

MASTER
INTERNATIONAL ECONOMICS AND EUROPEAN
STUDIES

MASTER'S FINAL WORK
DISSERTATION

GENDER DIVERSITY AND EQUALITY IN THE BOARDROOM:
IMPACTS OF GENDER QUOTA IMPLEMENTATION IN
PORTUGAL

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SUPERVISION:

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*In the future there will be no female leaders.
There will be just leaders.*

Sheryl Sandberg

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I dedicate this dissertation to my Mother, for being the one true Wonder Woman.

Abstract

Given the importance of gender equality to international economics and sustainable economic and social development, this dissertation addresses the gender imbalances in senior company board decision-making positions. This furthermore aims to identify the potential impacts of the 33.3% gender quota for supervisory and management boards approved in Portugal in August 2017. Consequently, this enables a deeper understanding of the conditions necessary for gender quotas to bring about sustainable gender balances in boardrooms and alongside changes in the corporate culture. This dissertation applies interpretative data analysis from the European Institute for Gender Equality (EIGE) and semi-structured interviews with representatives of nine PSI 20 firms (the 20 largest companies listed on the Portuguese Stock Exchange). The goals are thus to study the glass-ceiling existence and constraints within the Portuguese corporate context, perceptions on quota outcomes and legitimacy, and the perceived impacts of women on firm performances.

The results of this study demonstrate how quota acceptability is independent of gender as there were no verified gender patterns among the responses obtained; that cultural factors and gender role expectations influence board dynamics and facilitate male access to board positions; and, the Portuguese quota requirement may successfully trigger gender parity in the boardroom due to the existence of a sanctioning mechanism for non-compliance and a strong record of path dependency (earlier legal initiatives). However, findings are inconclusive as regards any possible structural change in corporate mentality and culture as respondents remain divided about the influence of gender diversity on firm performance, the legitimacy of quotas and their effects on meritocracy.

Key-words: *gender diversity, gender equality, gender quotas, Portugal*

Contents

Acknowledgements	ii
Abstract	iii
Contents	iv
Index of Figures	vi
Index of Tables	vii
List of Acronyms and Abbreviations	viii
Introduction	1
1. Theoretical Framework	3
1.1 Gender Quotas in the Boardroom	3
1.1.1 Definition	3
1.1.2 Quotas: Controversies and Dilemmas	4
1.1.3 Impacts	7
1.2 Legislative Framework in Portugal	9
2. Empirical Study	11
2.1 Methodology	11
2.2 European Framework	13
2.3 Portuguese Context	18
2.4 Analysis of the Interviews' Results	21
2.4.1 Perceptions of gender equality	21
2.4.2 Perceptions of gender diversity impacts	23

2.4.3 Views on quotas	25
2.5 Discussion of Results	29
Conclusion	33
Bibliography	36
Appendixes	39
Appendix I: Interview script	39
Appendix II: Gender balance legislation on corporate decision-making positions in European countries	41
Appendix III: Legislative measures on gender balance in the corporate context in Portugal	44
Appendix IV: Multiple Correspondence Analysis' variables	45
Appendix V: Gender proportion in the largest listed companies in European countries, 2016	46
Appendix VI: Portugal's 26th position (among EU 28 countries) in the Gender Equality Index	47
Appendix VII: Work-life balance	48

Index of Figures

Figure 1: The proportion of women among members of the highest decision-making body of the largest nationally registered companies listed on the national stock exchange, in European countries, 2003 and 2016, (%).

Figure 2: Gender proportion in the largest European listed companies, 2017, (%) (includes presidents, board members and employee representatives).

Figure 3: Women's representation in the largest listed companies, 2005-2017, (%), (board members).

Figure 4: Multiple Correspondence Analysis – joint plot of category points.

Figure 5: Women's representation in the largest listed companies in Portugal, 2005-2017, (%).

Index of Tables

Table I: Interview participants.

Table II: Characteristics of PSI 20 firms and descriptive statistics, 2016.

List of Acronyms and Abbreviations

CACDLG: Commission for Constitutional Affairs, Rights, Liberties and Guarantees

CEO: Chief Executive Officer

CESIS: Center of Studies for Social Intervention

CFO: Chief Financial Officer

CITE: Commission for Equality in Labor and Employment

CMVM: Portuguese Securities Market Commission

CSR: Corporate Social Responsibility

EIGE: European Institute for Gender Equality

GEI: Gender Equality Index

Introduction

The fifth United Nations Sustainable Development Goal states the need “to achieve gender equality and empower all women and girls” as gender inequalities remain reflected in many forms around the globe. In western countries, wage gaps, underrepresentation of women in top-decision making positions and the unequal division of unpaid care and domestic labour constitute the greatest challenges. Overcoming these is fundamental to guaranteeing the sustainable development of societies taking into consideration that gender equality represents an essential pre-condition to economic growth as well as an opportunity in the context of a globalized world still recovering from a deep financial and economic recession. This study focuses on the promotion of gender equality in top decision-making positions, specifically in firms, as women still find themselves underrepresented in the boardroom despite their high qualifications. This not only forms part of an overdue guarantee of equal opportunities for all individuals but also reflects the growing recognition that gender parity is another facet of company Corporate Social Responsibility (CSR) commitments (Grosser, 2016).

The debate around gender in the corporate context is deeply connected with the concept of *diversity*, over the more controversial concept of *equality*. According to Rao & Tilt (2016), board diversity corresponds to a variety of characteristics, attributes and values associated with individual board members that contribute for heterogeneous board composition and influence board decision-making, including gender. Business literature on gender diversity is recent and focuses mostly on the eventual benefits of gender diverse boards, specifically the impact of women directors on firm (financial and social) performance. An opposite concept to board diversity is **homophily**, a board’s trait visible when its members present similar characteristics, including gender, reflecting the so called “old boys networks” (Perrault, 2015). The concept helps explaining the existence

of all-male boards and why female representation in boards has stagnated. The influence of the underrepresented gender may be explained through the concept of **critical mass** (Kanter, 1977). According to the Critical Mass Theory, the influence of a minority group depends on size and increases when it reaches a certain threshold, allowing for further growth and structural equality (Isidro & Sobral, 2015; Nekhili & Gatfaoui, 2013)¹. This is a reference when assessing sustainable women's participation in the boardroom in opposition to tokenism. **Tokenism** is symbolic female representation, i.e., selection of few women directors, not because of their competences, but because of their gender (Kogut *et al*, 2014), showing the company's concern with social welfare as an attempt to influence public opinion (de Anca & Gabaldon, 2014). This is why a relatively small number of women in the board has no impact on board processes: they are still seen as the "Other". **Golden Skirts** are examples of tokenism, i.e., qualified women directors who, after a quota, hold several directorships in a number of different boards (Lansing & Chandra, 2012). Proposals of quota implementation aim to impose sustainable participation of the underrepresented gender at the critical mass level and to break the so called **glass-ceiling** – metaphor for the obstacles imposed just below the top management level, to female qualified workers aiming for senior positions (Dreher, 2003).

The specific objective of this dissertation involves identifying the likely impacts of the 33.3% gender quota for management boards enacted into law in Portugal in August 2017. This thus assesses gender discrimination in the Portuguese corporate context, perceptions of quotas legitimacy and outcomes, the perceived impacts of women on firm performance and the efficiency of quotas in promoting board diversity – from the company point of view. Therefore, the main research question approaches whether or not gender quotas

¹ There is not an established critical mass value, although Kanter (1977) suggested the tipping point to be at one-third of female participation, and Torchia *et al*'s (2011) proposal of at least three women is often quoted in the literature.

may lead to sustainable gender balances in boardrooms and changes in corporate culture. Hence, the following hypothesis is tested: as a measure of positive discrimination, quotas may increase the participation of the underrepresented gender in the boardroom even while potentially raising questions regarding meritocracy, legitimacy and individuals' acceptance of this form of affirmative action. The relevance of this study derives from how it tests a specific tool for promoting gender equality – quotas –, not only debating its ethical dimension, but particularly assessing the expected practical outcomes. Furthermore, this dissertation responds to the lack of qualitative approaches capable of measuring factors otherwise not perceived by quantitative methods. Hence, the method chosen consists of interpretative data analysis paired with answers to semi-structured interviews. The first section presents the literature's findings on quotas thus far – specifically as regard their legitimacy, controversies and assessed impacts –, and presents the Portuguese legislation on gender equality. Section two explains the methodology, introduces data on the European and Portuguese corporate contexts (macro analysis) before examining the respondent interview answers (micro analysis). The final section both presents the key study results and indicates recommendations for future studies.

1. Theoretical Framework

1.1 Gender Quotas in the Boardroom

1.1.1 Definition

Studies on gender quotas focus on two primary questions: 1) whether or not to apply quotas in certain corporate cultures and, if so, 2) how. The general definition of a gender quota identifies it as a legally prescribed form of affirmative action² that sets a percentage objective to implement specific proportional representation of the underrepresented gender in management and/or supervising boards of the companies targeted (Kogut *et al*,

² Affirmative action also incorporates the mere indication of individual demographic characteristics that deserve consideration when recruiting (ethnicity, religion, gender, sexual orientation, etc.), without establishing a specific target.

2014; Lansing & Chandra, 2012). However, it is possible to distinguish between *soft quotas* and *hard quotas*. *Soft* quotas amount to benefits attributed to collective entities for selecting members of the underrepresented group, serving as a positive stimulus. In turn, *hard* quotas correspond to the legal introduction of a mandatory target for the underrepresented group in boardrooms. In this sense, whenever referring to “quotas”, one generally means “hard quotas” corresponding to a legal form of affirmative action (Hall & Woermann, 2014). Therefore, and henceforth, this study simply indicates “quotas” whenever referring to *hard* quotas, and “soft quotas” whenever distinction is needed.

When describing different quota implementation systems, authors usually make recourse to different classifications. However, the most common distinctions stem from the differentiations between **mandatory** and **non-mandatory** quotas (i.e., whenever for reference and voluntarily applied schemes), and among the mandatory, those that imply **sanctions for non-compliance** (with penalties ranging from losing state benefits to stock exchange delisting) and those that do not result in any kind of penalty (Isidro & Sobral, 2015; Terjesen *et al*, 2015).

1.1.2 Quotas: Controversies and Dilemmas

Equality for all people is a fundamental socio-political goal. Therefore, there is also broad agreement that governments should promote and implement measures to counteract all forms of discrimination (Koch, 2015). However, in the case of gender quotas in corporations, the **state legitimacy** for interfering in the governing autonomy of private companies and shareholder choices of board directors has come in for question (Dale-Olsen *et al*, 2013). The scope for reverse discrimination (against men, usually the overrepresented gender) and the effectiveness of a legal measure directed at a problem that mostly arises out of intricate cultural and sociological roots also contribute to the questioning of state interference through quotas.

There are three main controversial topics of discussion surrounding the debate on the legitimacy of quotas: 1) the **justice** of quota implementation (Brandth & Bjørkhaug 2015; Hall & Woermann, 2014; Lansing & Chandra, 2012; Terjesen & Sealy, 2016); 2) the compromise of **meritocracy** by quotas (Dale-Olsen *et al*, 2013; Kakabadse *et al*, 2015; Koch, 2015; Lansing & Chandra, 2012; Lending & Vähämaa, 2017; Terjesen & Sealy, 2016); 3) and the implementation of **work-life balance** policies (Holst & Wrohlich, 2017; Koch, 2015; Lansing & Chandra, 2012; Sandberg, 2013; Wiersema & Mors, 2016).

Regarding the **justice** of implementing quotas, some question their morality. In terms of the ethical justifications put forward for this, John Rawls' *A Theory of Justice* (1971) sets out a theory of social justice that defends two principles: all civil liberties should be guaranteed to all individuals; and resources should be distributed in such a way that the less advantaged become the biggest beneficiaries and that equality of opportunities extends through society. The latter is inconceivable without the former and both are indispensable for any ethical evaluation. Thus, Rawls finds quotas morally unjustifiable³ because they compromise equality of opportunities in order to guarantee the underrepresented gender holds the right to a seat in the boardroom, i.e., the second principle overrules the first. In turn, Robert Nozick's *Libertarian Theory of Justice* rejects state intervention beyond the minimal state although he does consider intervention in the case of historical rectification, i.e., to compensate for disadvantages suffered by groups due to past events that are incoherent to contemporary social standards (e.g.: apartheid). However, he does not explain how to implement any such rectification – for instance, through quotas –, without sacrificing the premise that when individuals benefit from

³ “(...) the use of soft and hard quotas (...) are – at least from the perspective of Rawls' egalitarian theory – morally unjustifiable. The quota system suspends fair equality of opportunity in the name of securing equal liberties, but this represents a violation of procedural justice. The use of soft and hard quotas, therefore, cannot guarantee the justness of distributive outcomes, since these outcomes are themselves the consequence of unfair procedures (...)” (Hall & Woermann, 2014).

something acquired legitimately, i.e. due to their own merit, the state must not intervene to redistribute that benefit among others (Hall & Woermann, 2014).

