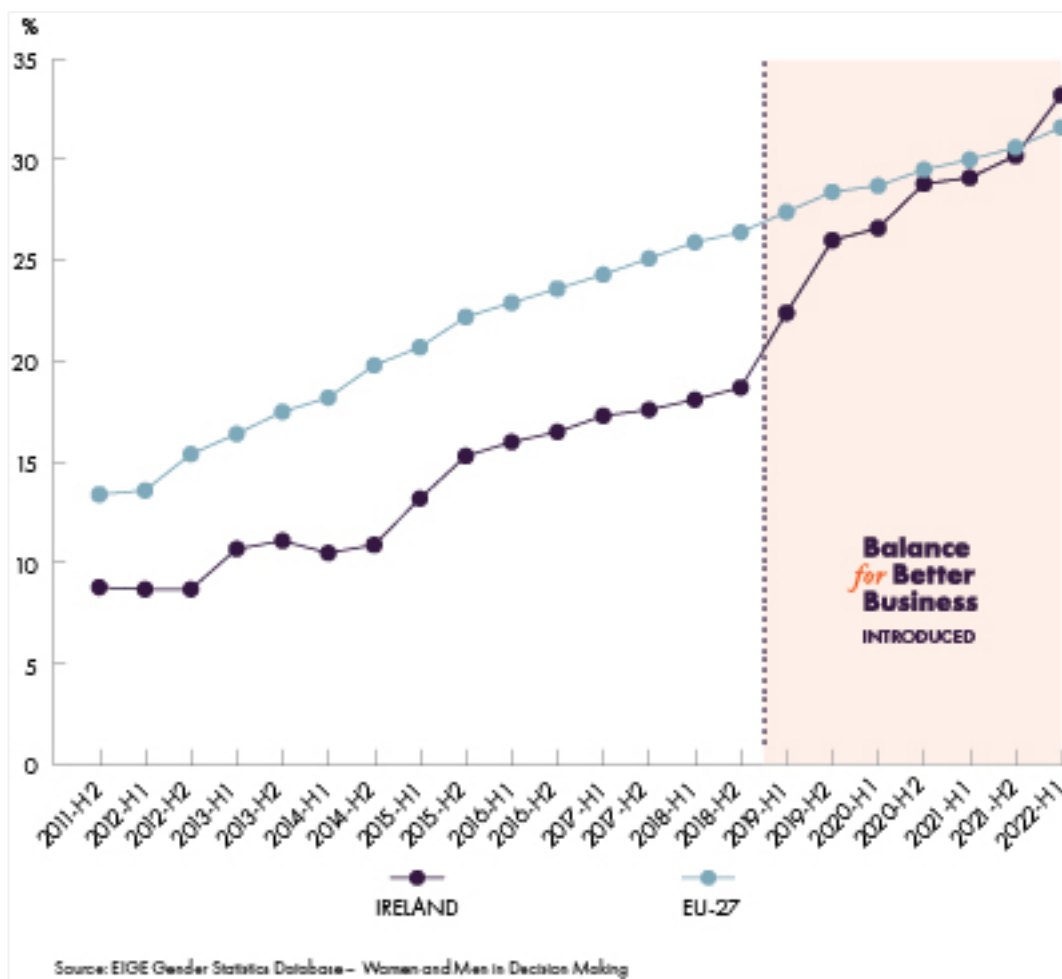


Indeed our progress at board level has been acknowledged, and is reflected in benchmarking against international norms. In 2021, BoardEx, a global data company specializing in collected and reporting on the public, private and non-for-profit organisations international, acknowledged Ireland's progress:

## Balance *for* Better Business

“This year, Ireland takes the lead as the country that has made the largest percentage-point gain over the six-year period. In Ireland’s case, the percentage of women on ISEQ-20 boards has more than doubled over the six-year period.” – BoardEx, Global Gender Balance report 2021

The Irish data in comparison to international norms, also reflects the progress we have made against the EU since the introduction of our approach to voluntary targets. This year, our annual report that the Irish boards now exceed the EU average.



