



MONASH University

# Gender diversity on the boards of listed firms in China and India

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## **Abstract**

This thesis examines board gender diversity in China and India. The unique focus of the thesis is on the relationship between board gender diversity and different forms of women's empowerment. It is argued that leadership, including corporate leadership, is essentially about power.

The size and weight of China and India in the future of world development makes this research important. Women at senior corporate level in both China and India operate in an environment where corporate boards are dominated by men, and where the prevailing culture presents many obstacles to board entry for women. The omission of such a large portion of national talent from corporate leadership positions in these two countries needs to be further understood before it can be properly addressed. The thesis uses both quantitative and qualitative methods to achieve this understanding.

The first phase of this 3-phase study examines the relationships between board gender diversity and three independent variables in a sample of 55 nations. A positive relationship is reported between representation of women on boards and three independent variables of interest: (i) formal policy measures aimed at facilitating women's entry onto boards; (ii) women's political empowerment, and (iii) women's economic empowerment. Other independent variables examined for their relationship to board gender diversity are national GDP per capita, and two indicators of national cultural difference - cultural individualism and cultural masculinity.

Phase II of this thesis examines organisational determinants of board gender diversity in China and India. State ownership - seen here as an extension of political power into the corporate realm - is identified as having a significant negative relationship with board gender diversity in China over the period of the study (2009-2015). In India, where the political empowerment gender gap is much smaller than in China, a positive relationship between state ownership and board gender diversity was identified in 2009. This positive relationship was found to have disappeared, however, by 2015; following the introduction (in 2013) of a new rule requiring all listed companies to have at least one woman on the board. Female workforce participation is identified as having a positive relationship with board gender diversity in both China and India.

Phase III of this thesis outlines the results of a survey exploring attitudes amongst senior company leaders in China and India towards regulating for board gender. Both gender level and country level differences are identified. In particular, women respondents were more likely to support the introduction of formal measures for board gender diversity than were male respondents. It was also found that Indian respondents were more likely to support the introduction of such measures than were Chinese respondents.

This study provides a unique examination of board gender diversity in India both before and after the introduction of new corporate governance measures in 2013. It also comes at a time when rapidly growing demand for good corporate leadership of globalised Chinese firms is raising questions about the reasons for a lack of similar measures in that country.

**Declaration**

This thesis contains no material which has been accepted for the award of any other degree or diploma at any university or equivalent institution and that, to the best of my knowledge and belief, this thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

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**Publications during enrolment**

de Jonge, A. (2014). The glass ceiling that refuses to break: Women directors on the boards of listed firms in China and India. *Women Studies International Forum*, 47: 326-338.

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**List of Abbreviations used**

AIWC	All India Women's Conference ( <a href="http://aiwc.org.in/">http://aiwc.org.in/</a> ).
ACWF	All China Women's Federation ( <a href="http://www.womenofchina.cn/">http://www.womenofchina.cn/</a> ).
CEDAW	<i>United Nations Convention on the Elimination of all forms of Discrimination Against Women</i> , adopted 1979, entry into force 2 September 1981 ( <a href="http://www.un.org/womenwatch/daw/cedaw/">http://www.un.org/womenwatch/daw/cedaw/</a> ).
BSE	Bombay Stock Exchange ( <a href="http://www.bse.in">www.bse.in</a> ).
CII	Confederation of Indian Industry ( <a href="http://www.cii.in">www.cii.in</a> ).
CSR	Corporate social responsibility.
CSRC	China Securities Regulatory Commission ( <a href="http://www.csrc.gov.cn">www.csrc.gov.cn</a> )
CSRVG	Corporate Social Responsibility Voluntary Guidelines. Released by MCA, India, December 2009.
ECOSOC	United Nations Economic and Social Council ( <a href="http://www.un.org/ecosoc/en/home">www.un.org/ecosoc/en/home</a> ).
ILO	International Labour Organisation ( <a href="http://www.ilo.org">www.ilo.org</a> ).
MCA	Ministry of Corporate Affairs (India) ( <a href="http://www.mca.gov.in">www.mca.gov.in</a> ).
NFIW	National Federation of Indian Women ( <a href="https://nfiw.wordpress.com/">https://nfiw.wordpress.com/</a> ).
NSE	National Stock Exchange of India ( <a href="http://www.nse.in">www.nse.in</a> ).
OECD	The Organisation for Economic Co-operation and Development ( <a href="http://www.oecd.org">www.oecd.org</a> ).
OTCEI	Over-the-Counter Exchange of India. ( <a href="http://www.otcei.net">www.otcei.net</a> ).
SASAC	State owned Assets Supervision and Administration Commission of the State Council (China). ( <a href="http://www.sasac.gov.cn">www.sasac.gov.cn</a> ).
SEBI	Securities and Exchange Board of India ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ).
SEER	Voluntary Guidelines. National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business. Released by MCA, India, July 2011.
SOEs	State Owned Enterprises
UN	United Nations ( <a href="http://www.un.org">www.un.org</a> ).
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women ( <a href="http://www.unwomen.org/en">www.unwomen.org/en</a> ).
WEP's	Women's Empowerment Principles ( <a href="https://www.empowerwomen.org/en/weps/about">https://www.empowerwomen.org/en/weps/about</a> ).

# **CHAPTER 1: NATIONAL DETERMINANTS OF WOMEN ON BOARDS IN CHINA AND INDIA: AN OVERVIEW**

## **1.1 Introduction**

Women remain a minority in corporate boardrooms across the world, though some countries, industries and firms are more gender-balanced at boardroom level than others (Brammer, Millington & Pavelin, 2007; Hillman, Shropshire & Cannella, 2007; CWDI, 2012; Community Business Limited, 2011). The 2008 global financial crisis, attributed by many to failures of institutional leadership (Rawlinson, 2009; Nelson, 2012; Renand, 2015), drew renewed attention to the relationship between the structures of corporate leadership, and the quality of corporate governance (Nelson, 2012; Bernardi et al., 2009; Bernardi & Threadgill, 2010; Fernandez-Feijoo et al. 2013; Ramirez, 2003; McKinsey & Co., 2013). In particular, renewed attention was drawn to the relationship between leadership diversity and the quality of institutional governance - a relationship identified and supported (though not without its challengers: Adams, 2016) in a series of studies, both academic and consultancy-led (Adams & Ferreira, 2008; Matsa & Miller, 2013; Russell Reynolds Associates, Inc., 2009; McKinsey & Co., 2013; Catalyst, 2013).

While leadership diversity involves much more than gender diversity alone, initiatives to improve the diversity of corporate leadership have mostly been aimed at drawing more women onto corporate boards (Branson, 2012; Vinnicombe et al., 2008; Machold et al., 2013; Katz & McIntosh, 2013). These have been driven by policy debates arising in a context where corporate scandals led many to question whether the Old Boys' Club style of director recruitment was to the detriment of board effectiveness, such that boards should be required to cast a wider net when recruiting directors (UK

Higgs & Tyson report, 2013; Adams, 2016; McKinsey & Co, 2007, 2008, 2010, 2013). At the same time, policy makers were persuaded that ‘The under-utilisation of the skills of highly qualified women’s [sic] constitutes a loss of economic growth potential’ (European Commission, 2012: 3; see also IFC, 2011, 2014; ILO, 2015; UN Women, 2015; OECD, 2011, 2012; WEF, 2015). This belief is also reflected in the UN’s Sustainable Development Goals (SDG’s) 5 and 16.

While policies aimed at promoting gender diverse boards have mostly been justified on ‘business case’ grounds – seen as enhancing board effectiveness and thus company performance, as well as having overall benefits for economic growth – they have also been justified as ‘the right thing to do’ on gender equity grounds (Brown, Brown & Anastasopoulos, 2002). As recognised by the Indian government-appointed Godrej Committee in 2012:

A more diverse board of directors contributes to better performance because decisions are based on evaluating more alternatives compared to homogenous boards. Diversity, in all its aspects, serves an important purpose for board effectiveness. It can widen perspectives when making decisions, avoid similarity of attitude and help companies better understand and connect with their customers and workforces. For this reason, a low percentage of women directors may weaken the board by creating a culture of “group think” and demonstrates a failure to make full use of the talent pool. In other words, ignoring the benefits of gender diversity is likely to undermine board effectiveness, which in turn may have negative consequences for shareholders.

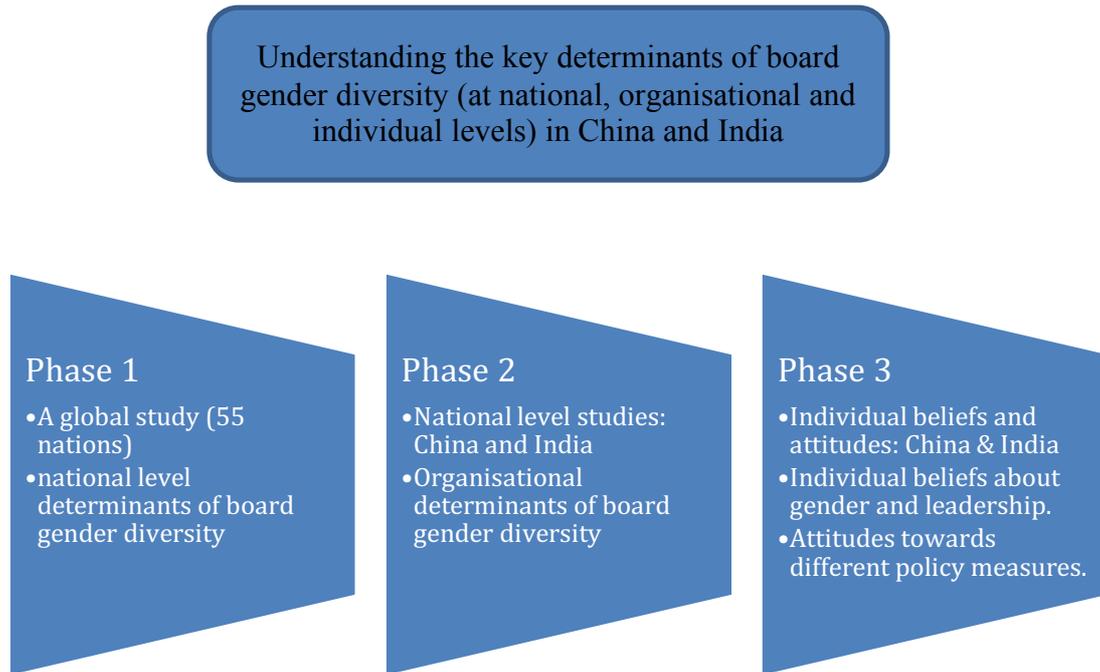
...

Although mandating board diversity through law may have its own share of issues to contend with, the norms and practices followed by boards and their nomination committees should set out criteria for ensuring diversity (including gender diversity) on their boards. (Godrej Committee, 2012: 7-8)

This conclusion reflects a broad consensus on both the ‘rightness’ and ‘brightness’ of board gender equity throughout most of the western world and in many (though not all) parts of Asia. In these jurisdictions, debate has more recently shifted to focus on the question of how best to achieve it.

Following the Norwegian introduction of formal quotas for women on boards in 2008, countries throughout the world have introduced measures aimed at facilitating board gender diversity (Branson, 2012; Fagan, Gonzales & Anson, 2012; Machold et. al., 2013; Terjesen et al., 2015). Internationally, policy debates on the question of how best to improve boardroom gender diversity have resulted in the introduction of a multiplicity of different forms of regulatory and other initiatives aimed at facilitating board gender diversity (Senden, 2014; Klettner et. al., 2014; Terjesen et. al., 2015). These range from voluntary reporting standards (Machold et. al., 2013), to targets (Senden, 2014; Klettner et. al., 2014), to mandatory quotas backed by enforceable sanctions (Terjesen et. al., 2015). India, Israel, Kenya and Quebec (in Canada) have each opted for formal quotas (Catalyst, 2014). In other nations, including the USA, Australia, New Zealand and China, there is much less political appetite for formal quotas or targets, although improved gender reporting regimes have had a positive impact on board gender diversity (Adams, 2012; Gender Equality Project, 2012). In these countries, the focus has been much more on voluntary targets and other measures designed by companies themselves to foster female leadership in accordance with the specific circumstances of the firm.

This study was designed to more fully understand the key determinants of board gender equity amongst listed companies, at both a global level and at national level in China and India. The study was conducted in three concurrent Phases. Each Phase of the study was designed to address one main research question by testing a number of different hypotheses, as described below.



**Figure 1.1: Diagram of a study in 3-Phases: Understanding national, organisational and individual-level determinants of board gender diversity.**

## **1.2 Phase I: National-level determinant of board gender diversity**

Based on the literature review conducted and presented in Chapter 2, Phase I of this study addresses the following research question:

**RQ1: What are the key predictors, at national level, of board gender diversity in publicly listed companies?**

Phase I of this study begins by extending previous literature finding that quota legislation is one of the strongest predictors of board gender diversity at national level (Terjesen et al, 2015: 233). It does this by developing a unique index of ‘regulatory strength’ measuring the ‘breadth’ and ‘depth’ of different regulatory models aimed at facilitating the entry of women onto boards, across a global sample of 55 nations. Phase I then tests the relationship between the strength of regulatory models, as measured by the index, and the actual representation of women on boards in each of the 55 nations.

Phase I also tests other variables for their relationship to board gender diversity. The two variables of most interest, based on the literature reviewed in chapter 2, are national levels of women's political empowerment and women's economic empowerment. The hypothesis that women's political empowerment impacts on board gender diversity by firstly increasing women's economic empowerment (a mediated relationship) is also tested. Other variables tested for their relationship to board gender diversity at national level are GDP per capita, cultural individualism and cultural masculinity.

Recursivity theory is used as a principal feature of the theoretical framework utilised to examine RQ1. As further explained in Chapter 2, recursivity theory captures the on-going, dynamic nature of feedback loops between global and national institutions and organisations in understanding change over time (Chorev, 2012; Baker, 2016).

The seven hypotheses developed from the literature review (see Chapter 2) relating to RQ1 are presented below:

- H1(a) There is a positive relationship between stronger regulatory approaches to board gender diversity (RegStren\_15) and national-level representation of women on boards (%WoB\_2015).
- H1(b) There is a positive relationship between higher levels of female political empowerment (WPE\_2012) and national representation of WoB (%WoB\_2015).
- H1(c) There is a positive relationship between higher levels of female economic participation and opportunity (WEPO\_'12) and national representation of WoB (%WoB\_2015).
- H1(d) The relationship between women's political empowerment (WPE\_2012) and board gender diversity (%WoB\_2015) is mediated through women's economic participation and opportunity (WEPO\_2012).
- H1(e) There is a positive relationship between higher levels of GDP per capita (GDP\_2015) and national representation of WoB (%WoB\_2015).

H1(f) There is a positive relationship between the level of individualism in the culture of a nation (IDV\_2010) and national representation of WoB (%WoB\_2015).

H1(g) A higher (more masculine) score on Hofstede's masculinity-femininity cultural index (Masc\_2010) is negatively related to board gender diversity (%WoB\_2015).

### **1.3 Phase II: Organisational level determinants of board gender diversity in China and India**

China and India are the two jurisdictions of central interest in Phase II of this study. These two jurisdictions were selected because of their sheer size and importance in world economic terms, and because of the broader global implications of corporate governance developments in these two countries (Jia & Tomasic, 2010). The world's two largest nations in terms of population (Hackett, 2014), China and India both rank amongst the top three economies of the world (along with the USA) (Stiglitz, 2015; Statistics Times, 2015). Decisions made in China and India will have major implications for the rest of the world, and so it is important to more fully understand how policy formation takes place in these nations. In addition, from a regulatory and institutional viewpoint, a comparative study of China and India is of particular interest because of the contrasts between the two jurisdictions. Each has a very different regulatory inheritance, and each has adopted a unique approach to the question of whether corporate governance institutions should regulate for board gender diversity. In exploring the recursive processes of policy formation, this study draws upon the work of scholars who have examined how the presence of women in the political sphere of national life shapes policy making (Chattopadhyay & Duflo, 2004; Duflo, 2011; Chen, 2010; Ghani et al., 2013). Both Phase I and Phase II of this study contribute to existing knowledge about female empowerment, and how it shapes policy debates about boardroom gender diversity.

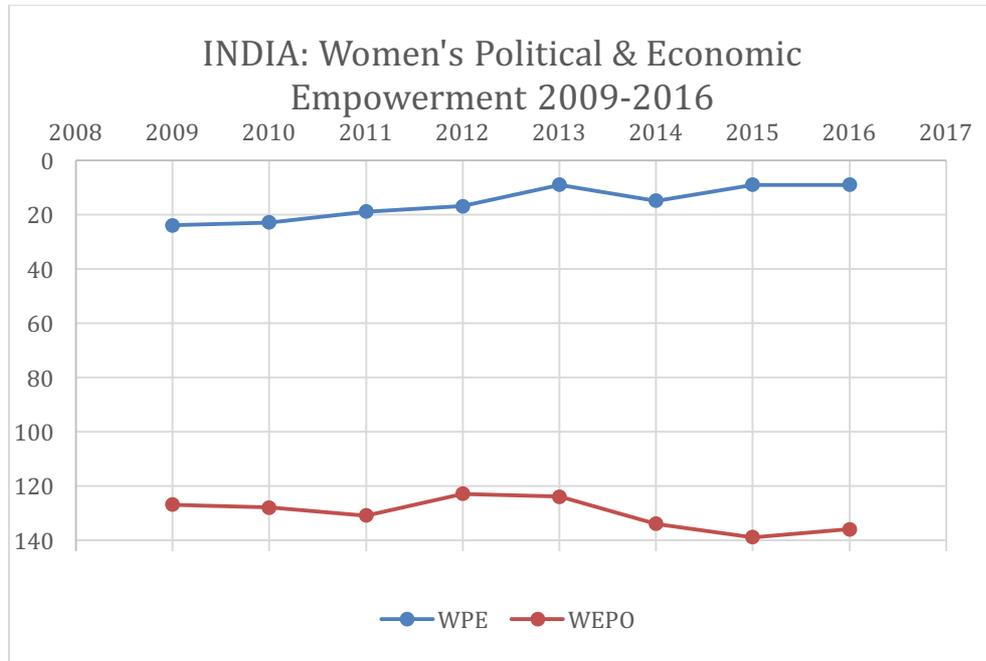
Based on the literature reviewed in Chapter 2, Phase II of this study addresses the following research question:

**RQ2: What are the key determinants, at organisational level, of board gender diversity amongst publicly listed firms of China and India?**

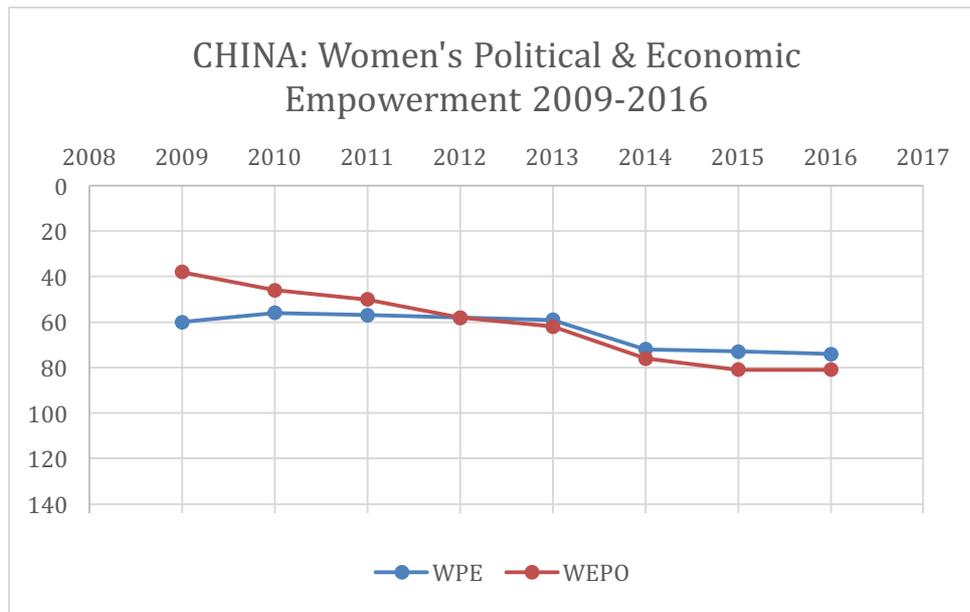
In India, a new Corporations Law regime was introduced in 2013 which incorporated a (then) new requirement that all publicly listed Indian firms should have at least one woman on the board of directors. The new regime also introduced new reporting requirements designed to improve transparency around issues of equity and diversity in public companies at leadership level and in the workplace. China, in contrast, has not included board gender diversity amongst recent regulatory measures aimed at improving corporate governance, although administrative guidance directives at local level have included targets for women on boards. Phase II of this study identifies factors that help to explain these national differences in policy direction. Drawing upon the findings of Phase I of this study, Phase II identifies the very different women's empowerment profiles of China and India as potential explanatory factors.

In India, the World Economic Forum (WEF) Gender Equality Index has consistently found that women's empowerment is characterised by a relatively high level of political empowerment, both when compared to other nations in the Index and when contrasted to the very low level of women's economic participation and opportunity (WEPO) in that nation. While the pattern of women's empowerment in India is characterised by a large disparity between political empowerment and economic empowerment (see Figure 1.1), the opposite is true in China. In China, women's economic empowerment, as measured by the WEF's Economic Participation and Opportunity (EPO) Index, was higher relative to the level of women's political empowerment until 2012. However, the level of women's economic empowerment in

China has steadily declined since 2009, falling below the (also declining) level of women's political empowerment in 2013 (see Figure 1.2).



**Figure 1.2: WEF Gender Gap Report 2009-2016: India's ranking on the political empowerment sub-index (WPE) & the economic participation & opportunity sub-index (WEPO).**



**Figure 1.3: WEF Gender Gap Report 2009-2016: China's ranking on the political empowerment sub-index (WPE) & the economic participation & opportunity sub-index (WEPO).**

Figures 1.2 and 1.3 graph the rankings of India and China respectively in the WEF Gender Gap Report sub-indices for women's political and economic empowerment. So far as the actual 'scores' behind these rankings are concerned, it is worth noting that:

- In the WEF's Gender Equality index, India has consistently ranked well above China on the (women's) Political Empowerment (WPE) sub-index. In 2010, India was ranked at number 23 on the WPE sub-index, compared to China at number 56. In 2012, China was given a ranking of 58 (score = 0.1496) on the WPE sub-index while India was ranked at number 17 (score = 0.3343). By 2017 the distance between the two nations on the WPE sub-index was even greater, with India ranked at number 15 (score = 0.407), compared to China's rank of 77 (score = 0.16).
- The position in relation to women's economic empowerment is less rosy in both

nations. In this thesis, ‘economic empowerment’ has the same meaning as the WEF’s Global Gender Gap ‘Economic Participation and Opportunity’ (WEPO) sub-index. China has always ranked considerably higher on that sub-index than India. In 2010, China ranked at 46 on the WEPO sub-index, a ranking which has steadily declined ever since, falling to 58 in 2012 (score = 0.6753), 81 in 2015 and 86 in 2017 (score = 0.654). This reflects a society where the level of women’s economic participation and opportunity has declined along with women’s political empowerment. In India, starting from a much lower base, ranking at number 128 on the WEF’s WEPO sub-index in 2010, women’s economic participation and opportunities rose in line with women’s political empowerment until 2012, when India came in at number 123 (score = 0.4588) on the WEPO sub-index. By 2015-2017, however, Indian women’s level of economic participation and access to economic opportunities had declined and stalled, ranking at number 139 (score = 0.376) in both of those years.

The relevance of the different patterns of women’s empowerment in China and India for the purposes of this study is two-fold. First, between 2009 and 2013, the higher level of women’s economic empowerment in China compared to India was reflected in a noticeably higher representation of women on boards in Chinese companies (around 10%) compared to Indian companies (around 5%). Second, the higher level of women’s political empowerment in India helps to explain how the issue of boardroom gender equity appeared, and remained, on the agenda during a decade of political discussions surrounding the drafting, passage into law and final implementation of a new *Companies Act* in 2013. Under the 2013 *Companies Act*, all major Indian listed companies are required to have at least one women director on the board. One result of implementing that rule has been that the representation

of women on Indian company boards since 2014-15 (around 13%) has been higher than on Chinese company boards (still around 10%). This is, perhaps, not surprising given that the question of board gender equity has been noticeably absent from the political agenda in China.

Both Phase I and Phase II of this study are grounded in the recursive (two-way) relationship between WPE and WEPO when it comes to board gender diversity. In both China and India, this relationship is manifested in a measurable way in state-controlled enterprises. As detailed in Chapter 6, state-controlled enterprises, which are dominant in the economies of both China and India, represent an extension of political power and influence into the corporate realm. In China, the relatively low level of women's political empowerment is reflected in a negative relationship between the level of state-ownership and representation of women on boards of Chinese boards. In India, the opposite was true prior to 2013. Phase II of this study finds a positive relationship between the level of state ownership and representation of women on the boards of Indian firms. By 2015, however, this relationship had disappeared, following the implementation of a state-mandated minimum representation of women on the boards of listed Indian firms. Other relationships examined in Phase II of this study are the relationships between board size and board gender diversity, between company workforce size and board gender diversity, and between workforce gender diversity and board gender diversity.

The four hypotheses developed from the literature review (see Chapter 2) relating to RQ2 are presented below.

H2(a) There is a positive relationship between state-ownership and board gender diversity in both China and India;

H2(b) The size of a company's board will be positively related to board gender diversity in both China and India;

H2(c) There is a positive relationship between the size of a company's workforce and board gender diversity in both China and India;

H2(d) There is a positive relationship between female workforce participation and board gender diversity in both China and India.

As further explained in Chapter 2, this study draws upon both recursivity theory and institutional theory as the bases of a theoretical framework for exploring the role of various pressures - regulatory (coercive), mimetic and normative (including cultural) - that have generated, or hindered, change in the gender composition of company boards. As in recent studies by Gregoric et al. (2017) and Senden (2014), this study is interested in both the variety of organisational responses (including resistance) to such pressures; and in the nature of the recursive interactions that are involved (see also Toffel et al., 2013).

#### **1.4 Phase III: Individual beliefs about, and attitudes towards, board gender diversity and policy measures aimed at facilitating board gender diversity**

Phase III of this study turns from the national and organisational-level aspects of board gender diversity, to the individual. The epistemic community of particular interest in Phase III is the community of senior company personnel in China and India, particularly current board directors. Senior company personnel in China and India form part of a network of professionals with recognized knowledge and skill in management decision making. More importantly, they share a set of beliefs, which provide a value-based foundation for their actions and the decisions that they make (Haas, 1992; Dunlop, 2017). These beliefs and values are both shaped by, and help to shape, the company (organisational environment), and the wider institutional and social environment within which the company operates (Haas, 1992; Dunlop, 2017).

Based on the literature reviewed in chapter 2, Phase III of this study addresses the following two-fold research question:

**RQ3a: What are the key beliefs about women's access to senior corporate leadership positions amongst senior company leaders in China and India?**

**RQ3b: What are the key beliefs about, and attitudes toward, measures aimed at facilitating board gender diversity amongst senior company leaders in China and India?**

As further explained in Chapter 3 on Methodology; a survey was developed, designed to explore company leader beliefs about the barriers faced by women seeking entry into company leadership positions, about board gender diversity, and attitudes towards different policy measures aimed at facilitating board gender diversity. Survey results were collected over a 3-year period (2011-2014), and the resulting data used to test a number of hypotheses about national and gender-based differences in beliefs and attitudes.

The seven hypotheses developed from the literature review (see Chapter 2) relating to RQ3a and RQ3b are presented below:

- H3(a) Indian respondents, on average, will rank socio-cultural and educational factors as more important in keeping women out of corporate boardrooms than will their Chinese counterparts.
- H3(b) Chinese respondents, on average, will rank political factors as more important in keeping women out of corporate boardrooms than will their Indian counterparts.
- H3(c) Indian respondents, on average, will rank business networks as more important in keeping women out of boardrooms than their Chinese counterparts.
- H3(d) Male respondents, on average, will rank personal preference factors as more influential in keeping women out of boardrooms than will female respondents.
- H3(e) Female respondents, on average, will rank broader socio-economic and political factors as more influential in keeping women out of boardrooms than will male respondents.

H3(f) Female respondents will, on average, demonstrate a higher level of support for measures facilitating board gender diversity than male respondents.

H3(g) Indian respondents will, on average, indicate a higher level of support for measures facilitating board gender diversity than will Chinese respondents.

Phase III of this study draws upon recursivity theory to examine how these differing views are shaped by, and help to shape, the gendered nature of company leadership in China and India. Phase III also draws upon relevant strands of feminist theory to further understand the gendered nature of power in the formation and implementation of policies aimed at facilitating board gender diversity.

The remainder of this chapter provides an outline of the thesis structure.

## **1.5 Outline of thesis structure**

**Chapter 2** of this thesis begins by examining the academic literature relevant to this study. Section 2.2 examine three bodies of literature that form the theoretical strands common to, and linking together, all three Phases of this study. The first of these strands is provided by the literature that develops and utilises recursivity theory in a comparative law context. Recursivity of law theories, in turn, drawn much of their inspiration from legal convergence theory. The second strand is provided by the growing body of literature developing and testing different theories about the causes and consequences of board gender diversity. Much of this literature, in turn, draws upon institutional theory for its inspiration. The third common strand of theory is provided by the feminist studies literature. Feminist perspectives on law and development are particularly relevant to Phases I and II of this study. Feminist theories, including liberal feminist theory are drawn upon in Phase III of this study. Sections 2.3, 2.4 and 2.5 of Chapter 2 then discuss the literature specifically relevant to Phases I, II and III of this study respectively. The global literature on women's role

in law and development is an important focus of Section 2.3 of Chapter 2; and underpins Phase I of this study. National-level studies of corporate governance and the role of state-owned enterprises (SOEs) are an important focus of Section 2.4 of Chapter 2, providing a basis for Phase II of this study. The women in leadership literature is a feature of the discussion in Section 2.5 of Chapter 2, which then shapes Phase III of this study.

**Chapter 3** provides a detailed explanation of the methodology used in this study. Both quantitative and qualitative methods are used in this study. In addition to drawing upon existing quantitative studies by scholars and research institutions, this study uses data drawn from individual company reports to examine the changing nature of board gender diversity in China and India. Data was also collected from survey responses to examine attitudes towards women on boards in these two countries. Regressions - linear, mediated and moderated - are used to examine the various relationships between women's political empowerment, women's economic empowerment, regulatory approaches to board gender diversity, national culture and board gender diversity in 55 nations. Regressions are also used to examine the relationship between two of Hofstede's cultural determinants of organisational change (individualism and masculinity: Hofstede et al., 2010) and board gender diversity.

In the specific contexts of China and India, regressions are used to examine relationships between board gender diversity on the one hand, and state-ownership, board size, workforce size and workforce gender diversity on the other (Phase II). In Phase III of this study, surveys are also used to explore individual attitudes towards board gender diversity amongst senior company personnel in China and India. Survey results are supplemented by a small number of in-depth interviews which provide

qualitative insights into the context for quantitative results. The methodological challenges of researching elites as key informants are discussed.

Chapter 3 also includes a discussion of recursivity as theory and a justification of the mixed methods approach, utilising both qualitative and quantitative methodologies, adopted for the purposes of this study.

**Chapter 4** presents the results of Phase I of this study. Phase I uses quantitative methods to provide a global context for subsequent studies (in Phases II and III) of organisational and individual determinants of board gender diversity in China and India. The Chapter first uses linear regression to examine a number of independent variables as potential predictors of different levels of board gender diversity at national level. Hypotheses H1(a) - H1(c), as presented earlier in this Chapter, are tested.

In line with findings by Chen (2010), it is argued that more women in politics means that policy choices are more likely to take women's interests into account; which in turn means that the overall economic environment is more conducive to women seeking business leadership positions. The most direct example of this effect is when women in politics are able to influence the policy agenda to bring about the introduction of formal measures aimed at facilitating the entry of women on boards. When an independent variable (WPE 2012) has an effect on an outcome variable (WoB 2015) by first of all affecting a third (mediating) variable, (women's economic empowerment, as measured by the WEF's economic participation and opportunity score (WEPO 2012)), this is known as a mediation effect. Phase I of this study therefore also tests Hypothesis H1(d) as presented earlier in this Chapter.

Drawing upon the literature surveyed in Chapter 2, Phase I includes consideration of three further controlling variables for their impact of board gender diversity across the

relevant sample of 55 nations. These are (i) national GDP per capita which is hypothesised to have a positive impact on board gender diversity (see H1(e) as presented earlier in this Chapter); (ii) cultural individualism which is hypothesised to have a positive impact on board gender diversity at national level (see H1(f) as presented earlier in this Chapter) and (iii) cultural masculinity, which is hypothesised to have a negative impact on board gender diversity at national level (see H1(g) as presented earlier in this Chapter).

**Chapter 5** provides a background to Phase II of this study. In particular, it provides a comprehensive overview of the regulatory and institutional framework for gender equity and for corporate governance in China and India. The chapter explores the historical evolution of corporate governance law and institutions in China and India, and key differences are noted. The most important difference between the two jurisdictions for the purposes of this study remains the fact that while in India, recent (2013) reforms to corporate governance rules have included the introduction of a legislated standard for board gender diversity, in China corporate governance reforms over the same period have not included such a move.

The background provided in Chapter 5 establishes the basis for a more in-depth understanding of the ways in which the institutional environments of China and India serve to perpetuate the status quo of male-domination - in boardrooms as elsewhere. The idea that the regulatory environment, in serving to maintain the status quo, also serves to maintain the boardroom as a male preserve is not a new one (Branson, 2007).

**Chapter 6** sets out the findings of Phase II of this study. Phase II uses quantitative data collected from the annual reports of Chinese and Indian companies to more fully explore the gendered nature of boardrooms in China and India. In particular, Chapter

6 provides a longitudinal study of change in board gender diversity over a seven-year period from a number of different aspects. The study does this by examining organisational predictors of women on company boards in China and India at two points in time - 2009 and 2015 - thereby revealing the nature and extent of changes over a six-year period.

**Chapter 7** presents the results of Phase III of this study. Phase III involves an examination of beliefs about women's access to senior company leadership positions. It also examines attitudes towards policy measures aimed at board gender diversity amongst senior company personnel in China and India. Chapter 7 presents the results of a mixed-methods exploration of individual beliefs and attitudes amongst senior company leaders in China and India. A combination of surveys and unstructured interviews was used to gather data on respondent beliefs about the individual, social, organisational and economic impediments that prevent women advancing to the corporate boardroom. Data were also gathered on respondent attitudes and levels of support for (or opposition to) different kinds of affirmative action measures (including targets and quotas) aimed at improving board gender diversity. The use of interviews to provide further depth to findings from survey data means that Chapter 7 provides a rich textual understanding of individual leaders' responses to institutional pressures for greater board diversity in China and India. It is these individual responses, beliefs and attitudes, which, when combined, generate company level, industry level and economy-wide responses to normative pressures for institutional change.

**Chapter 8** draws together the various studies described above at the national, organisational and individual levels, and provides a detailed discussion of the findings

that arise therefrom. The implications of these findings are discussed in detail, and the contributions made by this study to theory and policy making are also outlined.

**Chapter 9** provides a concluding summary of the study's findings and of the contributions to knowledge made by this thesis. The implication of the study's findings for policy makers are discussed. Limitations of the research are also noted, and future research directions explored.

### **1.6 Conclusion: contribution of this study**

The research presented in this study offers two major contributions to the current body of knowledge. The first is an understanding of the political, economic, cultural and social characteristics associated with choices made at national level about whether and how to adopt a regulatory approach to board gender diversity. This study develops a gender-aware, multivariate approach to understanding the political, economic and cultural factors explaining different regulatory approaches to board gender diversity at a global level. The national-level studies of China and India also contribute to the current body of knowledge, as no scholars have so far sought to develop such an understanding outside of the developed nation contexts of Western Europe and North America.

A second major contribution is the development of theoretical approaches to organisational leadership and corporate governance. The use of gender-aware recursivity theory to understand the development of corporate governance approaches to getting women onto boards is an approach that can be built upon by future management scholars.

## **1.7 Summary of Chapter 1**

This Chapter has provided a background to the study and has justified researching the national, organisational and individual aspects of board gender diversity, with a specific focus upon China and India. It has also stated the research objective; and listed the overarching research question(s) examined in each Phase of the study. The different hypotheses examined in pursuit of these research questions are also outlined. Further, the chapter has identified recursivity theory, institutional theory and feminist theories are appropriate theoretical lenses to interpret the results.

This chapter also highlights that this study uses both quantitative and qualitative methods to reach its research objectives. The study has been conducted in three phases, covering the same overlapping time periods. Phase I involves a global-level exploration of national determinants of board gender diversity. Phase II involves a national level exploration of organisational determinants of board gender diversity in China and India. Phase III involves an examination of the interactive influences between individual, organisational and social attitudes towards board gender diversity in China and India. The next chapter provides an extensive review of the literature relevant to each Phase of this study.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

This literature review is presented in five parts. Section 2.2 introduces three bodies of literature common to, and creating the connections between, each of the three phases of this study. First, there is the body of literature developing, exploring and making use of recursivity theory. Recursivity is presented here as a theory which builds upon institutional theory, well established in the organisational studies literature. It also draws upon both legal convergence theory and systems theory. In so doing, the concept of recursivity ties together a number of evolutionary approaches to the development of legal theory used by comparative law scholars such as Deakin (2011, 2015), Smits (2011) and Von Wangenheim (2011).

The second body of literature tying together Phases I, II and III of this study is the literature developing and examining theories about the causes and consequences of board gender diversity. As noted in Chapter 1, much of this literature also draws upon institutional theory. A third body of relevant theoretical literature arises out of feminist studies; particularly the literature examining the role of, and the challenges faced by, women in positions of power and/ or leadership.

Section 2.3 of this chapter examines the literature which provides a necessary background to, and context for, Phase I and RQ1 of this study. It is this literature which forms the basis for development of hypotheses H1(a) - H1(g), as presented in Chapter 1. It includes literature exploring the how and whys of different national approaches towards regulating for board gender diversity - literature that in turn draws upon different theoretical approaches to understanding legal evolution in different national contexts. Legal convergence theory and legal recursivity, for example, have

both been used as a framework for examining how a trend starting in Norway has spread through much of Western Europe (Huse et al., 2013), while at the same time meeting with different forms of resistance in different national contexts (Iannotta, et al., 2016; Gregoric et al., 2017; Toffel et al., 2013).

Section 2.4 of this chapter provides an overview of the literature forming a necessary context to Phase II and RQ2 of this study (Chapters 5 and 6). The literature used to develop hypotheses H2(a) - H2(d), as presented in Chapter 1, includes literature exploring the broader regulatory, political, economic and cultural contexts of corporate leadership in China and India. Finally, Section 2.6 provides a necessary scholarly context for the discussion of national differences in beliefs about, and attitudes towards, regulating for board gender diversity in China and India that forms the basis of Phase III, and an examination of RQ3a and RQ3b of this study in Chapter 7. It is this literature which is used in the development of H3(a) - H3(g) (as presented in Chapter 1) of this study. A concluding section is provided in Section 2.7 of this chapter.

## **2.2 Three bodies of literature**

Three main bodies of theoretical literature are drawn upon throughout this thesis. The first of these is the literature developing and applying recursivity theory. Within the legal literature, recursivity theory has been used to explore the idea that regulatory concepts and practices at international, national and local levels interact with and influence each other in a process of co-evolution and convergence. A second body of literature providing essential context and background to this thesis comprises theoretical discussions of board gender diversity, its causes and consequences. Much of this second body of literature also forms the basis for empirical studies of board

gender diversity in different contexts. A third body of literature applies feminist theories in the context of leadership and management studies.

### **2.2.1 Recursivity theory**

Institutional theory, well established in organisational studies literature, provides a framework for understanding how coercive, mimetic and normative pressures operate to generate organisational isomorphism (DiMaggio & Powell, 1983; Scott, 1995). As well as understanding how and why organisational structures and practices become entrenched, institutional theory also examines the processes of organisational change. Jennings (1994) describes two types of institutional pressure that can be instrumental in promoting change. First, when new rules are introduced backed by enforcement, coercive pressures can stimulate organisational change either directly or indirectly via institutional dependencies. New listing rules setting new standards for the composition of company board membership may have little impact unless backed by enforcement pressures from stock exchange and other authorities. Second, mimetic pressures to copy successful forms during periods of (economic or political) change or high uncertainty can stimulate change. As new standards or practices become more widely accepted and adopted, they become gradually more legitimised in the environment. Ultimately, these standards and/or practices reach a level of legitimisation where failure to adopt them is seen as irrational. For example, a rule that women employees must resign upon marriage was once common in certain professions, but would now be seen as discriminatory and archaic, as would a dress-code prohibiting women employees from wearing trousers (*Jespersen v Harrah's Operating Co.*, 2006).

Meyer and Rowan (1977) distinguish between a genuinely accepted and entrenched institutional practice or standard on the one hand, and 'institutional myths' on the other. Institutional myths are those standards or practices which are merely accepted

ceremoniously in order for the organisation to gain or maintain legitimacy in the institutional environment. Organisations adopt the vocabularies of structure prevalent in their environment such as specific job titles, organisational roles, procedures and policies (including gender diversity policies). The adoption and prominent display of these institutionally acceptable ‘trappings of legitimacy’ help preserve an aura of organisational action based on ‘good faith’. Legitimacy in the institutional environment helps ensure organisational survival.

When acceptance of a policy or practice (such as a gender diversity target) is merely ceremonial and superficial, and there is in fact no real genuine desire for change, this can be seen as a form of organisational resistance to change (Bovey & Hede, 2001). Organisational resistance to change may arise at the individual level (including senior leadership resistance), the sub-organisational level (such as departmental) or at the level of the whole organisation (Bovey & Hede, 2001). Different manifestations of resistance and/ or openness to change are particular focus of the more recent literature examining institutional logics and other frameworks for understanding organisational heterogeneity and change (Thornton et al., 2012; Madsen & Hasle, 2017). It is this literature which has now overtaken the isomorphism literature, and which the present study seeks to enrich by adding a recursive perspective.

Not all organisations respond to or experience institutional pressures for change in the same way (Goodstein, 1994; Ingram & Simons, 1995; Oliver, 1991). Across national boundaries cultural variations can also help to explain why organisations respond to institutional pressures for change in different ways (Maurice et al., 1980; Kozuka & Nottage, 2018). Societal-level values and beliefs can influence how new standards and practices are adopted and adapted. Likewise, cultural values and attitudes can influence the extent and manner of institutional resistance to change. In strongly

hierarchical societies, for example, there may be a reluctance to overtly contradict, criticise or oppose new policies and practices introduced by authority (Hofstede, 1980, 1991; Gladwell, 2008). Instead, resistance may arise more passively through simple neglect of the new policy or practice (Bovey & Hede, 2001; Tsai, 2012; Smith, 2010; Scott, 1992; Tyler, 2006).

Hofstede et al. (2010), Licht et al. (2003) and other comparative scholars such as Schwartz (2006) and Inglehart (1990), have demonstrated that cultural factors, while difficult to observe and measure, are important and need to be considered when applying insights from institutional theory to different cultures such as those of China and India. Similarly, comparative law scholars, at least since Watson's 1993 seminal work on legal transplants, have understood that regulatory pressures for change from one political-legal jurisdiction cannot simply be transposed to a different cultural context and expected to operate in the same way, or with the same degree of effectiveness (Watson, 1993, 2001; Mattei, 1994; Legrand, 1997; Kozuka & Nottage, 2018). It has also been persuasively argued that the best regulatory approaches are those that emerge organically through local processes of dialogue between policy makers and stakeholder groups (Lindsey, 2007; Gillespie & Nicholson, 2012; McAlinn & Pejovic, 2012; Ohnesorge, 2007, 2009). Law is a social phenomenon, and particularly in democratic societies, legislative change typically follows, rather than leads, social change. Likewise, the attitudes and beliefs of organisations and individuals affected by regulatory change are shaped by social forces, and it is these attitudes and beliefs which then determine organisational responses to new rules and standards. These insights have obvious relevance when seeking to understand, for example, how firms in India have responded to the new rule on board gender diversity introduced in 2013.

The theory that a nation's legal system reflects the values and the culture of its society can be traced back as far as the 17<sup>th</sup> Century (Locke, 1689; Voltaire, 1756; Hume, 1752; Rousseau, 1762). Theorists such as Watson (1978) believe that in an increasingly globalised world, cultures and values, and consequently the legal scripts associated with them, are becoming more global and similar, that is, converging. One consequence of this trend is that national legal scripts and ideas have tended to decouple from their indigenous social moorings (Watson, 1978; Ohnesorge, 2009, 2012). One important consequence of globalisation thus arises from the belief that legal scripts can be readily transplanted from one national legal system to another in an increasingly harmonised world – a process known as legal convergence (Watson, 1978; Krever, 2011; Van Rooij & Nicholson, 2013; McAlinn & Pejovic, 2012).

A defining feature of the post-WWII belief in globalised convergence around 'modern' institutions was its belief that the economic and the legal spheres of development are mutually reinforcing, so that assisting in the institutional reform and modernisation of either sphere would have salutary spill-over effects on the whole system (Trubek & Galanter, 1974; Ohnesorge, 2012; Trubek, 2009, 2012; Van Rooij & Nicholson, 2013; McAlinn & Pejovic, 2012). On this view, economic development could be engineered in the Global South by transplanting institutions and substantive law from the Global North (Western Europe and North America) (Gillespie, 2012; Trubek & Santos, 2006; Davis & Trebilcock, 2008). Global scripts were enlisted as positivist instruments to transfer legal and regulatory ideas, including notions of gender equality, across cultural borders (Gillespie, 2012; Trubek & Galanter, 1974; Krever, 2011). The increasingly globalised acceptance of norms such as free market economics, democracy, tolerance of diversity and respect for the individual embodied in the most widely ratified human rights instruments all became part of the evidence in support of this logic (Inglehart,

1991, 1998; Haire et al, 1966; Heuer et al, 1999; Hills & Atkins, 2013). Gender equality, as promised in the UN Charter and in major human rights instruments, became part of globalisation's agenda.

Some law and development scholars such as Geertz (1983), Legrand (1996, 1997, 2001) and, to a lesser extent, Kahn-Freund (1974) have been sceptical about theories of convergence. They also deny the possibility of effective legal transfers, because they believe that law, by its nature, is socially embedded. They believe that law cannot be divorced from the unique social context within which it is debated, formed, agreed upon and implemented (Schaffer, 2009). What these critiques help to reveal is that however convincing legal convergence theory remains, it lacks an important feature - a feature that is also lacking from institutional theory and cultural difference theory. This missing feature is the ability to capture the on-going, dynamic nature of feedback loops between institutions, organisations and individuals in understanding change over time. There is a need to look beyond the institutional setting, and to focus on the role of actors and how they interact in shaping policy debates (Seierstad et al., 2017). Recursivity theory, drawn from the fields of sociology, comparative law and international relations, provides a useful set of concepts for achieving this aim.

The essence of recursivity theory is to explain and examine how law emerges from recursive policy-development processes that occur between international and national institutions, and between different institutional actors at national level (Liu & Halliday, 2009; Halliday, 2009; Halliday & Carruthers, 2009; Chorev, 2012; Chirico & Larouche, 2013; Aissaoui & Fabian, 2015). Recursivity theory is particularly interested in the role of feedback and secondary effects in shaping both the formation and implementation of regulatory strategies. Both regulators and managers have used an understanding of the principles of feedback and secondary consequences to think

through how a rules-based strategy might or might not work, depending on how institutional and/or organisational changes are received, and the consequences - intended and unintended – which emerge (Calas & Smircich, 2006; Tienari et al., 2009; Doepke & Tertilt, 2011; Lindsey, 2007). In utilising these principles, recursivity theory finds great affinity with system dynamics, which takes ideas from the field of engineering and applies them to management problems (Forrester, 1961; Sterman, 2000). The concept of legal recursivity utilised in this study also draws upon evolutionary theories in law and economics which have been found useful by comparative law scholars (Deakin, 2011, 2015; Smits, 2011; Von Wangenheim, 2011; Du Laing & De Coninck, 2011).

Halliday and Carruthers (2009) examined how norms can be exchanged and transferred between and amongst transnational and national institutions. According to Halliday and Carruthers, law making and implementation on both the international and national levels can act as iterative and recursive process (2009: 1135-1138). International and national level actors develop legal norms that are refracted onto one another through exogenous processes including economic coercion, persuasion through international institutions, and universal norms (Davis & Trebilcock, 2008). Emerging legal norms can undergo several recursive cycles of change at both international and national levels, through processes of interpretation and implementation. Even formal law ('law on the books') continues to evolve in response to problems and deficiencies of implementation ('law in practice') (Halliday & Carruthers, 2009: 1144-1147; Edelman, 2005). That episodes of these recursive cycles will occur is not a given, nor will these cycles necessarily occur in perpetuity (Halliday, 2009: 274). Rather, they are driven by four distinct identifiable mechanisms: (i) the indeterminacy of law (ambiguities inherent in global and national legal instruments,

including treaty standards and national statutes, regulations and policy statements, that lead to inconsistent application with possible unintended consequences); (ii) contradictions (the phenomenon that emerges ideologically when clashing visions amongst actors leads to imperfect legal settlements, or institutionally when legal implementation is divided out between different institutions); (iii) diagnostic struggles (the struggles between various actors of diagnosing perceived shortcomings in legal norms and identifying corrective prescriptions); and (iv) actor mismatch (mismatches that occur when there is a disparity between actors who take part in norm-making processes, and those who are affected when new norms are introduced (Halliday & Carruthers, 2009: 1149-1151; Halliday, 2009: 277-281).

Scholars of international policy and international relations have thus utilised recursivity theory to explain and explore how law emerges from an inter-active and responsive (recursive) policy debate that takes place between international and national institutions, and between institutions at the national level (Liu & Halliday, 2009; Halliday, 2009; Halliday and Carruthers, 2009; Chorev, 2012). The power of recursivity theory to facilitate this understanding lies in its stress on the dynamic role of feedback loops between the global and the local in the production and diffusion of legal norms (Chorev, 2012). It also facilitates an understanding of the dynamic nature of feedback loops between regulator and regulated at national level (Halliday & Carruthers, 2009; Chorev, 2012; and see Chapter 5 in this thesis).

More recent scholarship by Rugman (2003) and Schaffer (2009, 2014) also pushes back against belief in legal convergence by examining ways in which local cultures can and do resist global pressures for change and towards conformity. They find evidence of national sub-populations ossifying into more entrenched positions consistent with uniquely different social cultures, leading to divergence, rather than

convergence (Liu & Halliday, 2009; Halliday, 2009; Halliday & Carruthers, 2009; Chorev, 2012; Chirico & Larouche, 2013; Aissaoui & Fabian, 2015). By extending the concept of recursivity to a study of how and why countries regulate for board gender diversity, this thesis complements recent contributions stressing that both societal particularities and transnational processes must be considered in studies of gender and management (Tienari et al., 2009; Calas & Smircich, 2006; Eagly & Heilman, 2016; Sojo et al., 2016).

### **2.2.2 The ‘women on boards literature’: an overview**

Societal, political, economic and cultural particularities are examined throughout a second body of literature relevant to all three phases of this study. This is the literature examining board gender diversity from different perspectives, both antecedent and consequential. Scholars such as Foulkes (1995) and Tienari et al. (2010) have drawn attention to the male dominated nature of corporate boardrooms, and many have sought to explain it (Arfken et al., 2004; Branson, 2007; Dhir, 2015; Machold et al., 2013; Rowley & Yukongdi, 2009). Much of this literature has been concerned with identifying, at national level, the gender-related, institutional and/or social reasons behind the lack of women in company boardrooms (Chizema et al., 2015; Dhir, 2015; Branson, 2007). A separate body of literature has sought to understand, and in many cases argue for, the beneficial consequences of gender diversity in corporate decision-making (Adams, 2016; Adams & Ferreira, 2009; Adler, 2001, 2009; Catalyst, 2011; Francoeur et al., 2008; Matsa & Miller, 2013; Van Engen et al., 2001; Vecchio, 2002; Van Knippenberg et al., 2006).

Research involving women directors has examined board gender diversity from a number of different perspectives. Some researchers have examined how women operate differently from men in leadership and decision-making roles (Klenke, 2011;

Kay & Shipman, 2014; Eagly, 2007; Eagly & Johnson, 1990; Du, Zhang & Mi, 2012). Others have debated the ‘woman advantage’ or ‘diversity advantage’ for corporate financial performance (Adams & Ferreira, 2009; Campbell & Minguez-Vera, 2008; Nielsen & Huse, 2010; Carter et al., 2010) or corporate behaviour (Arfken, Bellar & Helms, 2004; Ramirez, 2003; Bernardi, Bosco & Columb, 2009; Bernardi & Threadgill, 2010; Konrad & Kramer, 2006). Some scholars have explored from an organisational perspective questions surrounding why so few board directors are women (Kanter, 1977; Riger & Galligan, 1980; Burke & Mattis, 2000; Vinnicombe et al., 2008); while others have examined similar questions from a social perspective (Rowley & Yukongdi, 2009; Martin, et al., 1983).

National-level, state-led strategies for getting women onto boards are a 21<sup>st</sup> century phenomenon, so it is only since 2010 that scholars have examined questions such as why it took so long for such strategies to be promulgated, and what have been the forces behind their introduction and the differences between them in design, implementation, enforcement and effectiveness (Gender Equality Project, 2012; Machold et al., 2013; Dhir, 2015). Scholarly attention has also focussed on the philosophical and ethical reasoning behind the implementation of such strategies.

One view, reflected in the regulatory policies of governments in Norway, France, Italy and India where quotas for board gender diversity have been introduced, is that quotas are necessary, at least in the short term, to overcome historical disadvantages that have long prevented women rising to the top (Pryce, 2015; de Plessis, 2015; Kreckova, 2013). The opposing view, prevailing in countries like the USA, UK, Australia, New Zealand and elsewhere is that while quotas might boost the number of women on boards in the short-term, mandatory percentages do nothing to actually improve the quality of decision-making (Gender Equality Project, 2012; Nielsen & Huse, 2010). It

is argued that when a candidate is appointed to the boardroom on the basis of gender rather than merit, this may even be deleterious to the quality of company leadership (Gender Equality Project, 2012; du Plessis, 2015). Moreover, women who join company boards as the result of a quota, it is argued, tend to be drawn from the same small group of women already working in or headed for senior positions, so that quotas do little to increase the overall size of the talent pool or improve the quality of decision-making (Machold et al., 2013; Dhir, 2015).

For various reasons, including the need for political compromise between the views noted above, a number of countries have adopted the approach that the most effective strategy for improving board gender diversity is to encourage or ‘incentivize’ companies to voluntarily develop targeted policies and practices. Voluntary targets, the argument goes, result in deeper and longer lasting cultural change and thus deeper and longer lasting reform of board composition. Longer lasting improvement in the quality of board decision-making as a result of gender diversity, it is argued, means improved organisational performance over the longer-term as well (Adams, 2015; Dhir, 2015; Machold et al., 2013; Bowman & Maker, 2015; Gender Equality Project, 2012; Koch, 2015; Sjafjell, 2015).

Much of the ‘consequences’ literature presents the business case for gender diversity (Rosener, 2003; Marimuthu & Kolandaisamy, 2009; Campbell & Minguel-Vera, 2008; Sabarwal & Terrell, 2008), while other studies have examined the legal (corporate governance) case for gender diversity on boards (Van den Berghe & