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Quotas not the solution for gender equity

To quota or not to quota, has long been the question. But a landmark FACTBase report by a world-renowned expert, Professor Morten Huse, has found that setting quotas for women on boards isn't a silver bullet when it comes to achieving gender equity, societal sustainability and well-being.

The Committee for Perth's latest FACTBase report, *Gender in the Boardroom: Learnings from world-leader Norway*, found that if quotas are implemented, they must be accompanied by other initiatives, including high-profile gender champions, of both sexes, who can actively advocate and engage within the local political and business landscape.

"For a long time, we've been looking at how best to tackle the issue of women on boards in Western Australia. We currently have the lowest female board representation in Australia, with less than 9% of women on WA's ASX100 boards, compared to a national figure of 25%. Last year, the State Government set up the online portal OnBoardWA with the aim to increase the total number of women appointed to Government boards and committees to 50% by 2019," said Committee for Perth CEO, Marion Fulker.

"What this report has found is that when quotas are implemented, what gets regulated gets done. Norway introduced a gender board quota and listed companies are complying with 40% of women in their board rooms. However, the report concluded that simply importing solutions from other parts of the world won't succeed without a detailed understanding of local context and realising that a number of fundamental questions need to be addressed, including the political, social and gender dynamics that are at play.

"Norway is viewed as a benchmark when it comes to having women on boards, but history shows that voluntary action didn't work, and businesses had to have their hands forced to comply with the legislation.

"Part of the opposition to imposing quotas about the percentage of women on boards has been that it could be viewed as tokenistic, that the women are there not because of their skills, but to make up the numbers, which would defeat the purpose.

"While quotas can be used to help bring society closer to gender parity, they may not directly bring equity and fairness. And while they may be an important tool, it's necessary to understand how quotas and other initiatives can work together in creating value for women, for business and for society."

Importantly, the report found that there weren't the expected flow-on effects from the quota system, and that more women weren't better represented in powerful positions, such as CEOs and board chairs.

"There are some positives though, since the introduction of quotas, more than 2,000 Norwegian women have been appointed as board member," added Mrs Fulker.

“Norway’s push for equality also got the gender quota ball rolling. French Parliament passed laws requiring gender balance on the boards of companies with more than 500 employees or more than €50 million in revenue, the requirement of 40% was to be achieved within six years. Similar laws were passed in Belgium and Italy, while Germany implemented legal requirements for a quota of 30%. France and Italy impose fines for not abiding by the law, while board positions will be held open in Belgium and Germany until they’re filled by women.”

The report revealed that Australia still lags many comparable countries, including Germany, France, Italy, Belgium and the Scandinavian region. In an effort to improve this figure, the Australian Institute of Company Directors set a target of 30% of women on boards by the end of 2018 and warned that quotas may be introduced unless there is a significant increase in the number of women on boards.

“In the Committee’s landmark report into gender equality, *Filling the Pool*, rather than recommending the introduction of quotas, we suggested targets with teeth. This meant that management KPI’s include getting more women into senior positions. The targets must also be specific, challenging, accompanied by accountability and reward, and set at the same level as targets for budgets and performance,” said Mrs Fulker.

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