We can, in the same time period, see that progress has been reflected in the leadership teams, albeit, at a slower pace.

**There is a lack of progress in key decision making roles, specifically the Chair, CEO and CFO roles. This challenge is unlikely to be improved by the implementation of mandatory quotas. Addressing gender balance on leadership teams, and specifically in these key decision-making roles, requires organisations to focus more time and attention on gender balanced succession planning and building pipelines, in addition to a continued focus on achieving gender balance on boards where progress is not already being made.**

**Our concern is that enforcing quotas, in an area where businesses are already making progress will divert time, attention and resources from the areas which require more attention.**

# Balance *for* Better Business

Specifically:

1. Building robust pipelines of gender balanced talent at all levels in organisations to promote strong, sustainable, future supply
2. Creating gender balanced succession plans for leadership roles across all disciplines within an organisation, not only in specialties where women are currently over represented
3. Focusing on succession for key decision making roles in which women continue to be underrepresented – Chair, CEO, CFO

Focus on these areas will have a greater sustainable impact on the equitable career progression of women in the workforce, namely, the work to ensure gender balanced progression up through the ranks of organisations so that the future pipeline of leaders is always gender balanced.

We are also concerned that quotas will not significantly impact the behavioural and cultural change required to achieve these key areas of impact. There is little evidence to support quotas impacting the behavioural and culture change required of organisations in order to ensure continuing progress to equity related to gender balance. In fact, the experience of those jurisdictions that first introduced mandatory targets is that the anticipated trickle-down impact on women in leadership in organisations did not occur.

This is informed by detailed study of the impact of mandatory quota implementation in Norway which found that:

1. Many of the board seats held by women following the implementation of quotas in Norway are occupied by a small number of individuals who sit on multiple corporate boards<sup>1</sup>
2. Quotas have also been found to encourage greater recruitment of female board members through family ties, potentially increasing the challenge of broadening access to power and key decision making positions in Irish business<sup>2</sup>
3. Access to the most senior positions within boards remained restricted despite the implementation of quotas in Norway, as the share of companies with a woman chair had stayed notably “low and stable” and quotas “had only a marginal effect on the sex of the chair and the boards remain internally segregated.”<sup>3</sup>
4. Quotas were found to have little effect on women in business beyond the direct impact in the boardroom in the Norwegian example<sup>4</sup> and this has also been evidenced in US<sup>5</sup> and in Italian<sup>6</sup> based studies

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<sup>1</sup> Seierstad & Opsahl (2010) For the Few Not the Many? The Effect of Affirmative Action on Presence, Prominence, and Social Capital of Women Directors in Norway, *Scandinavian Journal of Management*, Vol. 27, No. 1; Rigolini & Hase (2019), 'Women and Multiple Board Memberships: Social Capital and Institutional Pressure', *Journal of Business Ethics*, Vol. 169/3, pp. 443-459.

<sup>2</sup> University of Copenhagen (2021), Companies recruit more female board members through family ties

<sup>3</sup> Seierstad & Opsahl (2010), *op. cit.*

<sup>4</sup> Bertrand et al. (2019) Breaking the Glass Ceiling? The Effect of Board Quotas on Female Labour Market Outcomes in Norway, *The Review of Economic Studies*, Volume 86, Issue 1, January 2019, Pages 191–239

<sup>5</sup> Matsa & Miller (2011); Chipping away at the Glass Ceiling: Gender Spillovers in Corporate Leadership, *The American Economic Review* Vol. 101, No. 3, pp. 635-639

<sup>6</sup> Maida & Weber (2020) Female Leadership and Gender Gap within Firms: Evidence from an Italian Board Reform. *ILR Review* Balance for Better Business, October 2022

## Balance *for* Better Business

In fact the US study<sup>7</sup> found that increases in the share of female executives (both CEO and non-CEO) demonstrated were extremely small and a 10 percentage-point increase in female board membership is associated with only a 0.2 to 0.4 percentage-point increase in the likelihood of having a female CEO in the following year, a 0.23 percentage-point increase for non-CEO executives, and a 0.9-1.5 percentage-point increase in the likelihood of having a woman in any of the five top executive positions. This is especially significant given that this is a specific area of challenge required in the Irish market.