Overall, support for quotas stems from utilitarian rather than deontological principles with such grounds deeming state intervention necessary, good and useful to the promotion of equal opportunities, rather than simply considered just (Hall & Woermann, 2014). Hence, the fundamental role of a company is contributing towards economic and social development through its orientation towards its stakeholders. This utilitarian logic points to the economic advantages returned by corporate board diversity. Women get evaluated as underrated resources and as sources of important knowledge and experiences. This leads to the *Wollstonecraft Dilemma*: the pursuit of equality between men and women based on their similarities may lead to the measurement of women according to a male standard while arguments based on the differences between the two genders and their benefits to the board may actually disqualify women (because different characteristics imply different values). The binary thinking of whether to regard both genders as either similar or different represents a debate ongoing in feminist thinking even though there is not necessarily any opposition but rather a constant tension inherent to the meaning of gender⁴ (Brandth & Bjørkhaug, 2015). The pursuit of equality encapsulates the respecting of differences as both concepts are not necessarily exclusive. Therefore, are quotas justifiable? Terjesen & Sealy (2016) and Lansing & Chandra (2012) identify a utility rationale seeking to bring about an economically satisfying outcome, and a justice based rationale that defends fairness, individual and social equality. Both rationales provide frameworks for arguments both for and against quotas⁵.

⁴ Characteristics and roles attributed by society and the self whether or not based on one's sex.

⁵ Examples of arguments of the utility rationale include: "diverse boards may increase financial performance" (argument for quotas); "homophilous boards bring consistency to board processes and decision-making" (argument against quotas). Examples of arguments of the justice rationale include: "qualified members of the underrepresented gender should have equal access to board seats" (argument for quotas); "no preferential treatment preventing equality of opportunities should be given to any specific demographic group" (argument against quotas).

Matters of fairness do not only derive from a selection process based on demographics but also include doubts around **meritocracy** (Kakabadse *et al*, 2015). Gender quotas may compromise selection processes based on qualifications, leading to gender bias and to the unnatural selection of qualified candidates from the underrepresented gender (Lending & Vähämaa, 2017). Some authors also warn of the risk of tokenism, reverse-discrimination, cases of nepotism and opposition to quotas among existing women directors, who may then feel stigmatized (Dale-Olsen *et al*, 2013; Koch, 2015; Lansing & Chandra, 2012). However, some arguments convey how quota systems are compatible with merit-based systems whenever the regulations put in place embody principles of efficiency and are complemented by networking and mentoring initiatives for women directors, and work-life conciliation policies (Kakabadse *et al*, 2015).

Another source of opposition against quota systems arises out of the argument that quotas are themselves insufficient when not backed up by structural **work-life balance policies**. These measures aim to provide comprehensive policies, flexibility and financial conditions for women directors to balance their career goals and family life, especially as regards parental leave (but not exclusively), and also encouraging men to develop other family roles besides that of primary bread-winner – with these policies being independent of gender (Koch, 2015).

1.1.3 Impacts

Some relevant studies in the literature assess the results of quota implementation in countries where quotas are in place. Most existing studies focus on the increase of female directors in European countries, particularly Norway, which has the longest period of implementation to date (Brandth & Bjørkhaug, 2015; Dale-Olsen *et al*, 2013; Wang & Kelan, 2013), France (Rosenblum & Roithmayr, 2015), Germany (Holst & Wrohlich, 2017; Koch 2015), but also the US (Lansing & Chandra, 2012). More studies on the

“quality” of female nominations and the respective processes are required in order to assess the practical impacts of quotas.

A study based on interviews with board directors in the US and Europe found that in countries with quotas there was not only an increase in gender diversity but also a “more professional and formal approach to board selection” (Wiersema & Mors, 2016). Wang & Kelan (2013) found that quota implementation in Norway increased gender equality in terms of women holding executive leadership positions while also reporting how women in independent non-executive positions raises the probability of a woman being appointed as board chair. On the contrary, Klettner *et al* (2016) found, for the same country, that female representation increased following quota implementation, but not in executive positions.

The number of women on the executive boards of the 200 largest German companies remains only at a very low level even while having risen in the last year studied, especially on supervisory boards rather than on executive boards. Furthermore, authors also report a small but statistically significant positive relationship between a higher proportion of female supervisory board members and an increase in their proportion on executive boards (Hall & Woermann, 2014). In France, the quota triggered an immediate impact in increasing female representation that Rosenblum & Roithmayr (2015) interrelate with the desire of companies to secure beforehand the selection of “the most competent” women directors in the French corporate environment. Directors reported that higher board gender diversity positively affected decision-making and board dynamics because the new female members represented outsiders to the common elite networks, sometimes foreign nationals, holding degrees and experiences in non-traditional areas, i.e., thanks to all the other levels of diversity they brought in addition to their gender.

As regards the negative impacts, according to Terjesen & Sealy (2016), voluntary quota implementation policies that do not include sanctions for non-compliance are less likely to function in practice. In addition, disregard for a critical mass capable of guaranteeing structural equality may compromise the success of the measure. Finally, Wyss (2015) identifies three pitfalls to the economic rationale that encapsulate hypothetical negative outcome scenarios of quotas: instrumentalism (the selection of women as instruments of profitability, undervaluing their labor), essentialism (exacerbating biological differences between men and women capable of affecting economic outputs) and depoliticizing (the tendency to ignore conflicts between groups and social structures that maintain the existing hierarchies of power).

1.2 Legislative Framework in Portugal

In Portugal, the legislative framework establishing gender equality stems from, first and foremost, article 9, paragraph h) of the Constitution, which defines this as one of the fundamental duties of the state through the prevention of gender discrimination and the promotion of affirmative action. As a result, there are legal mechanisms that, in recent years, have given rise to a relatively consistent – although not actually effective – framework supporting gender balance in the workplace, specifically within firms⁶.

Pointing to the insufficiency of past voluntary auto-regulatory mechanisms and the persistence of gender inequalities in corporations, the Portuguese government proposed draft law No. 52/XIII, “establishing the regime of balanced representation of men and women in management and supervisory boards⁷ of public sector organizations and listed companies”, on January 5th, 2017, which was then enacted by law No. 62/2017 on August

⁶ See relevant legislative measures in appendix III.

⁷ According to the Portuguese Company Code, article 278, there are three models of corporate governance for companies, regarding their management and supervisory bodies:

- a) **Latin single model:** board of directors (includes an executive commission) and fiscal council;
- b) **Anglo-Saxon single model:** board of directors (includes an executive commission), audit commission and statutory auditor;
- c) **Dual model:** Executive board of directors, general supervisory board and statutory auditor.

1st, 2017. The initiative seeks to promote gender equality in senior decision-making positions and forms part of a set of government initiatives for gender equality within the overall objective of generating sustainable economic growth, an efficient use of qualifications and competences and a more just and inclusive society.

Law No. 62/2017 stipulates that the proportion of each gender sitting on management and supervisory boards (including executive and non-executive directors) of public companies can be no lower than 33.3% as from January 1st, 2018. For listed companies, this cannot be less than 20% as from the first elective general assembly held after January 1st, 2018, and 33.3% as from the first elective general assembly after January 1st, 2020. Non-compliance by public companies results in the invalidity of the board's nomination and a 90-day period for a new nomination. In the case of listed companies, the CMVM – the Portuguese Securities Market Commission – first issues a declaration reporting non-compliance before a 90-day period to change the board's appointment, after which, should non-compliance persist, a reprimand is then publicly handed down. Whenever the non-compliance still persists 360 days after the reprimand, the company becomes liable for the payment of a mandatory fine (not more than a month of salaries of board members for each semester of non-compliance). Law No. 62/2017 also defines how targeted companies ought to present annual plans for promoting both the equal treatment of genders and the conciliation between personal and professional lives.

Terjesen *et al* (2015) investigated the factors that may drive governments to legislate over gender quotas for corporate boards. The authors propose a model featuring three institutional dimensions that raise the likelihood of recourse to gender quotas: the female labor market and the pre-existence of gendered welfare policies targeting female employers and conciliating working and family life; left-wing government coalitions; and a historical record of path dependency (legal initiatives for gender equality). Within this

framework, even non-binding mechanisms, such as codes of corporate governance and stakeholder expectations, can foster strong normative pressures. These result in a certain mimetic isomorphism, i.e., due to the incapacity to find solutions for uncertain conditions, firms choose to implement already existing systems (e.g. Norway), generating standard answers and a general institutional change. In Portugal, all three components were verified although, as identified by technical opinions from civil society entities⁸, there is a lack of structural measures capable of supporting the quota system, for example promoting wage equality and work-life balance measures that particularly target women.

2. Empirical Study

2.1 Methodology

A qualitative methodology was used in order to better understand the expected impacts of gender quotas on promoting management board diversity among listed companies⁹. Specifically, the study objectives involved assessing the extent of gender discrimination within the Portuguese corporate context, the impacts of women on firm performances and the prevailing perceptions around quota outcomes. Most existing studies measure board financial performance through quantitative methods, pointing to the lack of qualitative studies in the CSR, gender and board performance literature. Accordingly, this study adopted a macro approach, through an interpretative data analysis method sourced from the EIGE, and a micro approach, applying semi-structured interviews. Both approaches are duly set out in the following sections.

Interviews allow for the in-depth gathering of different perceptions, unexpected factors and holistic depictions, examining phenomena and actors in their own environments. In the case of board dynamics, these are essential to assessing the practical effects of

⁸ Particularly those published by the National Confederation of Portuguese Workers (CGTP-IN).

⁹ Portuguese law No. 62/2017 targets management and supervisory boards of public and listed companies. However, the focus of this empirical study includes only the management boards (because these usually gain greater visibility within companies) of listed companies (because these represent a specific group of firms that choose a highly regulated public mechanism to obtain financing).

diversity that depend on individual relationships, corporate culture and decision-making processes – factors not susceptible to reduction to a few variables through quantitative methods (Cassel & Symon, 1994; Gephart, 2004). The objective here was to build up a comprehensive understanding of the topics under study by letting interviewees speak freely about their experiences. Regarding content analysis, the questions were prepared and organized in keeping with the main outcomes of the existing literature with the answers then coded and categorized accordingly.

PSI 20 firms were selected for interview due to their dimensions and representativeness in the Portuguese economy. Interviews were conducted with representatives from the following companies: *BCP*, *CTT*, *Galp Energia*,

INTERVIEW PARTICIPANTS		
Respondents	Gender	Interview Recorded
Respondent A	Male	Yes
Respondent B	Female	Yes
Respondent C	Male	No
Respondent D	Female	No
Respondent E	Female	Yes
Respondent F	Male	Yes
Respondent G	Female	Yes
Respondent H	Male	No
Respondent I	Female	Yes

Table I

Novabase, *Pharol*, *REN*, a Portuguese energy sector company and two companies that wished to remain anonymous. The interviews lasted for a duration of 30 to 40 minutes and, except for one phone interview, took place face-to-face. *Altri*, *Corticeira Amorim*, *EDP Renováveis*, *Ibersol*, *Jerónimo Martins*, *Montepio*, *Mota-Engil*, *NOS*, *The Navigator Company* and *Sonae Capital* did not participate in this study either because the company was not available; because it did not answer the interview request; or it was still monitoring the consequences of the legislative proposal. Participants were members of human resource (four participants) and sustainability departments (three participants). Furthermore, one participant held the position of CFO and another served as CEO¹⁰. The participant age distribution was the following: two aged between 25 and 34 years old,

¹⁰ Following a uniformity criterion, the identities of all interviewees remain anonymous. Respondent departments or positions held in the firm and their ages were not associated to each individual in order not to compromise their identity.

three between 35 and 44, and one between 45 and 54 with the three remaining aged between 55 and 64. Table I details the codes attributed to the respondents.

