



## Gender composition of boards does not affect gender ratio of executives

Finland Chamber of Commerce compared the composition of board of directors and executive management teams of all listed companies on the Helsinki Stock Exchange's Main List. The aim of the study was to find out if there is any truth in the claims that gender quotas for boards are useful because having more women on the board of directors would lead to more women executives.

Finland holds the EU record for women on the boards of listed companies. Finnish large cap listed companies have more than 30 per cent women on the boards of directors. The high number of women directors has been achieved without legislated quotas.

Recommendation 9 of the Finnish Corporate Governance Code for Listed Companies states as follows:

*Both genders shall be represented on the board.*

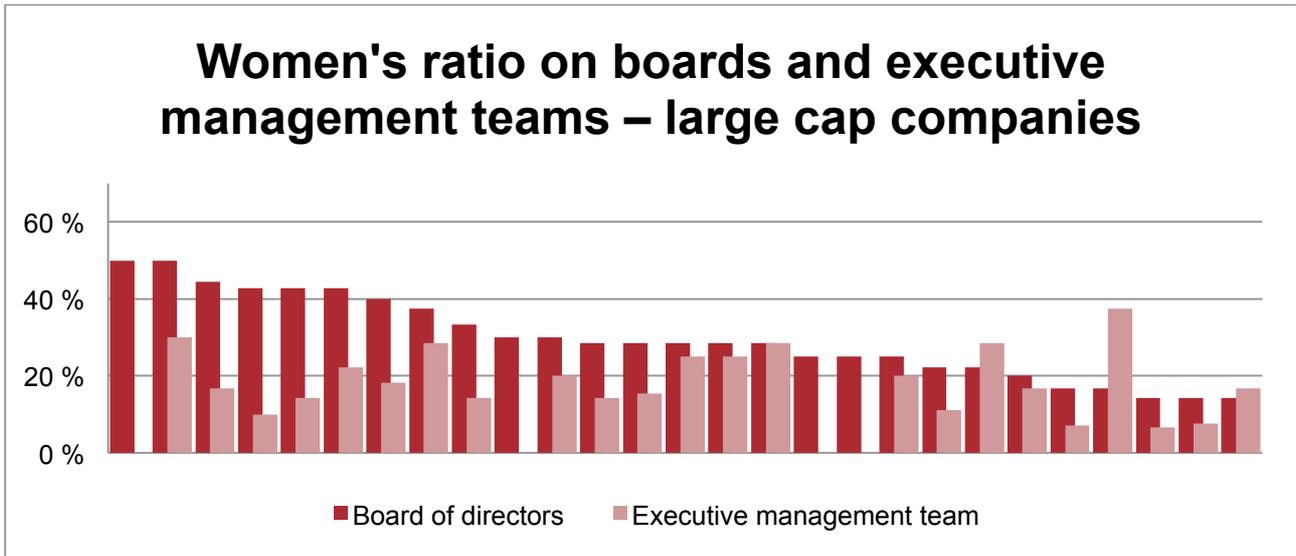
If a company does not comply with the recommendation, it must account for and explain the deviation from the Code. Actually, although some other national codes handle diversity on the boards, the Finnish Code is the only one requiring an explanation if both genders are not represented on the board of a company. This requirement is what makes the Code so effective.

In 2008, when the Code was issued, only 51 per cent of Finnish listed companies had a female board member while 49 per cent of the companies had all-male boards. After the recommendation was given, the ratio soon started to change. In 2013 only 11 per cent of listed companies had all-male boards and all of these companies were small cap listed companies with a median market value of 26 MEUR.

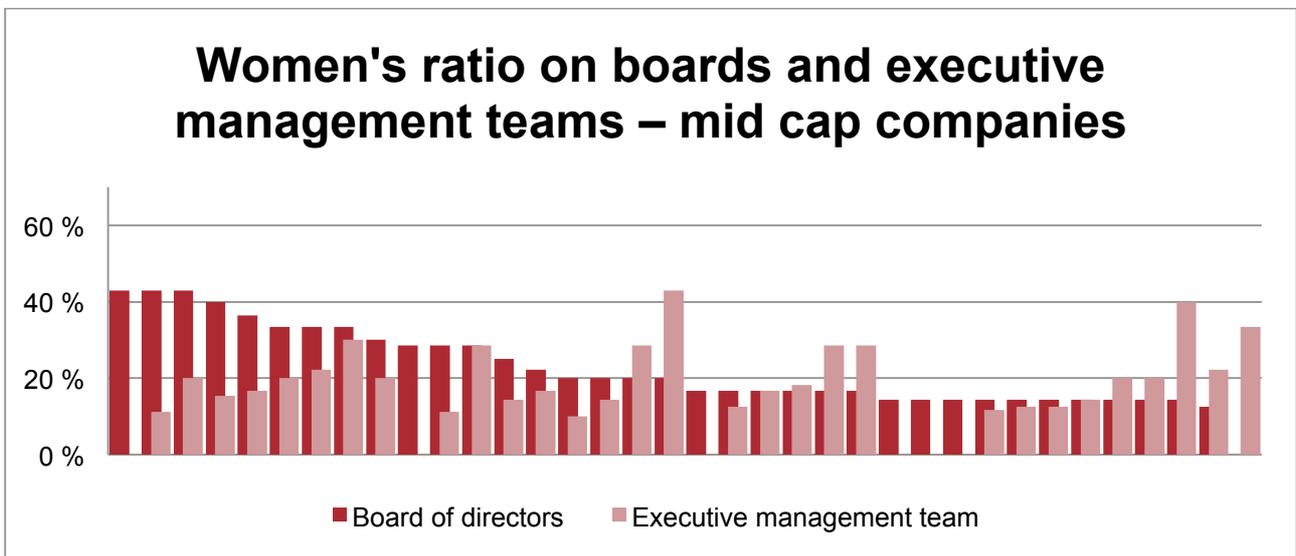
The ratio of women in executive management teams is on average lower than on boards, 19 per cent compared to 23 per cent when all company sizes are taken into account. However, the majority of women executives operate in support functions such as HR, legal or communications. Only 9 per cent of line management on the executive management team level is held by women. Only one listed company has a woman CEO.