25. Work places should be required to develop, resource, implement and monitor gender-neutral recruitment and promotion policies and practices including:

(a) Specific policies to promote gender equality in leadership positions.

(b) A requirement to operate gender-sensitive and anti-discriminatory selection and promotions processes.

(c) Equal access to training, assignments and mentoring opportunities for all employees including part-time and remote workers.

We highlight these strategies in our annual report, in our collaboration with other organisations supporting best practice in these areas and in our case studies. Of the eight case studies completed over the last two years by Balance for Better Business most have highlighted all or some of the elements of this approach in their success at achieving and driving for gender balance.

We agree that these recommendations would have significant impact for organisations, however, we advocate for a voluntary approach to organisations adopting these metrics. Our overall objective is to support and promote cultural change within organisations and we know that enforcement of a compliance driven approach may have the reverse effect. It is also worth considering that for some organisations, a requirement, for example, to implement monitoring of gender balance in recruitment, when the organisation may have no plans to recruit, is not a practical implementation of limited time, resource and energy.

43. Ensure data gathering on key gender equality issues (including care), regular publication of such data and remedial action where necessary.

We see a key element of our role as providing a degree of public accountability. This is made more challenging by the lack of consistent data for the Irish market. We have collaborated across the public entities gathering data and acknowledge the support of the CSO through the bi-annual survey, however, there is an opportunity for us to do more to formalise and create a “golden copy” of data related to gender balanced participation across the Irish marketplace. The challenges in year to year monitoring through the collection of voluntary data submission continues to limit our ability to driver greater accountability and support the organisations who may be earlier in the journey by addressing their specific challenges. Again our priority would be to address this gap rather than address an area where we can see progress.

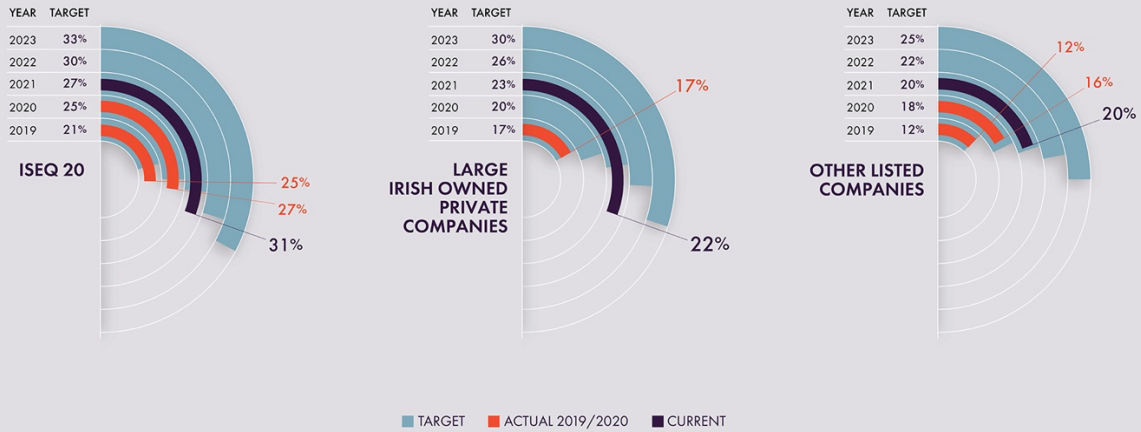
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<sup>7</sup> Matsa & Miller (2011), op. cit.  
Balance for Better Business, October 2022

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## Appendix One: Balance for Better Business Targets and Results for Women on Boards and Leadership teams 2021

### Targets and Results for Women on Boards



### Targets and Results for Women on Leadership Teams

