Gender Quota Legislation has no Spillover Effect on Hiring of Female CEOs
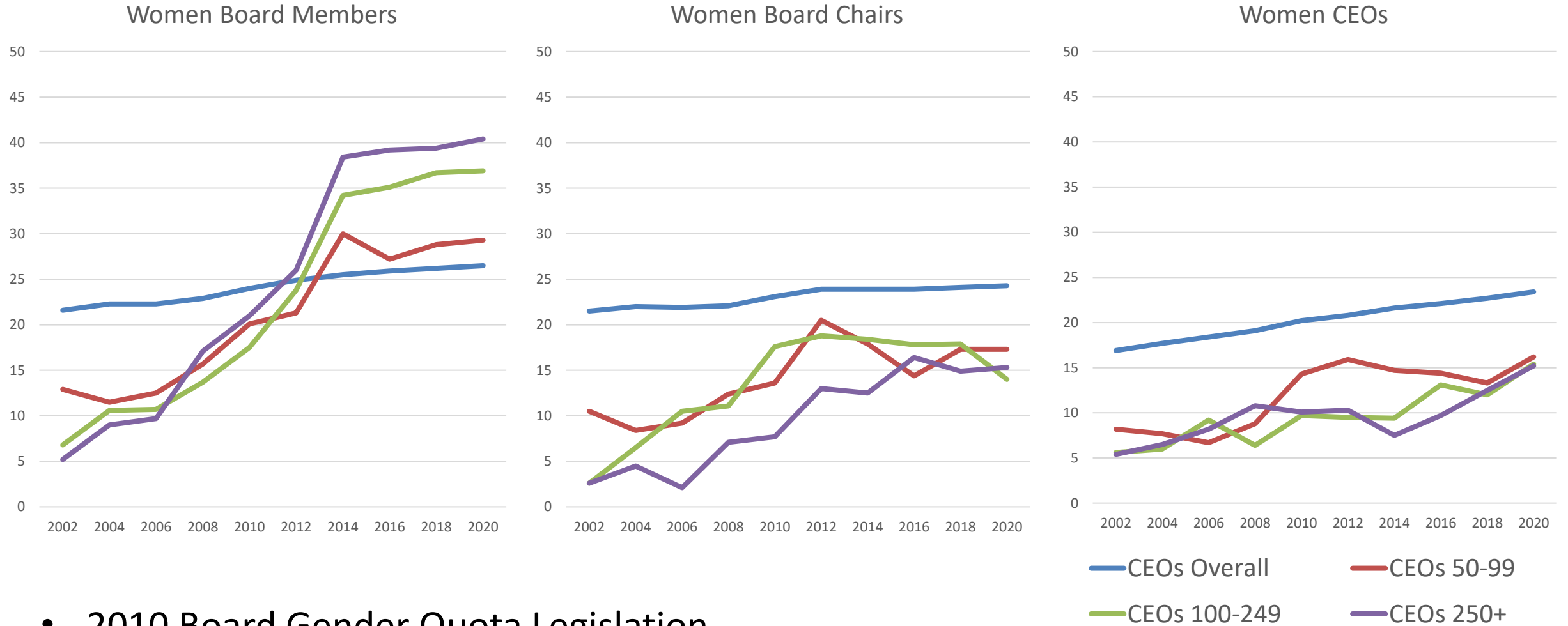
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Gender ratio in leadership positions by company size (employees)

Women Board Members

Women Board Chairs

Women CEOs

CEOs Overall
CEOs 50-99
CEOs 100-249
CEOs 250+

- 2010 Board Gender Quota Legislation

Source: Statistics Iceland (n.d.)

Nordic Gender Equality... except at the top

Global Gender Gap Report 2021

1. Iceland 0.892

2. Finland 0.861

3. Norway 0.849

4. New Zealand 0.840

5. Sweden 0.823

29. Denmark 0.768

ILO Women in Management 2015

1. Jamaica 59.3%

22. Iceland 39.9%

38. Sweden 35.5%

50. Norway 32.2%

58. Finland 29.7%

63. Denmark 28.4%

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Background

Gender quotas and their effects

- Influential women can produce results (Cook & Glass, 2015)

- Beyond "twokenism" needed to see results (You, 2019)

