

Paweł Struski, GRAPE
December 2024

Gender Board Diversity Across Europe Throughout Four Decades

Despite comprising a large share of the workforce, women remain a minority in corporate boardrooms across Europe. While progress has been made in recent decades among public (listed) firms, diversity lags behind in private corporations. This policy brief showcases evidence from the Gender Board Diversity Dataset (GBDD) – a newly released, unique data source which covers a comprehensive sample of European private and public corporations over multiple decades. Uniquely, the GBDD, encompasses private (non-listed) companies, a novel method for identifying the gender of board members based on linguistic and cultural heuristics, and a cross-country harmonization of firm-level data. These features make the GBDD a great tool for answering policy-related questions and enable cross-country and cross-sector comparisons. As such, the GBDD can help ensure that policies aimed at promoting gender board diversity are scientifically well grounded.



Background

The labor force participation rate of women in Europe has been rising over the last few decades and is approaching the participation rate of men. However, the proportion of company board positions held by women is still significantly lower. This issue has generated heated debate among academics (e.g. see Nguyen et al., 2020, for a recent literature review) as well as among the general public. It has also prompted several countries to mandate gender quotas for some companies (typically public companies or the largest limited liability companies). For example, in Norway, large and medium-size firms are mandated to guarantee that both women and men account for at least 40 percent of board members. Given the increasing proliferation of mandated gender board quotas across countries, it is imperative that the public be aware of the main facts concerning gender board diversity in a broad set of companies i.e. those that make up the largest proportion of the economy, offer the majority of jobs, and often remain outside the scope of quota legislation.

The Gender Board Diversity Dataset

The Gender Board Diversity Dataset (GBDD), created by Drazkowski, Tyrowicz, and Zalas (2024), provides a novel cross-country perspective on women in management and supervisory boards over the past four decades. The GBDD is based on firm-level registry data from *Orbis*, which the authors have harmonized to ensure comparability across countries. A key feature of the GBDD is that it covers registry information from both public and private (non-listed) companies. This makes it a comprehensive source of information as the majority of board positions, as well as the majority of jobs in general, are in private rather than public companies. Data on private companies are scarce, and the GBDD is one of very few data sources containing this

information across Europe. The GBDD is based on a sample of over 28 million unique firms from 43 European countries observed, on average, for around seven years. It contains information about nearly 59 million individuals who sit on management and supervisory boards and covers the period between 1985 and 2020.

Another key component of the GBDD is the identification of the gender of board members, which is a key innovation compared to other studies that use *Orbis* data. While the original data do not specify the gender of individuals until 2010, they do include names and surnames, which the creators utilized to perform gender identification. By applying cultural and linguistic heuristics, they were able to determine the gender of over 99 percent of the board members in their sample. For example, in some languages (e.g. Czech), surnames end with a gender-specific suffix, while in other languages (e.g. Polish), given names of women end with a vowel.

The GBDD reports several measures of gender board diversity computed for countries over time, as well as for sectors in each country over time. As such, it is a unique source of information about gender board diversity in corporate Europe, and it can serve as a useful guide for policymakers and analysts. The data are publicly available and can be downloaded in various formats from the website of the authors' research group: <https://grape.org.pl/gbdd>.

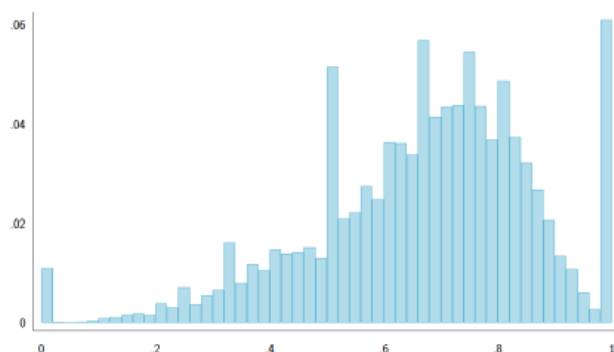
The Absence of Women in Boardrooms

A key insight emerging from the GBDD is that, despite women holding on average 22 percent of all board positions in a given industry, more than two-thirds of all firms report no women in their boardrooms. More specifically, 68 percent of sectors across the European continent over the past several decades have not had a single firm with at least one woman in their boardrooms. Figure 1 shows the fraction of firms in a sector with no women in the boardroom. This is a new



measure in the literature. The x-axis shows the proportion of such firms in a sector, ranging from 0 (all firms in that sector have at least one woman on their boards) to 1 (women are absent from all corporate boardrooms in the entire sector). The y-axis shows the relative number of sectors in the sample for each of the observed fractions.

Figure 1. Fraction of firms with no women in the boardroom



Note: The figure details the distribution (countries and years are combined). Source: Draskowski, Tyrowicz, and Zalas (2024).

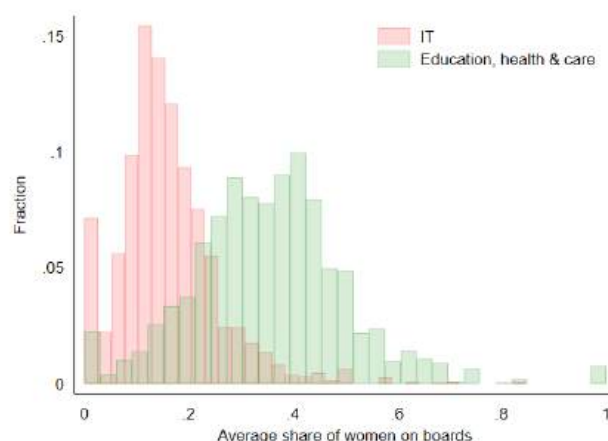
This finding points to clusters of companies with potentially significant obstacles to gender board diversity. Since lack of representation could be considered a major barrier to diversity, policies aimed at promoting even minimal representation of women among board members could have a significant impact on overall diversity.