The interview script¹¹ consisted of four groups of retrospective and prospective questions with each focused on a specific topic following a method of idea concentration through thematic analysis. Group I “General Perspectives” focused on interviewee ideas on gender equality and gender characteristics; group II “Portuguese Legislation” examined their views on quotas as a mechanism for promoting gender equality and, specifically, the terms of the Portuguese quota; group III “Quota Impacts” assessed company expectations of quota implementation; and group IV “Conciliation Measures” investigated work-life balance measures in place in the companies under study¹².

Groups I and II are necessarily directed at the personal views of participants, significant as these interconnect deeply with the personal experiences of interviewees in the organizations in which they work. There is a gender balanced representation among respondents, thus allowing for non-gender-biased answers to these groups of questions. Groups III and IV target their company positions towards the Portuguese legislation on quota implementation, revealing the receptivity of quotas among the firms targeted.

2.2 European Framework

Legislation on quotas differs geographically within Europe. Globally it is possible to define three main cases of enforcement: legislated mandatory quotas with sanctions for non-compliance, legislated quotas without sanctioning mechanisms and voluntary approaches based on self-regulation through codes of conduct or government recommendations (Isidro & Sobral, 2015). Regarding its targets, quotas can be directed

¹¹ See appendix I.

¹² Almost all company representatives interviewed mentioned some initiatives run by their firms in this area, which demonstrates how these organizations are not indifferent to this issue. Each firm’s initiatives reflect different approaches and the specific characteristics of each sector. However, company annual and sustainability reports rarely include specific chapters on work-life balance and, except for a few respondents, participants provided general answers to this group of questions. For this reason, it was decided to analyze this topic in future studies.

to publicly traded firms, companies with a certain minimum size (listed or unlisted) and majority-owned public companies (Koch, 2015).

The table in appendix II summarizes the main aspects of the legal framework of 30 European countries, namely, if quotas are implemented and in what terms (and if not, what kind of targets or approaches are in place), types of targeted companies, and additional national measures applied. Norway stands out, and is often mentioned in the literature, not only for being the first European country to legislate on gender quotas for corporate boards in 2003, but also because it sets one of the highest quotas (40%) and hardest sanctions for non-compliance. Other countries with mandatory quotas and sanctioning mechanisms are Belgium (33.3%), France (40%) and Italy (33%). In some countries, non-mandatory quotas were implemented and non-compliance is not sanctioned, as in Austria (35%), Greece (33.3%), and Spain (40%). In most countries there are government targets and recommendations, “comply or explain” mechanisms and voluntary approaches based on self-regulation (National Codes of Corporate Governance). Only in Denmark, Ireland, the Netherlands and Sweden there are proposals for the implementation of corporate gender quotas. The European Commission forwarded a legislative proposal, in 2012, to establish 40% representation of the underrepresented gender in non-executive positions of listed firms by 2020. According to the Directorate General for Justice and Consumers, only 23.3% of board members of the largest publicly traded companies in the EU are women.

Figure 1 compares female representation in top decision-making positions in listed companies of European countries, in 2003 and 2016. It is possible to see that, overall, female representation increased in all European countries, and in countries that implemented gender quotas, this increase was higher (Belgium, France, Iceland, Italy and Norway). Figure 2 shows the proportion of men and women in the largest European listed

The proportion of women among members of the highest decision-making body of the largest nationally registered companies listed on the national stock exchange, in European countries, 2003 and 2016, (%)

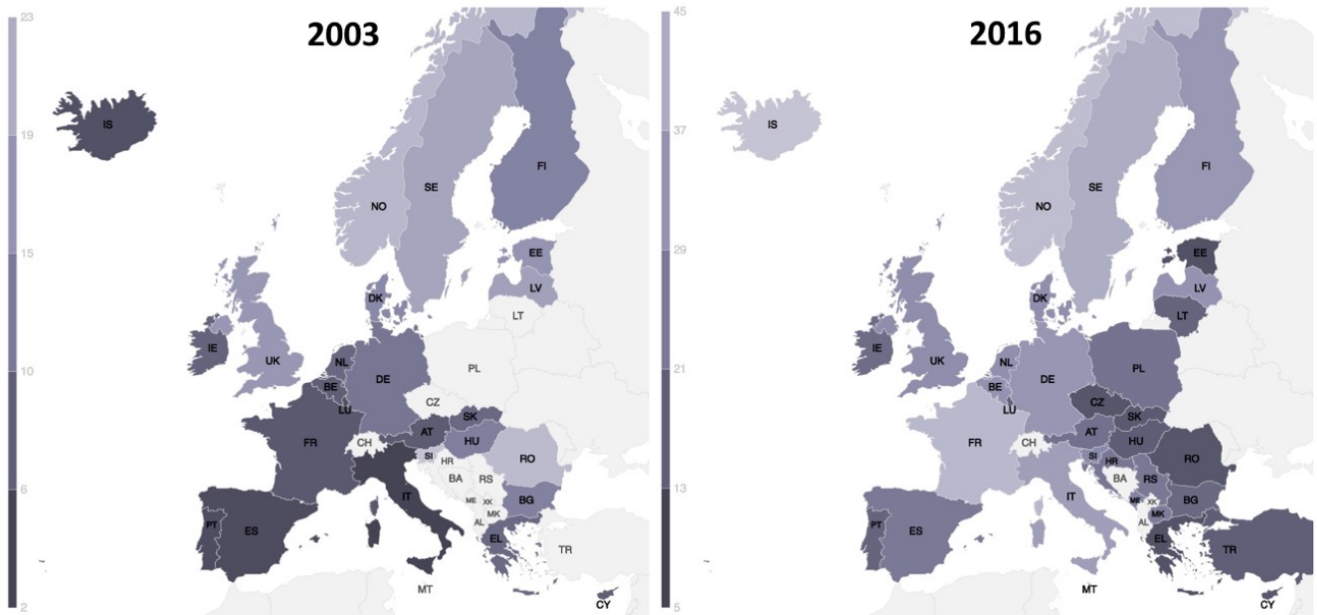


Figure 1

Source: Gender Statistics Database, EIGE (2017). Note: See differences in color scale (in 2003, scale is between 2% and 23%, and in 2016, scale is between 5% and 45%).

Gender proportion in the largest European listed companies, 2017, (%)
(includes presidents, board members and employee representatives)

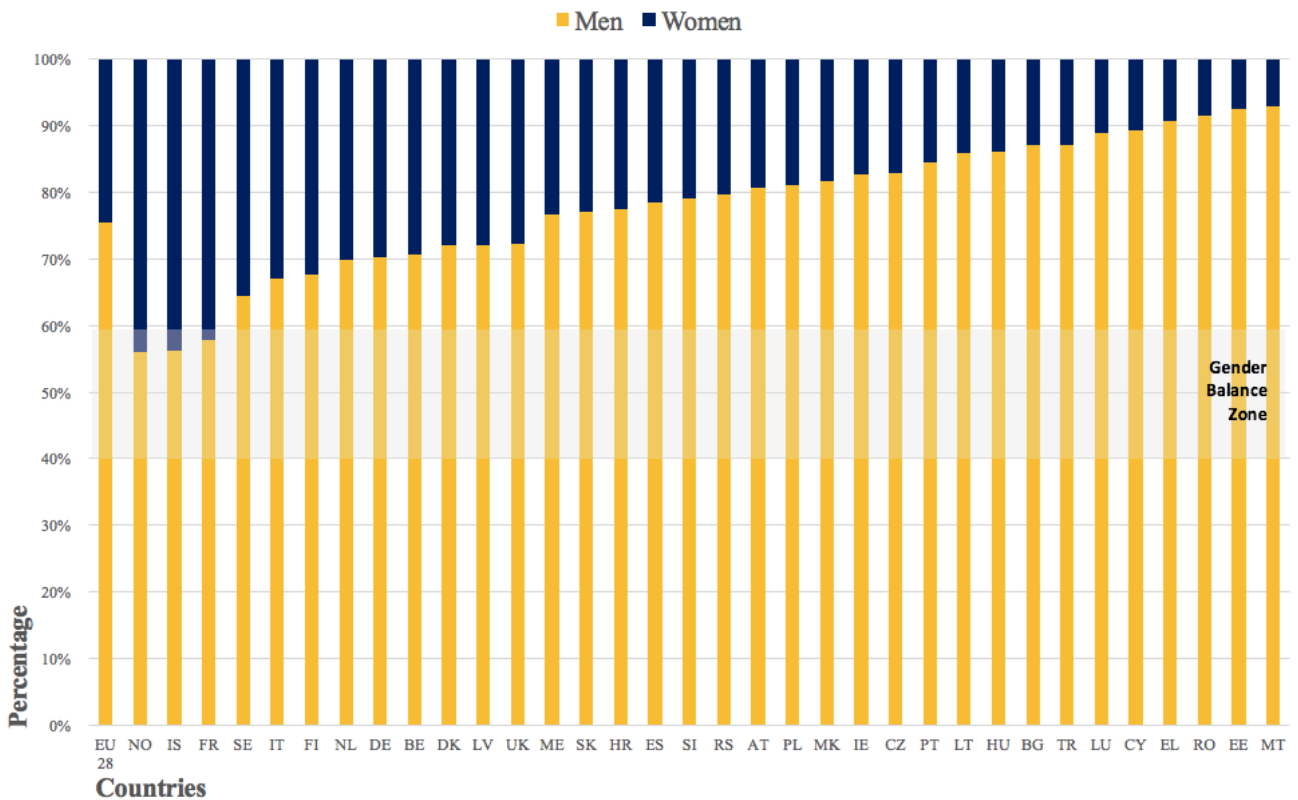


Figure 2

Source: Gender Statistics Database, EIGE (2017). Data analysis was undertaken by the author.

companies in 2017¹³. Clearly, Iceland and Norway are the countries with the highest female representation, and in Norway women's proportion is actually above its imposed quota (44%). In France and Italy, women's representation corresponds to its gender quota, (42.1% and 32.9%, respectively) and Belgium is a little behind the required proportion (29.4%). However, it is in countries with no sanctioning mechanisms that the differences are more marked. In Austria, there is 19.3% of women's representation, in Spain it is only 21.5% and in Greece it is merely 9.3% - all are far behind the required quotas. This seems to prove Isidro & Sobral (2015) statement that "regulation without enforcement has virtually no effect promoting gender diversity on corporate boards" (p. 11).



Figure 3

Source: Gender Statistics Database, EIGE (2017). Data analysis was undertaken by the author.

Figure 3 further supports this evidence, showing the evolution of women's representation in the largest listed companies of the last three countries mentioned above, between 2005 and 2017. The general trend is of an increase of female representation in all countries. In Spain, this pattern started in 2007, when the quota was first introduced,

¹³ See disaggregated positions for the year 2016 in sections a) and b) of appendix V.

but despite women’s representation steady growth over the years, it was not fast enough to ensure 40% representation by 2015. In Austria, after the introduction of the quota in 2011, this indicator almost plateaued until 2013 (year of the first 25% milestone of the quota, which was not achieved). Afterwards, it presented a significant increase until 2015 and a 2 percentage points decrease in 2016 to 18.1%. In Greece, the highest representation of women was registered in 2007 (11.2%), it suffered a sharp decrease in 2008 (5.7%) and has presented a modest growth over the years¹⁴.