In the comparison of boards and executive management teams we found no correlation between the gender ratios of these two organs. It can be that a company has 50 per cent women on the board of directors but no women in the executive management team. On the other hand, there are companies with a high ratio of women executives but no women on the board. The result is the same regardless of the size of the company - no correlation exists. This result indicates that quota legislation for boards will not affect gender distribution on the executive level. The Norwegian experience on gender quotas has also shown that board quotas are ineffective in influencing the executive level.

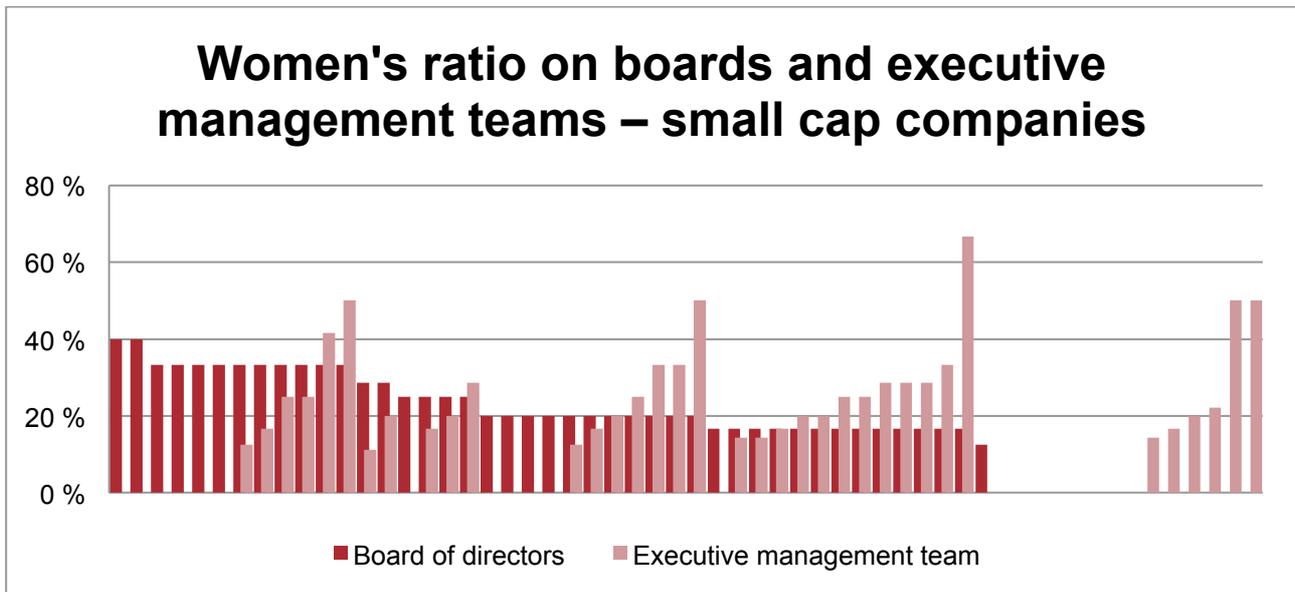
The following figures elaborate the situation in different sizes of Finnish listed companies.



The figure shows that some large cap companies have a high number of women directors but no women executives. In only three companies the percentage of women is higher in the executive management team than on the board.



The figure shows that some mid cap companies have plenty of women directors but no women executives. On the other hand, 10 mid cap companies have a higher percentage of women executives than women on the board of directors.



The figure shows that many small cap companies have a significant number of women directors but no women executives. Some companies have neither women on the board nor women executives. On the other hand, almost a half of these companies (22 small caps) have a higher percentage of women executives than women on the board.

*This study by Finland Chamber of Commerce covers all 119 listed companies on the Helsinki Stock Exchange's Main List. The data used in this study was collected for the two previous women directors and executives studies by Finland Chamber of Commerce in 2013. As for directors, the data was collected during the AGM season 2013. As for executives, the data was collected during autumn 2013. Some updates have been made in February 2014 due to new listings and delistings. Most Finnish listed companies use a one-tier governance model. Most companies have only non-executive board members.*

*The latest women executives study conducted by Finland Chamber of Commerce [Boardroom Success for Women – Challenges in Business Management](#) was published in November 2013.*