

# Gender Quotas: Yes or No?



## THE QUOTA QUESTION

The quota debate is fundamentally a discussion about meritocracy. Do you believe that men are over-represented in leadership because they are naturally superior to women? If not, you know there's a problem.

If we accept there is a problem, it follows that we should understand and address the deep-rooted cause of the problem. Quotas are one proposed solution to address the problem.

The debate around quotas ultimately comes down to one simple question: long term, will they do more harm or good?

## WHY QUOTAS?

- ✓ Pākehā men are over-represented among our business leaders; therefore we are missing out on a huge pool of talent.
- ✓ Business leaders are increasingly aware that having more diversity of thought on their team leads to better governance and decision making.
- ✓ If women sit on boards at token levels, experience shows that they are marginalised or delegitimised. For women's presence to make a difference, there needs to be a critical mass or at least 30-40%.

## WHY NOW?



In recent years, progress on closing the gender gap in New Zealand has slowed. Other countries have introduced quotas to accelerate gender equality in politics and top levels of business and it has got some kiwis wondering... should New Zealand follow their lead?

## WHERE WILL WE FIND THE WOMEN?



Research has found that most male leaders attribute the gender imbalance in leadership to a lack of available female talent.

Yet women make up the majority of university graduates and have the same levels of ambition as men.

## WHAT MIGHT A QUOTA SYSTEM LOOK LIKE?



Quotas should apply equally to both genders (i.e. not 'a minimum of 40% women' with no such requirement for men).



Quotas can specify a 50/50 split or a more flexible option, such as 40/40/20 (where at least 40% must be male, 40% female, with 20% open to either men or women).



Quotas could apply to senior management teams, executive leaders, and company boards.



Most proponents of the system agree that quotas should be used to jump start immediate action and force a minimum level of equality in the short term, but that profound and long-term social change is needed to maintain balanced leadership.



## IN FAVOUR OF QUOTAS

1. Perhaps the strongest argument for implementing quotas is that they make a difference to the number of women on boards, and quickly.
2. Women (along with ethnic minorities) have been historically and culturally disadvantaged and so find themselves on an uneven playing field today.
3. We like to believe in meritocracy, but even supposedly meritocratic systems are susceptible to bias.
4. In other areas where free market forces don't work 'fairly' (e.g. the environment, economic policy) we regulate for this.
5. Some take the view that the way that society systematically holds women back effectively functions as a male quota; quotas simply compensate for this discrimination.
6. Treating gender equity the same as any other business problem, setting goals helps create accountability.
7. In order to achieve real and positive change a substantive push is needed; quotas force companies to make an extra effort and look beyond usual recruitment pools, and to search more creatively and expansively.
8. Women generally perceive that they have less chance of being promoted compared to men; quotas give women an incentive to build up their competences and leadership skills.



## AGAINST QUOTAS

1. Quotas can invite cynicism and backlash, with both men and women perceiving them as unfair and a form of discrimination.
2. They can actually create lower engagement levels and negative job attitudes among male employees.
3. The perception of unfairness can make employees less supportive of other diversity policies.
4. Being forced into change, rather than championing it themselves, can decrease employees' overall company engagement.
5. Examples from other countries that have implemented quotas show that the hoped-for trickle-down effect of getting more women in management doesn't happen, which highlights that quotas do not address the root cause of the issue.
6. Quotas violate the principal of equal opportunities for all (though, you could argue, so does the current societal structure).
7. Women don't want to be seen as the 'quota girl', potentially perceived as less qualified but chosen to 'make up the numbers'.
8. While the aim of quotas is to overcome bias and give equally qualified candidates an equal chance of being appointed, some people mistake them for allowing less competent women to overtake better qualified men. This hurts women's ability to contribute and undermines their effectiveness.

## QUOTAS: A CONTROVERSIAL SOLUTION

1

### Familiarity

Those in favour of them say that, like the smoking ban, only those unfamiliar with quotas think they are a bad thing.

2

### Uneasiness

There is a feeling of uneasiness around quotas that can be hard to put into words.

3

### Imperfect Meritocracy

None of us like to think we got to where we are due to privilege. But the very suggestion of quotas reminds us that our imperfect meritocracy is not a fair system.

4

### Biases

Likewise, managers believe that they always choose the best candidate for the position. But each of us is blind to our own biases.

5

### Status Quo

Any change in favour of the underprivileged upsets those who are privileged by the status quo.

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## AROUND THE WORLD

### Norway

In 2008 Norway obliged listed companies to reserve at least 40% of their director seats for women on pain of dissolution. However, there has been zero effect on top management teams.

### Belgium, France and Italy

Firms that fail to comply with board quotas can be fined, dissolved or banned from paying existing directors.

### Germany, Spain and the Netherlands

Soft-law quotas, with no sanctions.

### Great Britain

Guidelines introduced.



## HOW TO IMPLEMENT QUOTAS

- ✓ **The way you present quotas** to stakeholders is key. Frame them as:
  - 1) a way to remedy past discrimination or
  - 2) a jump-start to increase diversity.
- ✓ **Set quotas of at least 3 or 40% women;** a critical mass is needed for women to be regarded as directors rather than 'female directors' and to create a more collaborative dynamic.
- ✓ There is a large qualified pool, but you may need to **search for talent more creatively.**
- ✓ **Expand your definition of the ideal candidate** - look for personal attributes, experience, knowledge and skills.
- ✓ **Back up quotas with diversity policies** and a dedicated Diversity and Inclusion manager.
- ✓ **Expect a bumpy transition** period when you first introduce quotas.

## ALTERNATIVE OPTIONS

- ✓ **'Comply or explain'** - specifying clear target percentages as well as indicating clear timelines for achieving targets, with boards being held to account and having to explain any failure to reach them.
- ✓ **Accountability** - hold leaders accountable for diverse recruitment in the performance review and compensation process.
- ✓ **Shortlist women candidates** - when you have just one woman in the finalist candidate pool, there is statistically no chance that she will be hired, so ensure your talent search results in at least two qualified women on the shortlist.
- ✓ **Voluntary diversity training** can lead to growth in underrepresented groups, but relies on strong representation from leaders to encourage (not coerce) people to show up.