As presented in figure 4 Multiple Correspondence Analysis, there is a geographical pattern distinguishing types of quota enforcement, although it is inconclusive. Eastern countries usually present less than 21.3% of female

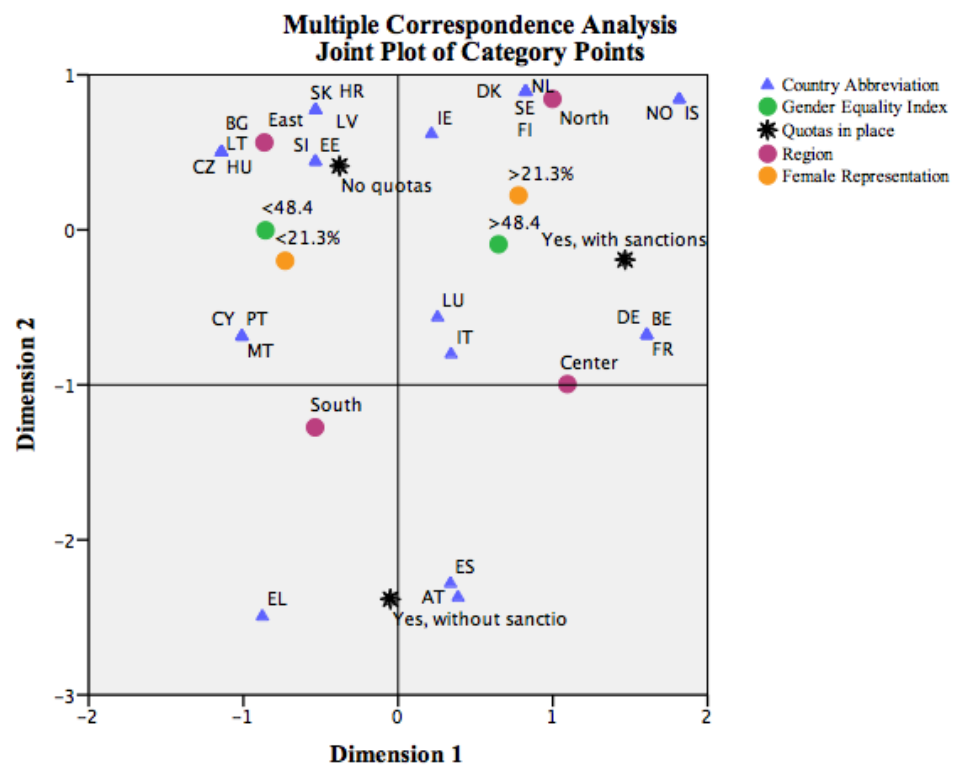


Figure 4

Source: Gender Equality Index, EIGE (2012) and appendix II. Data analysis was undertaken by the author, see table in appendix IV.

representation in boards of listed companies (median of all countries considered), have Gender Equality Index (GEI) scores under 48.4 (the median of scores of all countries considered), and have no implemented quotas (upper left quadrant). Central countries with quota systems and sanctions for non-compliance present more than 21.3% of female representation and have GEI scores over 48.4, as well as Northern countries that rank

¹⁴ When analyzing the data presented in figure 3, one should keep in mind that, although some quota systems target only state-owned companies, the data available corresponds to listed companies, which may be public or private.

relatively well in the gender equality indicators considered, although none has quotas in place, except for Norway and Iceland (upper right quadrant). Greece, Spain and Austria have quota systems but no sanctions for non-compliance and perform poorly (lower left and right quadrants), as well as southern countries with no quotas (Cyprus, Portugal and Malta).

2.3 Portuguese Context

In Portugal, women make up 52.6% of the population. According to Pordata, in 2015, 59% of graduates were women while 63% of all individuals holding Master’s degrees, and 54% of those holding PhDs were female. Nevertheless, women still remain underrepresented in all senior corporate decision-making positions in Portugal, even though there has been a slight increase in recent years, as detailed in figure 5.

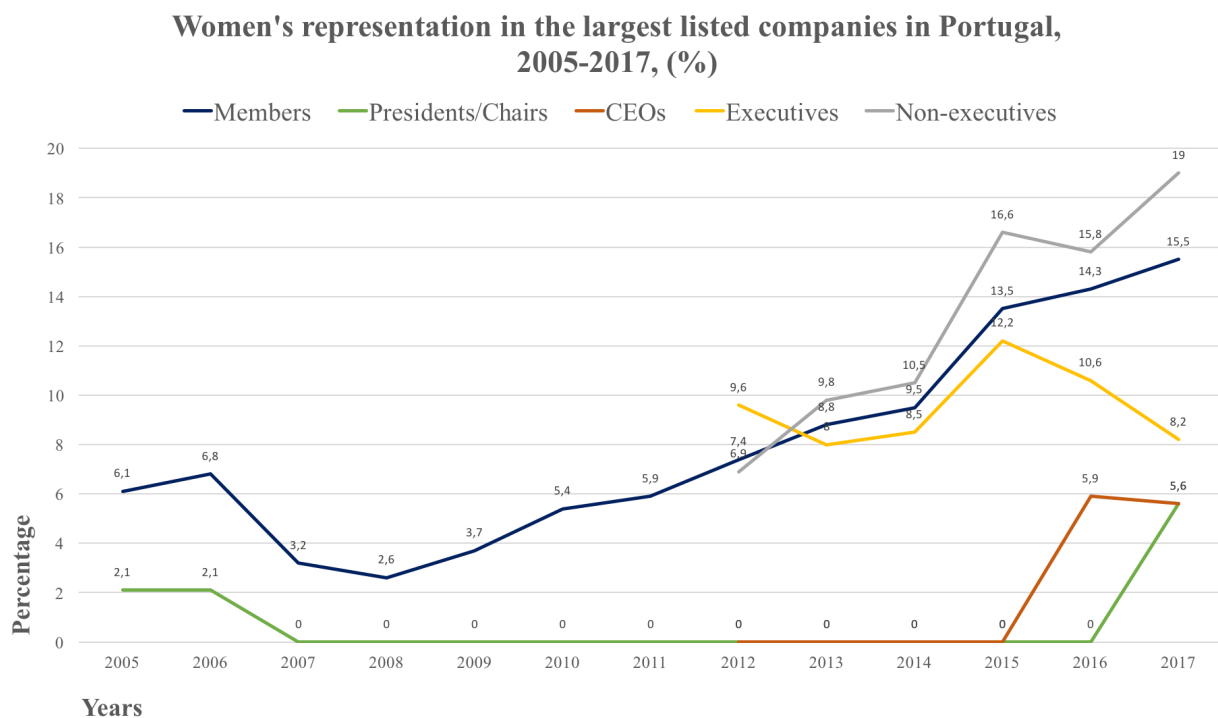


Figure 5

Source: Gender Statistics Database, EIGE (2017). Data analysis was undertaken by the author.

The lowest level of female board member representation in the highest decision-making bodies of the largest listed companies in Portugal came in 2008 (only 2.6%). Since then, female representation has experienced steady growth and, in 2017, 15.5% of board members were women. Up until 2012, there are no records of any female executive

or non-executive members in the two highest decision-making bodies of each company. Only in 2016, were the first female CEOs registered, and with the first female presidents taking office in 2017, after a long period without female presidents. Nevertheless, the proportions depicted in figure 5 remain extremely low in relative terms, the reason why table II proves helpful in demystifying real female representation on boards.

Table II presents the main characteristics of PSI 20 company (the largest companies publicly listed on the Portuguese stock exchange) board members, specifically average director age, qualifications and independence and especially focusing on gender. PSI 20 companies are individually very different from each other, depending on their governance model and sector, which shape their corporate cultures and governance strategies. In particular, board sizes vary significantly (from three members in *Ibersol* to 21 members in *BCP*), which is meaningful when analysing female representation. In some cases, adding one or two women is enough to significantly increase female representation even while this does not apply in the case of larger boards. Even for smaller boards, compliance with the gender proportions required by law may still lack significant female influence. The median of female board directors is two and thus the median (and as well as the mean) female representation in PSI 20 firms is only 14%. The firms returning the highest levels of female board representation are *Altri* (28.57%), *Sonae Capital* (28.57%), *CTT* (30.77%), *Sonae* (33.33%) and *Corticeira Amorim* (33.33%). The latter two are the only companies that, at least in terms of the board of directors, comply with the new Portuguese quota law. However, there are no women sitting on most executive commissions. This means that even the few women holding board seats do not attain executive positions and, therefore, have only a reduced influence on decision-making relative to their male peers even though independent non-executive female directors take on important board of director supervisory roles. *Sonae Capital* constitutes the only exception to this scenario:

Characteristics of PSI 20 firms and descriptive statistics, 2016

PSI 20 Firms	Board Size	Average Age	Directors	Board Representation (%)	Executive Members	Executive Members	Executive Members (%)	Board Chair	CEO	CEO duality a)	Independent non-executive members	Bachelors b)	Masters; PhD b) c)	MBA; Executive Training; Post-Grad. b) d)
Altri	7	N/A	2	28.57%	4	0	0.00%	No	No	Yes	0	7	0	3
BCP	21	57.9	3	14.29%	8	1	12.50%	No	No	No	7	21	5	6
Corticeira Amorim	6	52.8	2	33.33%	3	0	0.00%	No	No	Yes	0	5	0	3
CTT	13	54.6 e)	4	30.77%	5	1	20.00%	No	No	No	6	12	4	3
EDP e)	8	53.4	0	0.00%	8	0	0.00%	No	No	f)	8 g)	7	2	6
EDP Renováveis	17	57.7	1	5.88%	4	0	0.00%	No	No	No	10	17	11	7
Galp Energia	19	55.6	3	15.79%	7	0	0.00%	Yes	No	No	5	19	7	8
Ibersol	3	N/A	0	0.00%	2	0	0.00%	No	No	Yes	1	3	1	2
Jerónimo Martins	9	59.9	1	11.11%	1	0	0.00%	No	No	Yes	5	8	4	3
Montepio e)	7	N/A	0	0.00%	7	0	0.00%	No	No	f)	0 g)	7	1	4
Mota-Engil	17	N/A	3	17.65%	8	0	0.00%	No	No	No	3	17	4	3
NOS	17	N/A	4	23.53%	7	1	14.29%	No	No	No	1	14	2	11
Novabase	4	52	0	0.00%	2	0	0.00%	No	No	Yes	0	4	2	2
Pharol	10	57.4	1	10.00%	2	0	0.00%	No	No	Yes	3	10	2	6
REN	12	52.3	2	16.67%	3	0	0.00%	No	No	Yes	4	11	4	5
Semapa	11	N/A	0	0.00%	4	0	0.00%	No	No	No	3	10	1	3
Sonae	9	59	3	33.33%	2	0	0.00%	No	No	Sim	7	9	5	5
Sonae Capital	7	54.1	2	28.57%	3	2	66.67%	No	Yes	No	2	7	1	6
The Navigator Company	14	N/A	0	0.00%	5	0	0.00%	No	No	No	0	13	1	8
Mean	11.1	55.3 h)	1.6	14.18%	4.5	0.3	5.97%	-	-	-	3.4	95%	26%	48%
Median	10.0	55.5 h)	2.0	14.29%	4.0	0.0	0.00%	-	-	-	3.0	100%	24%	50%
Mode	7.0	51 h)	0.0	0.00%	2.0	0.0	0.00%	-	-	-	0.0	100%	0%	50%
Standard Deviation	5.1	8.8 h)	1.4	12.21%	2.3	0.5	15.44%	-	-	-	3.0	6%	18%	18%
Max.	21	81 h)	4	33.33%	8	2	66.67%	-	-	-	10	100%	65%	86%
Min.	3	35 h)	0	0.00%	1	0	0.00%	-	-	-	0	82%	0%	18%

♀: Female

N/A: Not Available

a) The CEO is also the chairman of the board of directors.

b) Descriptive statistics correspond to the proportion in percentage of degrees in each board.

c) If an individual has a Master's Degree and a PhD, only one occurrence is counted.

d) MBA, executive training, post-graduation. If an individual has more than one type of executive training, only one occurrence is counted.

e) The age of one of the members is not available.

f) Dual model (executive board of directors, general supervisory board and statutory auditor).

g) Independent members of the executive board of directors.

h) The ages of all individual members of each company were considered, and not the average age in each company indicated above.

Table II

Source: Firms official annual reports (publicly available on their websites). Data was undertaken by the author.

out of its three executive commission members, two are women and one of these is the CEO – the only case of a female CEO in PSI 20 firms. Furthermore, *Galp* represents the only case of a female board chair. Analysis of female board representation must take into account the distinction between executive and non-executive members as the increase in female board representation may result only from increasing female non-executive members, reflecting tokenism (de Anca & Gabaldon, 2014; Klettner *et al*, 2016). As predicted by Nekhili & Gatfaoui (2013), there is no clear evidence that boards with a higher number of non-executive directors are more likely to appoint female directors.

The average age of directors for all PSI 20 firms is 55 years old. In *Sonae* and *Jerónimo Martins*, the average age is higher (59 and 59.9, respectively), and lower in *Novabase* and *REN* (52 and 52.3, respectively). Nowadays, board directors belong to Generation X when women began fully accessing academic education, enabling an equal and fair assessment for the levels of qualifications attained. Hence, it would be expected that, other things being equal, today's directors would be representative of both genders. Indeed, when analysing director qualifications, there are no significant differences between men and women. Globally, and apart from a couple of exceptions, all directors have undergraduate degrees, some have Master's degrees, a few have PhDs and many have MBAs or other types of executive qualifications (usually more than one). This suggests the reasons why women are not reaching the boardroom arise out of other factors.

2.4 Analysis of the Interviews' Results

2.4.1 Perceptions of gender equality

Firstly, it was assessed to what extent interviewees perceived gender discrimination and the existence of the glass ceiling for senior management positions as a reality in the Portuguese corporate culture. Every participant, except for Respondent C, accepted the existence of a glass ceiling globally, although they all defended that this did not represent the current reality at the companies for which they work. Respondents E, H and I pointed

out that unequal gender representation very much depends on the company and its sector, with Respondent I identifying a bottleneck around the senior leadership positions in her firm. Furthermore, when confronted by the figures portraying the low female representation on PSI 20 company boards, all respondents presented several justifying factors. These fell into three categories: **firm-specific**, **societal/cultural** and **gender-related**. Participants usually referred to more than one type of argument in their answers.

Firm-specific arguments evoke the right and the authority of company shareholders to select board members. Respondents A, C, D, F and H explained that as board nominations are made by shareholders, gender parity does not depend either on the company or on its culture but on shareholder judgements of the fittest and most trustworthy candidates for directorships.

“(…) male and female directors are always selected or nominated by shareholders, therefore the board of directors ends up not having that freedom [of selecting its directors] (…)”

– Respondent F

Societal/cultural factors were those most referenced by respondents through abstract depictions of Portuguese demographics and societal values they believe are reflected in company boards. Respondents B, D, E, G, H and I mentioned the different roles traditional Portuguese society attributes to the respective genders: women as housewives and primary care-givers and men as bread-winners. According to the views of participants B and D, these roles not only shape expectations towards members of both genders but also influence behaviors in the workplace. Men become expected to remain in the office after work to engage in informal gatherings that usually both discuss promotions and nurture business networks. Women rarely get to participate as they usually leave the office to head home and do the housework and take care of their children (commonly responsibilities not shared with their husbands) and thus seem less available for work:

“(…) men interact more with each other, women go home at the end of the day, (…) because they have to take care of their other tasks and will not go out for drinks (…). Usually, it is in these moments that people are chosen and potential successors are considered (…) the model is

indeed dominated ... by the masculine model and by men. And it's natural that they choose men because they interact more with each other outside of work." – Respondent B

Moreover, Respondent C pointed out that today's directors belong to a generation in which more men than women entered the corporate circles and that boards are tending to diversify overtime. Accordingly, Respondent I believed that over time the role of "primary care-giver" attributed to women will become independent from gender.

Four respondents (B, D, H and I) referred, directly or indirectly, to **gender-related factors**, in the sense that most men seem to be members of relevant networks ("boys' clubs"), from which women are somewhat excluded, thereby favouring male candidates.

"It's natural that they [men] tend to choose people from their circle of confidants."
– Respondent D

Respondent I identified a corporate habit of neither including nor integrating women into discussions and decision-making as contributing to weak female representation:

"Decision-making takes place within mostly male groups (...). In equal circumstances and following a logic of meritocracy (...) maybe, sometimes, decisions are made because we do not ask women if they are available" – Respondent I

Respondent H mentioned that directors look for successors through a process of identification with themselves and that gender roles also interrelate with leadership characteristics attributed to each gender, especially assertiveness and aggressiveness in men, which are preferred in competitive environments. Regarding the female gender, Respondent E stated that women are often the first ones to limit themselves by being overly insecure about their capabilities and less prone to risk-taking than men:

"Many times, women are their own constrainers, that is, when there's an opportunity for career development, it is women who usually choose not to take the risk, because they tend to (...) better preserve the feeling of security (...). Women are less confident about their competences than men, which doesn't amount to a rule [for all women]." – Respondent E

2.4.2 Perceptions of gender diversity impacts

Next, considerations around the impact of women on firm performance were examined. This question contained two focuses: **financial** performance and **non-financial performance**. However, all interviewees initially mentioned factors related to **non-financial** performance in their answers, and only interviewees C and F did not think

gender diversity could have any impact on firm performances. Most interviewees (A, D, E, G, H and I) believed that diversity in all of the individuals' characteristics, their points of view and backgrounds is susceptible to affecting decision-making, risk evaluation and strategic thinking, and not only gender diversity:

“There are different ways of seeing the world and life that don't come only from gender, they come from gender, from what we are as individuals, from where we grew up, what our social context is, our economic contexts, academic contexts, family contexts... all of this influences the way we see the world, not just the gender question, but that also has an influence.”

– Respondent A

Thus, when talking about outcomes, respondents distanced themselves from gender and with the most common argument being “competences are independent from gender”. Respondent E, however, believed more women in the boardroom contributes towards a more positive and ethical company image, which increases shareholder confidence and, therefore, investment, due to women being associated with more ethical attitudes. Similarly, Respondent B believed that female directors usually attribute a greater weighting towards sustainability related topics and boost their development within the organization. This opinion contrasted with that of Respondent G who believed male and female sustainability directors share equal concerns and that approaches depend more on the company's sector and its impact on the environment and stakeholders than on gender.

“(...) those assumptions of women being more closely associated with a certain kind of concern are wrong (...). It is actually very dangerous to assume those positions (...) that in reality are myths (...). There are very few female CEOs of oil and gas companies, for instance, but this does not mean that the sustainability concerns of those companies are less relevant.” – Respondent G

When asked about **financial** performance, interviewees tended to repeat themselves and refer to the benefits of diversity in decision-making. Only Respondent D said that as female graduates are leaving university with higher grades relative to their male colleagues, hiring female talent is “good business” for companies, which also holds true for women in senior positions aiming for the board of directors. Similarly, Respondent E mentioned that organizations are now becoming aware of this and moving to increase female representation due to competition with other firms for new and diverse talent.

“We always want to be the best of the best (...) and the question of diversity and women in top management positions has become something perceived as positive for companies, something that will generate a return.” – Respondent E

2.4.3 Views on quotas

Subsequently, the interviews focused on the topic of quotas, their acceptability and expected impacts. Even those favorable to quotas expressed preference for other approaches to affirmative action, specifically company self-regulation (along with public scrutiny), fiscal incentives and rewards, and work-life balance initiatives. Only three respondents **agreed** with the implementation of quotas (B, E and H), with three **against** (C, G and I) and with three believing that taking into account the present scenario, they should be implemented, despite **not being an ideal option** (A, D and F). Follow-up questions tried to grasp the extent to which the respondent positions arose out of three main ethical dilemmas: **reverse discrimination**, **meritocracy** and **state intervention**.

Individuals in favor of quotas strongly believed they might trigger behavior change due to their mandatory character and sanctions. They focused on the fact that, contrary to what one might think, quotas amount to more than a positive discrimination measure:

“I think quotas can be really useful (...), not as a concept of positive discrimination but in the sense of equality, of giving equal opportunities (...).” – Respondent B

In Respondent E’s understanding, the promotion of equal opportunities through quotas comes with rigorous selection criteria in order to prioritise overall candidate qualifications. Only after having secured these should applications by the underrepresented gender be favored:

“(...) it’s about equality of opportunities, while always referring that, for equal talent, the underrepresented sex does benefit but always highlighting that the level of talent has to be the same (...).” – Respondent E

Therefore, respondents rejected **reverse discrimination**. Respondent H termed the reverse discrimination argument “dishonest” and stated that unless we actually believe men are better at doing things, we cannot explain how among the top 100 there are 90 men. This clashes with the opinions of Respondents C and I who deployed the argument

of **meritocracy**, but in reverse, explaining that quotas may compromise merit and prevent the most qualified candidates from being appointed if male.

“(…) quotas are not sustainable in the long run, otherwise, firms would easily recruit non-executive directors (…) and the matter would be solved. (…) It is not about gender equality but equality of opportunities (…) that’s why we defend merit.” – Respondent I

Cultural factors were also applied reversely with Respondent G stating that such a mechanism makes more sense in highly conservative societies in which women do not enjoy the same civil liberties as men. Contrarily, Respondent E said that our gender-role-based-society justifies the existence of quotas.

“[In a] geographic area (…) where, in cultural terms, women do not have a role… in terms of the labor market (…) the existence of quotas may be a [necessary] mechanism to create a culture of diversity in those organizations.” – Respondent G

“In Portugal, Spain, highly traditional, catholic countries, there are specific gender roles, and maybe, in Northern countries, there is not such a strong historical and religious component (...). Nowadays, we are in a more and more globalised world (...) and those cultural issues (...) have lesser importance.” – Respondent E

Those who believe quotas are not the ideal option for promoting gender equality, understand the **state’s intervention** as stemming from the urgent need to change behaviors. They view quotas as a temporary mechanism and therefore reject the idea they may **compromise merit or discriminate against men**.

“(…) I do not see these [quotas] as negative discrimination for men because I believe they are temporary, and, if this practice becomes generalized, quotas will stop making sense.” – Respondent A

Specifically regarding the **Portuguese quota**¹⁵, only Respondents A and G came out in agreement with the overall proposal, particularly with both the percentage and the defined implementation period. Respondent C, however, strongly opposed the quota, considering it hastily proposed and resulting in one of the strictest frameworks in Europe. Respondents F and H believed the distinction between listed and unlisted companies as targets of the measure represents an additional burden for the former, before proposing a dimension criterion as more appropriate. Respondent E questioned the reasons behind the quota percentage, recalling how 33.3% represents only one woman on smaller boards,

¹⁵ Some of the interviews were made before the draft law approval.

which may translate into tokenism and the subcriticality of women. Respondents B, C, D and I identified this goal as “ambitious” and potentially representing a “challenge” for most of the companies targeted. However, all company representatives guaranteed their organizations would be able to implement the quota but with only one of the anonymous firms and the energy sector company mentioning a bottom-up approach involving the broadening of their talent pool, investing in training their human resources from the start of their careers, and working on eliminating internal bias in career development and decision-making.

Afterwards, it was attempted to understand the expected impacts of the Portuguese boardroom quota system in terms of fostering promotion of opportunities among qualified senior females, breaking the glass ceiling and improving decision-making dynamics. However, when asked about the feasible impacts, interviewees tended to repeat themselves and give similar answers to when asked about the impacts of women on financial and non-financial performance. After some follow-up questions, no one reported more women in the boardroom as likely having any specific impacts beyond representing additional motivation for younger female professionals:

“I think women “attract” women, especially in management. When there’s the perception that that person achieves a certain position, there are more people showing up for that position, because, suddenly, the dream comes true (...).” – Respondent E

Respondents A and B **did not expect any impact**. Respondent A mentioned gender leadership characteristics to argue that, from his own experience, these are mere stereotypes and individuals usually do not conform with them, giving the example of the belief that some women directors have a more emotional and sensitive – i.e., feminine –, approach, and others a more aggressive – i.e. masculine – posture.

“(…) [when we talk about] women who manage in a little more ‘masculine’ way, a little less relational – even though here we are talking about stereotypes too –, we’re supposing that women manage in a more emotional way than men (...); during my career (...) I’ve worked with people that do not fit these typologies (...)” – Respondent A

Respondents E and G referred to **impacts in terms of diversity in general** (across all its dimensions), and not just gender diversity, as an advantage in decision-making.

“I consider (...) diversity as a competitive advantage (...), it prepares boards more adequately for decision-making, which is, obviously, positive in that perspective.” – Respondent G

Respondents C, D, H and I referred to some **specific impacts of the quota** measure. Respondent C expressed concern over the changes necessary to executive commissions because each executive member usually holds a specific portfolio. Hence, either some portfolios would have to be split, or more created, or male members would have to leave in order to integrate women directors. Respondent D mentioned improvements to company public images and the social impact as positive outcomes of the measure alongside Respondent I who added that by valuing and investing in diversity, firms contribute to changing mentalities and nurturing their internal and external images, reflecting the Perrault (2015) and Rao & Tilt (2016) findings. Respondent H referred to the benefits of diversity in general but, above all, diversity among women themselves, i.e., as women begin accessing senior positions, they gain the opportunity to develop individual competences and become valued for them and not for gender-related aspects.