- Limited quota spill-over effects in the Nordic countries (Bertrand et al., 2019; Seierstad et al., 2020)

- Call for a gender quota on executive-level positions (Óladóttir et al., 2019)

Recruitment practices for CEO positions

- Homosocial reproduction (Kanter, 1977) and tendency of decision makers to trust candidates' displays of confidence and overlook their (lack of) competence (Chamorro-Premuzic, 2013)

- Gender bias in recruitment processes (Fawcett & Pringle, 2000; Holgerson 2013; Holgerson & Tienari, 2015; Tienari et al., 2013)

- Gender differences in attitudes towards demand or supply side explanations (Einarsdóttir et al., 2019). Male CEOs explain through supply side; Icelandic women cite Old Boys' Club as source of bias (Axelsdóttir & Halrynjo, 2018)

- Women on boards have not delivered (Óladóttir et al., 2019)

RQ: How do women on the boards of listed companies experience the CEO hiring process with regard to equality of opportunity for male and female candidates?

Thematic analysis of interviews with 22 women who sit on the boards of all listed companies in Iceland revealed four key themes:

1. Importance of Professionalism
2. Exclusionary Practices
3. The Old Boys' Club
4. Courage

The themes describe the participants' experiences of the CEO selection process and what is needed for the possible solutions that the participants believe will increase the diversity of CEOs.

1: Importance of Professionalism

Participants feel responsible for ensuring the quality and integrity of the recruitment process, even though they know the process is flawed.

"I agreed to take part in the process because I wanted to ensure that the process would be professional…The chairman wanted to hire a certain individual so I thought to myself that it would at least be important that I would ensure that this would be done really well"

"Everything has always been decided already ahead of time"

"He really checked all the boxes…because of what the circumstances were like, it was decided to expedite the process rather than enter into a wider search"

2: Exclusionary Recruitment Practices

The participants recognize how the prevailing recruitment practices are exclusionary for women, yet struggle to change them.

"Women respect more these formal approaches... they sit and wait for the job advertisement"

"The number one requirement is that the individual must have CEO experience and you start the process and then suddenly some guys appear who most often have no CEO experience but somehow are hired in spite of that. I feel like men receive more breaks"

3: Old Boys' Club

Despite sitting on the boards, the participants felt that men are the decision makers, both in the boardroom and outside of the boardroom. The men's decisions favor other men and disregard women.

"Even though there are women on the boards … those who pull the strings are mostly men"

"No matter which woman's name I proposed, the reaction was always No."

"The old boys' club also has influence and the guys are so damn effective in it…There are of course many women who have become phenomenally competent, but they somehow are not getting a seat at the table"

4: Courage

The participants envisioned the changes needed for improved practices and gender balance in CEO recruitment and how the ultimate responsibility lies with the whole board who must have the courage to recruit atypical candidates.

"The board as a whole must have more courage. It's not enough that one person is fighting for the selection of a woman"

"It takes more courage to say, 'hey, I really like this one, she has this education, experience and vision that we want, you know. But she hasn't been CEO before. It takes more courage to hire like that."

"This idea of gender quota on the executive level, because executive managers interact a lot with the board and as an executive, you can make yourself known to the board … so when the time comes to select the next CEO … then the board has had the opportunity to get to know you"

Discussion
The barriers:

What is needed:

- the findings indicate that gender bias extends into corporate boardrooms (cf. Óladóttir et al., 2019, 2021).

- the process is often flawed and exclusionary (cf. Merilainen et al., 2015, Tienari et al., 2013)

- male candidates hired based on how confidently they present themselves, despite lacking the required experience and competence (cf. Chamorro-Premuzic, 2013; Holgerson, 2013).

- being outnumbered or not being part of the actual decision-making body hamper efforts to make changes (cf. You, 2019)

- **Decision**: Boards and senior leaders must decide to achieve gender balance.

- **Courage**: All participants voiced a desire to see more female CEOs and found that in the discussions among board members, female candidates were devalued and not trusted to take on CEO positions.

- **Quality**: All stages of the recruitment process must be professional, ensuring quality and integrity.

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Next steps…

- Interview the men on the boards
- Interview key stakeholders who can implement interventions
- Survey key stakeholders
- Comparative studies across countries

Thank you for your attention! astadis@hi.is thc@hi.is

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