The Substantial Differences Between Industries and Countries

The average firm-level share of women on corporate boards is only around 16 percent in the IT sector, while it is 35 percent in the education, health, and care (EHC) sector. Figure 2 shows two distributions of the average firm-level shares of women among board members: one for the IT sector and the other for the EHC sector. The distribution for the EHC sector is clearly to the right relative to the distribution for the IT sector, which means that across multiple countries and

years, women tend to constitute a much smaller proportion of board members in the IT sector than in the EHC sector. Furthermore, the proportion of observations with no female board members (the spike at value 0) is much higher in the IT sector than in the EHC sector.

Figure 2. Distribution across sectors

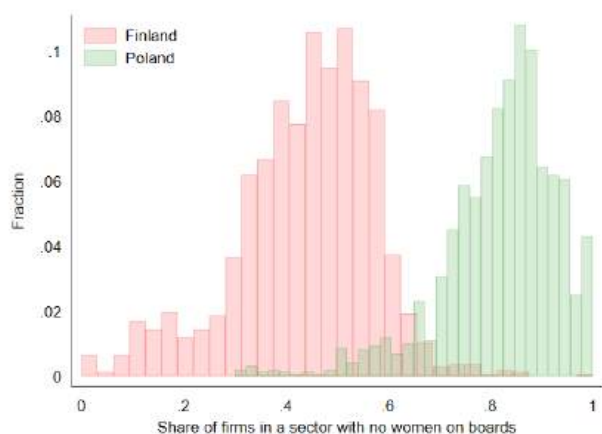


Note: Distribution of the firm-level share of women on boards across countries and years in two broad sectors. The following categories make up the two sectors. IT: 61, 62, 63; Education, health & care: 85, 86, 87. Source: GBDD.

Decomposing the data by country also highlights significant differences. For example, firms with no female board members tend to be more prevalent in Poland than in Finland. This is illustrated in Figure 3, where the distribution for Poland is shifted to the right relative to the distribution for Finland.



Figure 3. Distribution across countries



Note: Distributions of the share of firms in an industry with no female board members (Finland vs Poland). Source: GBDD.

The above data suggest that there may exist a set of sector- and country-specific barriers to gender board diversity. Therefore, policies tailored to addressing those specific barriers could be more appropriate than blanket economy-wide policies.

Diversity Has Mildly Increased

The GBDD can also be used to assess how gender board diversity has evolved over time. Generally, there was an increase in diversity in the 1990s, stagnation in the 2000s, and another increase in the 2010s. However, in the case of supervisory boards, the recent increase in the proportion of female board members was not accompanied by an increase in the number of women on supervisory boards. While the full explanation of this observation would require further research, one possible interpretation is that supervisory boards might have become smaller over time, with male board members accounting for most of the decline, thus mechanically increasing the share of female board members.

Conclusion

Despite the increase in gender diversity among company board members over the last three decades, women still comprise a smaller share of board members and, in many cases, are completely absent from boards. While examining the reasons for this is beyond the scope of this policy brief, the high prevalence of firms with no women on their boards suggests the possibility that significant barriers to entry for women still exist, with this total lack of representation in many companies potentially being one. Policymakers interested in fostering an inclusive and fair society could focus their attention to understanding and removing barriers to board participation faced by women. Furthermore, identifying and tackling country- and sector-specific barriers to board diversity could be particularly impactful. The GBDD can be used by researchers and non-researchers alike to gain further insights into this topic, thus contributing to evidence-based policymaking.

Acknowledgement

The research outlined in this policy brief was funded by Norwegian Financial Mechanism 2014–2021 (grant # 2019/34/H/HS4/00481).

References

- Drazkowski, H., Tyrowicz, J., & Zalas, S. (2024). "Gender board diversity across Europe throughout four decades" *Nature (Scientific Data)*, 11(1), 567.
- Nguyen, T. H. H., Ntim, C. G., & Malagila, J. K. (2020). "Women on corporate boards and corporate financial and non-financial performance: A systematic literature review and future research agenda." *International Review of Financial Analysis*, 71, 101554.





Paweł Struski

Group for Research in Applied Economics
(GRAPE)

p.struski@grape.org.pl

<https://grape.org.pl/pstruski>

Paweł Struski is a PhD student at the University of Warsaw. His research lies at the intersection of economics and machine learning.

He holds a MPhil degree in Economic Research from the University of Cambridge (2019) and a BSc degree in Economics from UCL (2018). He has previously worked as research assistant at the Institute for Fiscal Studies and as an economist in the financial sector.

freepolicybriefs.com

The Forum for Research on Eastern Europe and Emerging Economies is a network of academic experts on economic issues in Eastern Europe and the former Soviet Union at BERO (Minsk), BICEPS (Riga), CEFIR (Moscow), CenEA (Szczecin), ISET-PI (Tbilisi), KSE (Kyiv) and SITE (Stockholm). The weekly FREE Network Policy Brief Series provides research-based analyses of economic policy issues relevant to Eastern Europe and emerging markets. Opinions expressed in policy briefs and other publications are those of the authors; they do not necessarily reflect those of the FREE Network and its research institutes.