Nevertheless, as no answer referred to **negative aspects**, when confronted with this possibility, participants had much more to say, particularly regarding follow-up questions on **tokenism** and **meritocracy**, and usually mentioning more than one type of impact. Respondents A, H and I denied the possibility of negative impacts. Respondent I mentioned, briefly, eventual difficulties in managing change and reorganizing teams.

“(...) maybe performance will decline temporarily a little, and then increase significantly, but that happens in all learning processes.” – Respondent I

Respondent A mentioned that the likelihood of selecting **unqualified members** remains questionable as both men and women have similar levels of qualifications following the access of women to education becoming a reality many years ago. Furthermore, even if there were signs of **tokenism** in the early years of implementation,

Respondent H did not believe this would compromise the positive impacts of the measure.

Respondents D, E and F, however, mentioned **tokenism** as a possibility. Respondent D explained that were women to feel favored because of their gender, this might pose a real obstacle to their performance. Respondent E pointed to the need for a critical mass of women in order to avoid tokenism, and difficulties in changing the mindset of workers in more conservative companies that perceive quotas as unfair positive discrimination in favor of women:

“We need time to explain people the reasons for supporting quotas (...), and sometimes, that is time companies do not want to waste, (...) it is difficult to work in a culture with which people can't identify (...), we would be evangelizing people (...). People will always think: ‘oh so we're getting rid of good men to give women their positions’ – and that is not true.” – Respondent E

Respondent F predicts the appearance of **Golden Skirts** and only Respondent C expressed concerns over **meritocracy** and either the selection of less qualified people or the non-rewarding of those most qualified.

“(…) there will be women in board cycles and they will end up being in several places [boardrooms], and sometimes they will not be chosen on merit. They will be chosen just because they are women and have already held that position so they can do it again in other places.”
– Respondent F

Respondent G mentioned negative impacts of the measure to the public images of companies as quotas may lead to the false impression that companies are only promoting female representation because it became mandatory by law. This does not fit in with any of the categories above and also contrasts with the opinions of Respondents D and I who perceived the quota as resulting in positive impacts and improvements to company images.

“This gives the wrong idea about the concerns of organizations as regards equality of opportunities because it gives the false idea that we only do so out of a matter of legal obligation.”
– Respondent G

“(…) to lead by example in that matter, so those at the bottom understand that it is possible to diversify and that it [diversity] is valued.” – Respondent I

2.5 Discussion of Results

As predicted by Terjesen *et al* (2015), at the time of approving the quota legislation, Portugal had all three components in place for implementation, in particular, a left-wing

government coalition and a record of path dependency of previous measures in this field (appendix III). However, implementing a 33.3% quota by 2018 does represent a significant challenge for the largest listed companies. Although guaranteeing they will be able to meet the quota, the interviews revealed how some firms are not favorable to the mechanism chosen. A slightly longer period of implementation, of two to six years, similar to other European countries, might not only have facilitated adjustment to the quota but also have allowed for raising awareness among all the parties involved. This is important because, on some boards, achieving a 33.3% proportion may imply the nomination of only one woman. Ideally, female nominations should not be stigmatized as the token women or the “Other”, although this may be initially a risk as female director competences may get overlooked because of their gender.

As shown in 2.2, quota implementation in European countries has been successful increasing female board representation when joined by non-compliance sanctions, contrarily to those without. This suggests that, taking into account that earlier self-regulation approaches in Portugal did not have practical results, the quota system could trigger change. Besides, as Respondent H mentioned, organizations respond better to sanctions than to benefits, because in case of non-compliance, the first implies necessarily a loss, while in case of non-action everything remains the same with the second.

Overall, respondents were quite open to discussing the topics under study. However, most encountered difficulties in conveying the formal positions of their firms on quota legislation. They instead mostly expressed their personal opinions and experiences, even while still valid given these reflect the realities of their firms. It would thus seem that there may yet not have been substantial internal discussion, which raises concerns due to the tight timeline for implementing the quota. This aspect along with which companies to target and the appropriate level of the quota (to avoid tokenism and subcriticality) formed

the doubts raised by respondents. Specifically, some respondents suggested that public and state administrated companies should be the first to set the example, and that the quota would harm listed companies by imposing an additional burden to them. Moreover, some defended that a dimension criterion would have been more adequate as some listed companies are small/family-run firms. Regarding the quota type, many were in favor of soft quotas, especially self-regulatory approaches, while others stated that, taking into account the present context, hard quotas are a necessary instrument for driving change. This in turn encapsulates the different conceptions surrounding the best way of triggering cultural and behavioral changes and the controversies existing between hard and soft approaches (Klettner *et al*, 2016).

In light of the results obtained, the interviews reveal some noteworthy patterns: **a)** as described above, gender did not hold any clear influence on the acceptability of quotas (two women and one man were in favor and two women and one man were against). This instead depended more on respondent experiences, company backgrounds, company cultures and, ultimately, individual values; **b)** in terms of age, there were no clear differences among the answers given; **c)** female director seniority did make a difference: females with long careers within their companies were usually against quotas and seemed protective of their status quo. They usually held top positions and stated they would not like to benefit because of their gender because this would devalue their individual competences. This conveys the risk of female director opposition to quotas as predicted in the literature; **d)** some respondents note that sometimes women impose obstacles on themselves: they tend to be less aggressive, less participative in stating their suggestions and in decision-making, they hesitate when an opportunity or challenge emerges, and appear insecure as to their own competences and abilities to play a businessperson role

alongside that of mother/wife. The literature reports this as a generalized remark in opposition to supposed greater assertiveness of males (Lansing & Chandra, 2012).

Regarding respondent perceptions of gender equality, “societal/cultural arguments” constituted the most mentioned facet and, nowadays, seem to reflect a long overdue demand of second-wave feminism that, in the late 1960’s, had questioned gender roles and the division of tasks in western households. In turn, “gender-related” answers identified – directly or indirectly –, homophily, power relations, gender stereotypes unfavorable to women and the so-called “boys’ clubs” as responsible for excluding women from eligible positions, relevant networks and favoring male candidates.

Concerning the impacts of gender diversity, most interviewees considered competences as independent from gender and did not allow for any positive relationship between gender diversity and financial performance. However, most also considered this beneficial to non-financial performance, decision-making processes and board dynamics as a trait of diversity, and not specifically because of gender.

Nevertheless, the legitimacy of quotas remains a controversial ongoing debate. The antagonistic views on reverse discrimination, tokenism, golden skirts and meritocracy mentioned by respondents emerge in the findings presented. This reflects the current debate among researchers and corporate workers as regards the following topics: the scope for quotas to represent an unfair positive discrimination measure favoring women and leaving men in a disadvantaged position; the risk of female directors being appointed not for their competences but for symbolic purposes (and of getting appointed to more than one directorship); and the compromising of merit in selection processes. These topics were broadly present in different respondent answers. Furthermore, the opinions that boardroom gender diversity improves company public and internal images as well as

worker trust, reflects the Perrault (2015) and Rao & Tilt (2016) findings, even though one participant defended the opposite.

Respondents made important comments on adapting to the measure with some concrete suggestions: businesswomen ought to be very clear and assertive concerning their professional objectives, salaries and interpersonal relations in the company. In turn, companies themselves have to guarantee rigorous selection criteria, mentoring opportunities and explain the importance of quotas to their workers and how, if well implemented, they will not compromise merit; the role of education in promoting gender equality, deconstructing stereotyped frameworks and shaping positive and sustainable social behaviors in order for quotas to be unnecessary in the future.

Conclusion

This dissertation's main objective was to identify the likely impacts of the 33.3% gender quota for management boards in Portugal in order to understand the terms on which gender quotas may or may not trigger sustainable gender balances in the boardroom and change in the corporate culture. This work deployed data analysis and semi-structured interviews to investigate the existence and constraints of the glass ceiling in Portuguese corporate culture, perceptions on quota outcomes and the perceived impacts of women on firm performance. Examining this topic from the perspective of organizations made it possible to assess the receptiveness to the quota system that will come into effect in 2018.

The starting hypotheses suggested that quotas may increase the boardroom participation of the underrepresented gender but while also raising legitimacy concerns. Globally, the interviews approached this dilemma positively. However, the literature review and data analysis suggested a more complex answer to the research question. The success of any quota system deeply depends on its formulated terms, on a country's corporate culture, on social receptivity and, at the micro level, on the sector an

organization belongs to. Therefore, as seen in European countries where quotas do not have sanctioning mechanisms, their capacity to sustainably increase female representation only ever proves very modest (Austria, Spain and Greece). Furthermore, the analysis of the European context also shown that there is no strong positive evidence that the adoption of quota systems is more likely in certain regions as a result of cultural/societal differences among European countries. For instance, Norway, Iceland, Germany, France, Belgium and Italy all have quotas in place, despite representing different socio-cultural and political realities within Europe. Nevertheless, it was clearly verified that in countries with quotas, female representation and gender equality is usually higher than in countries without quotas, as it would be expected.

Moreover, cultural aspects, ethical values and views on meritocracy hold great influence over corporate social dynamics and over the acceptance of quota as testified to in the interviews. Furthermore, views on these topics divided broadly. Participants attributed great weighting to society's instituted gender role expectations. The interviews demonstrate how quota acceptability is independent from gender as are perceptions around the benefits of gender diversity. Thus, quota acceptability varies according to the personal values, experiences and corporate backgrounds of individuals. Correspondingly, although some respondents recognized benefits for board dynamics from the different traits inherent to both genders, others strongly denied gender diversity having any impact on firm financial performances.

Regarding the main objective of this study, it is possible to conclude that, in the Portuguese case, its record of path dependency, i.e., earlier legal initiatives, are significant to the success of the quota system. Previous soft approaches established the necessary impulse for hard quota implementation although some technical and legal opinions have criticized the legal quota framework. The quota system will most likely guarantee a

gender balance in the boardroom at a sustainable level. Nevertheless, it cannot be ascertained whether or not this will trigger change in corporate mentalities and cultures as respondent answers were divided. However, data analysis made it clear that the glass ceiling is a contemporary reality to the Portuguese corporate context.

There are some recognized limitations to this analysis. Despite several interview requests, some PSI 20 firms did not participate in this study, which decreased its potential, as the interview method requires a varied number of testimonials. Additionally, the firm representatives interviewed were neither all board members nor members of the same departments, which invariably results in different perspectives on the topic under research. Furthermore, interviewer subjectivity and inaccuracies in the interpretations of answers pose risks, although open-ended questions were asked in order to minimize answer biases. Moreover, the impacts of gender diversity on firm financial and social performances might have been further developed. In particular, future studies should strictly define the dimensions to performance and test for the impacts of gender diversity through qualitative methods in order to measure the actual impacts of the quota after a certain distance in time following implementation. Given this study assesses the potential of hard quotas as a gender equality instrument, it is important to examine their actual outcomes, similar to quantitative studies on the Norwegian case and other countries with longer established quota systems. However, the introduction of qualitative methods in a later phase would be equally relevant in order both to overcome the limitations of quantitative methods and to gather the hitherto unperceived aspects of quota implementation.

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Appendixes

Appendix I: *Interview script*

Recorded interview: Yes No

Information about the respondent:

Anonymity: Yes No

Name:

Age:

Gender: Female Male

Position:

Education:

Information about the company:

Anonymity: Yes No

Name:

Company: Private Public

Board size:

Number of male directors:

Number of female directors:

Chair of the board:

Gender:

Positions of female directors:

I. Topics on gender (in)equality

1. Do you consider Portuguese women still face a “glass-ceiling”, i.e., significant obstacles accessing to top positions in the corporate context? If yes, to what extend?
2. In boards of directors of the largest listed companies in the Portuguese Stock Exchange there is still a majority of male directors. What prevents bigger female participation?
3. In your opinion, what is the impact in terms of performance from a bigger presence of women in boards?
4. How do you see quota implementation in boards of directors?

Follow up questions:

- As a way to create gender equality or as reverse discrimination (against men)?
- Are quotas meritocratic?
- To what extend to you agree with State’s intervention?

II. Portuguese Law

5. Assuming there are hard quotas and soft quotas, with which one/s of the following measures do you agree more? Why?
 - Implementation of a certain proportion of the underrepresented gender in boards;
 - Raising awareness for the importance of gender balance;
 - Suggesting an advisable minimum proportion of the underrepresented gender for voluntary implementation;
 - Sanctions for companies that do not have a certain minimum percentage of the underrepresented gender in boards;
 - Benefits for companies that hire/nominate individuals of the underrepresented gender.
6. What is your position on draft law No. 52/XIII? Specifically, do you think that the value of the quota (33.3%) for state-owned companies and listed companies (the latter ones will have a gradual quota of 20% in 2018 and 33.3% only in 2020) is adequate?

III. Impacts

7. What measures is the company going to take in order to follow the law proposal (in case it is approved/now that it is approved)? What are the expected changes in terms of the board of directors?
8. What impacts do you think this law will have on the company?

IV. Work-life balance measures

9. What measures has the company been developing for balance between professional careers and personal lives of directors and also collaborators in general?
10. Do you think this type of initiatives must come only from companies or also from the state?

Appendix II: *Gender balance legislation on corporate decision-making positions in European countries*

Country	Quotas in place	Type of Legislation	Year	Applicable to	Sanctions	Other national measures in place
Austria	Yes	Non-mandatory quota of 25% of women on supervisory boards by 2013 and 35% by 2018	2011	State-owned companies	No	Self-regulation: 2012 Austrian Code of Corporate Governance (w/ explicit principles)
Belgium	Yes	Requirement of at least 33% of each gender in boards of state-owned companies (by 2012), listed companies (by 2017) and listed SMEs (by 2019)	2011	Executive and non-executive directors of state-owned and listed companies	Yes (void the appointment of any director who do not conform to targets; suspend director benefits)	Corporate Governance Code
Bulgaria	No	-	-	-	-	No
Croatia	No	-	-	-	-	No
Cyprus	No	-	-	-	-	No
Czech Republic	No	-	-	-	-	No
Denmark	No (there is a proposal)	Voluntary approach: state-owned companies should 'as far as possible' have gender balanced boards, and by 2013 legislation requires large companies to set voluntary targets for the proportion of the under-represented gender in the supreme management body	2013	State-owned and large companies	Yes (fine in case no targets are set)	Recommendations on Corporate Governance in 2010 (with explicit principles)
Estonia	No	-	-	-	-	No
Finland	No	Boards of state-owned companies are required to have an 'equitable proportion of women and men'	-	State-owned companies	No	Government's equality policies and Corporate Governance Code
France	Yes	Quota of 20% of women on the board to be achieved by 2014, and 40% by 2017	2011	Non- executive directors of large companies (listed and unlisted) employing at least 500 workers and with revenues over €50 million	Yes (fees will not be paid to directors; nullification of the board elections although the decisions adopted by the board remain valid)	AFEP-MEDEF Governance Code
Germany	Yes (from 2016)	Quota of 30% of women on board in supervisory boards of listed companies that are submitted to parity co-determination	2013	Biggest listed companies	Yes (Voluntary until 2013; void the appointment of any director who does not conform to the 30% quota)	Other companies that are either listed or fall under parity co-determination agreed to company-specific voluntary targets; Corporate Governance Code (with explicit principles)
Greece	Yes	33% of state appointees to boards of state-owned companies must be from each gender	-	Executive and non-executive positions of state-owned firms	No	Soft positive action measures in the public sector
Hungary	No	-	-	-	-	Soft positive action measures in the public sector

Iceland	Yes	Quota of 40% of women on the board to be achieved by 2013	2010	Publicly owned companies and public limited companies with more than 50 employees	Yes (declaration of corrective measures; financial penalties)	No
Ireland	No (there is a proposal)	-	-	-	No	Voluntary initiatives; Policy target of 40 % female participation on all state boards and committees; Soft positive action measures in public sector employment; 2012 UK Corporate Governance Code and the Irish Corporate Governance Appendix (with explicit principles)
Italy	Yes	33% quota of each gender in boards by 2015 (with a target of 20% for the transitional period)	2011	Executive and non-executive directors of state-owned and listed companies	Yes (progressive sanctions: warnings; fines; directors may lose office)	No
Latvia	No	-	-	-	-	Soft positive action measures in the public sector.
Lithuania	No	-	-	-	-	No
Luxembourg	No	-	-	-	-	Soft positive action measures. Ten Principles of Corporate Governance of the Luxembourg Stock Exchange in 2009 (with explicit principles)
Malta	No	-	-	-	-	No
Netherlands	No (there is a proposal)	Target of 30% in the executive and supervisory boards. Measure to expire in 2016 for review	2011	Large companies	No (“comply or explain” mechanism)	2008 Dutch Corporate Governance Code (w/ explicit principles); Voluntary Charter with targets
Norway	Yes	Mandatory 40% quotas for women on the boards by 2006.	2003 (state-owned firms) 2008 (listed firms)	State-owned, listed and other companies	Yes (de-list firm from a particular stock exchange; to dissolve the company; fines until compliance)	No
Poland	No	Executive ordinance of the Minister of State Treasury obliges to ‘choose adequately prepared members of supervisory boards, taking into account the balanced participation of women and men’. The Code of good practices attached establishes a target of 30% for 2015 and a priority rule for equally qualified women	-	State-owned companies	No	Voluntary targets; 2011 Code of Best Practice for WSE Listed Companies (with explicit principles)

Portugal	Yes	Mandatory 33.3% quota of the underrepresented gender on executive and supervisory boards, to be achieved by 2018 by public firms and by 2020 by listed firms	2017	Executive and non-executive directors of state-owned and listed companies	Yes (90 days to appoint a new board in case of non-compliance, after which there will be a public declaration of non-compliance; one year of non-compliance will incur in monetary sanctions)	Government recommendations to listed companies. Requirement of gender equality plans
Romania	No	-	-	-	-	Soft positive action measures in public sector employment
Slovakia	No	-	-	-	-	No
Slovenia	No	Regulation on state-owned companies: 40% representation of each gender applies to the nomination or appointment of government representatives to management and supervisory boards.	-	State-owned enterprises	No	No
Spain	Yes	Quota of 40% of each gender on the boards by 2015	2007	Executive and non-executive directors of publicly traded companies with 250 or more employees	Yes, soft (It is rather a recommendation by nature. Lack of compliance impacts consideration for subsidies and state contracts)	Corporate Governance Code; Soft positive action measures in public sector employment
Sweden	No (there is a proposal)	-	-	-	-	Voluntary initiatives; Self-regulation: 2010 Swedish Corporate Governance Code sets a voluntary goal of parity for listed companies – “comply or explain” mechanism.
Switzerland	No	-	-	-	-	Voluntary initiatives; Swiss Business Federation recommendations
UK	No	-	-	-	-	Self-regulation: 2012 UK Corporate Governance Code (with explicit principles); Government recommendation of a 25% women directors target by 2015 for listed companies, and that smaller companies set their own targets by 2013 and 2015
European Commission directive proposal	Yes	Quota of 40% for the under-represented gender by 2020	2012	Non-executive positions of firms listed on the European stock exchanges.	No (Those who fail to comply with the target will receive recommendations to make appointments)	No

Source: Isidro & Sobral, 2015; Jourová, 2016; Terjesen *et al*, 2015. Table was created by the author.

Appendix III: *Legislative measures on gender balance in the corporate context in Portugal*

LEGISLATIVE MEASURES	OBJECTIVES
Resolution of the Council of Ministers No. 49/2007	State that publicly owned companies shall adopt equality plans aiming at promoting equality of opportunities for both genders, as well as the conciliation of personal and professional lives.
Resolution of the Council of Ministers No. 70/2008	
Resolution of the Council of Ministers No. 19/2012	Defines the adoption of gender equality measures for management and supervisory boards of state companies, namely through equality plans. Moreover, recommendations are made to private companies listed on the national stock exchange and requests that the state, as a shareholder of private companies, suggests gender equality measures to other shareholders.
Framework law of the independent administrative entities with functions of regulating the economic activity of the private, public and cooperative sectors, approved by law No. 67/2013	Guarantees gender rotation in the chairs of executive boards and 33% representation of each gender for board members.
Decree-law No. 133/2013	Defines gender diversity in executive and supervisory boards and the promotion of gender equality as part of organizations' social responsibilities.
Decree-law No. 157/2014	States that the selection of board members should promote diversity of qualifications and calls for increases to the number of members of the underrepresented gender (targeted companies should report to the Bank of Portugal what measures they took in this field).
Decree-law No. 159/2014	Establishes that both higher female representation on executive and management boards and greater wage equality are factors for consideration in selecting company applications for EU Cohesion Funds.
Resolution of the Council of Ministers No. 11-A/2015	Instructs members of the government to establish a compromise agreement for gender equality with thirteen publicly traded companies with a goal of 30% participation of the underrepresented gender by the end of 2018.

Source: Commission for Constitutional Affairs, Rights, Liberties and Guarantees (CACDLG) legal advice to draft law No. 52/XIII.

Appendix IV: Multiple Correspondence Analysis' variables

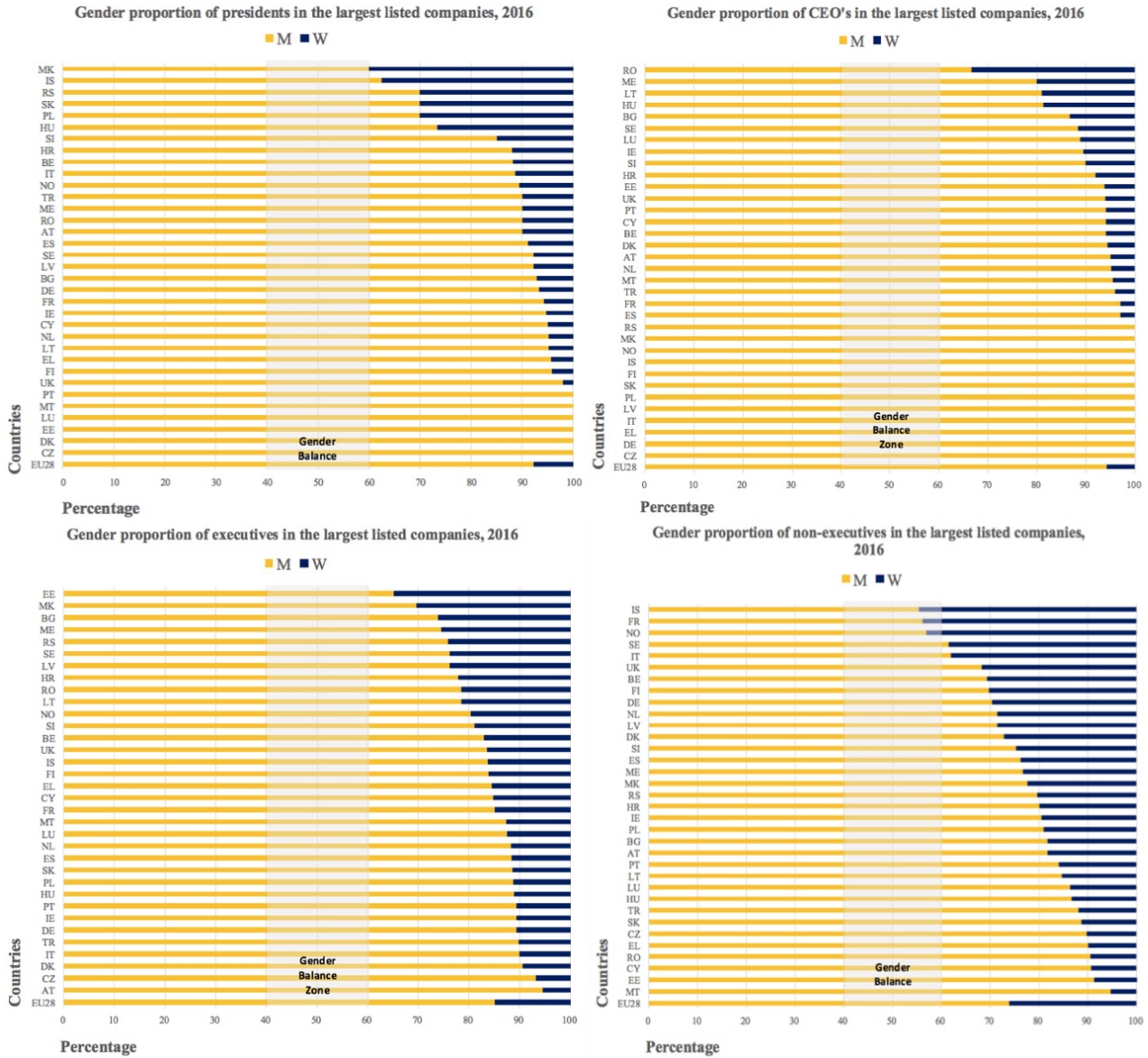
Country	Country Abbreviation	Region	Quotas in place	Female Representation (%)	GEI country scores	Multiple Correspondence Analysis Object Scores	
						Dimension 1	Dimension 2
Austria	AT	Center	Yes, without sanctions	19.3	50.2	0.389	-2.372
Belgium	BE	Center	Yes, with sanctions	29.4	58.2	1.609	-0.68
Bulgaria	BG	East	No	12.8	38.5	-1.141	0.501
Croatia	HR	East	No	22.6	39.8	-0.532	0.773
Cyprus	CY	South	No	10.7	44.9	-1.008	-0.688
Czech Republic	CZ	East	No	17.1	43.8	-1.141	0.501
Denmark	DK	North	No	28	70.9	0.826	0.891
Estonia	EE	East	No	7.4	49.8	-0.533	0.44
Finland	FI	North	No	32.3	72.7	0.826	0.891
France	FR	Center	Yes, with sanctions	42.1	55.7	1.609	-0.68
Germany	DE	Center	Yes, with sanctions	29.7	55.3	1.609	-0.68
Greece	EL	South	Yes, without sanctions	9.3	38.3	-0.876	-2.495
Hungary	HR	East	No	13.9	41.6	-1.141	0.501
Iceland	IS	North	Yes, with sanctions	43.7	-	1.818	0.842
Ireland	IE	North	No	17.3	56.5	0.217	0.618
Italy	IT	South	Yes, with sanctions	32.9	41.1	0.344	-0.803
Latvia	LV	East	No	27.9	46.9	-0.532	0.773
Lithuania	LT	East	No	14.1	40.2	-1.141	0.501
Luxembourg	LU	Center	No	11	55.2	0.256	-0.565
Malta	MT	South	No	7	46.8	-1.008	-0.688
Netherlands	NL	North	No	30.2	68.5	0.826	0.891
Norway	NO	North	Yes, with sanctions	44	-	1.818	0.842
Poland	PL	East	No	19	43.7	-1.141	0.501
Portugal	PT	South	No	15.5	37.9	-1.008	-0.688
Romania	RO	East	No	8.4	33.7	-1.141	0.501
Slovakia	SK	East	No	22.9	36.5	-0.532	0.773
Slovenia	SI	East	No	21	57.3	-0.533	0.44
Spain	ES	South	Yes, without sanctions	21.5	53.6	0.34	-2.283
Sweden	SE	North	No	35.5	74.2	0.826	0.891
UK	UK	North	No	27.7	58	0.826	0.891

Source: Gender Equality Index, EIGE (2012) and data collected in appendix II.

Appendix V: Gender proportion in the largest listed companies in European countries, 2016

a)

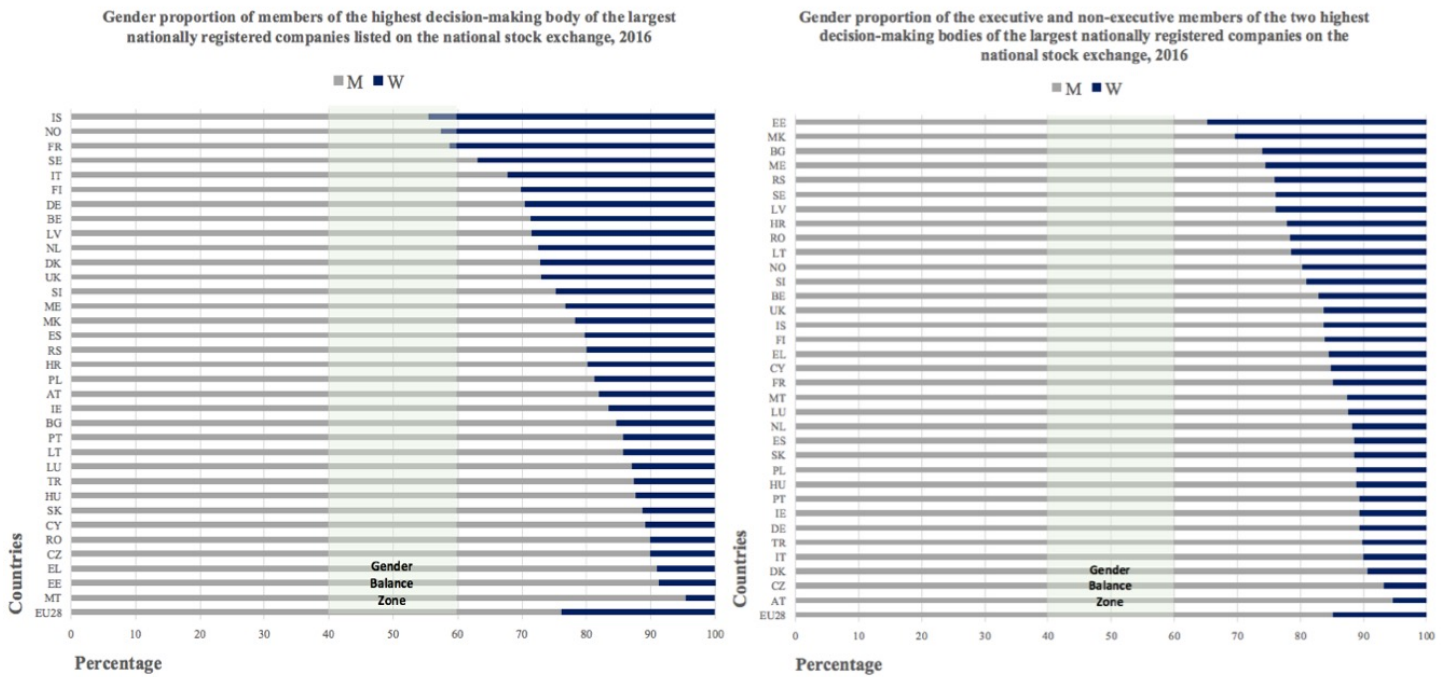
Gender proportion in the largest listed companies in European countries (disaggregated board's positions), 2016



Source: Gender Statistics Database, EIGE (2017). Data analysis was undertaken by the author.

b)

Gender proportion in the largest listed companies in European countries (disaggregated decision-making bodies), 2016



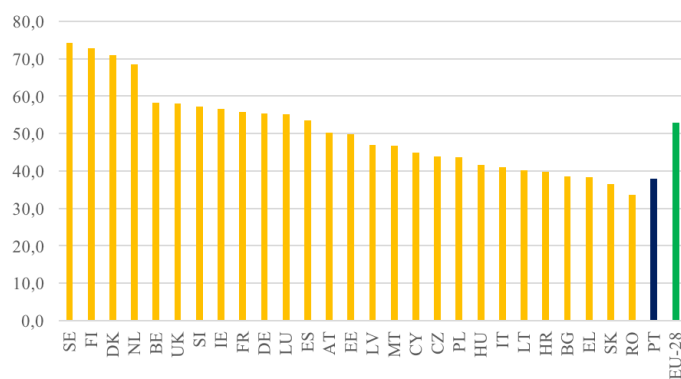
Source: Gender Statistics Database, EIGE (2017). Data analysis was undertaken by the author.

Appendix VI: Portugal's 26th position (among EU 28 countries) in the Gender Equality Index*

Gender Equality Index, Portugal 2012



Gender Equality Index Rank, 2012

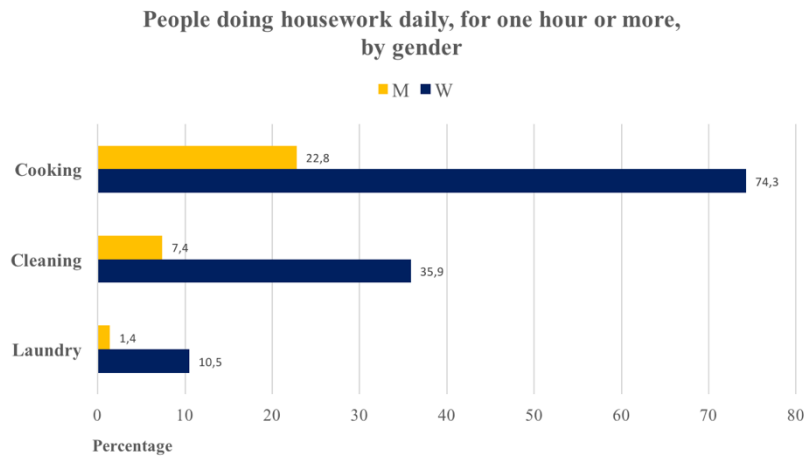


Source: Gender Equality Index, EIGE (2012). Data analysis was undertaken by the author.

*The Gender Equality Index is calculated by the EIGE and assesses gender equality in the EU policy context. Scores from 0 to 100 are available for years 2005, 2010 and 2012. This index includes the following domains: work, money, knowledge, time, power, health, intersecting inequalities and violence.

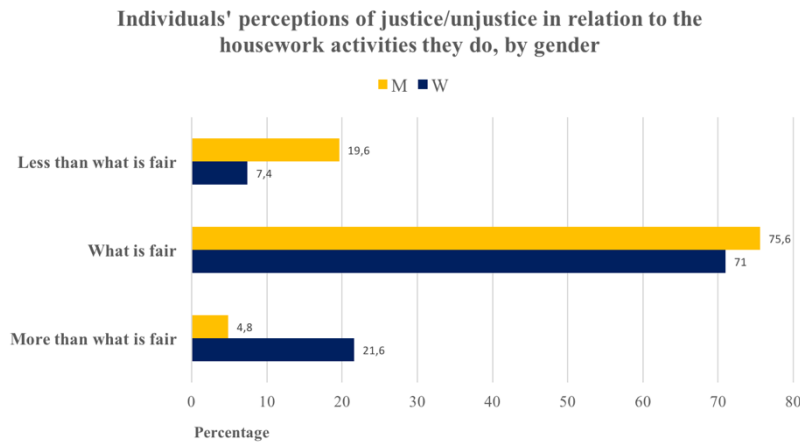
Appendix VII: Work-life balance

a)



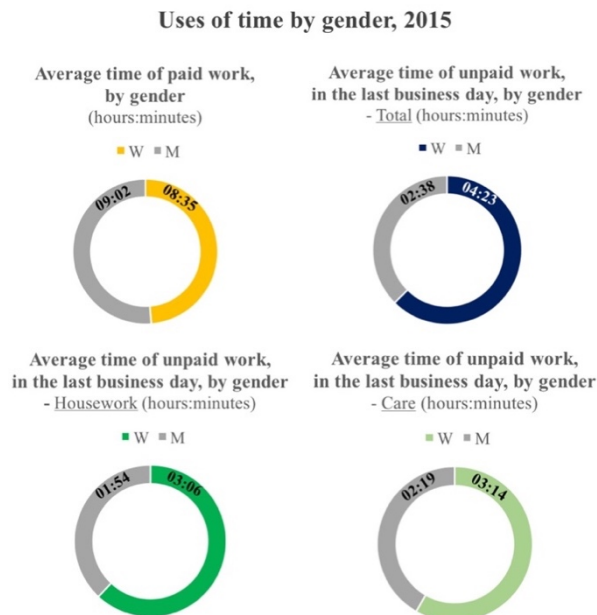
Source: *National Survey on the Uses of Time*, Policy Brief, (Perista *et al*, 2016), Center of Studies for Social Intervention (CESIS) & Commission for Equality in Labor and Employment (CITE).

b)



Source: *National Survey on the Uses of Time*, Policy Brief, (Perista *et al*, 2016), CESIS & CITE.

c)



Source: *National Survey on the Uses of Time*, Policy Brief, (Perista *et al*, 2016) CESIS & CITE.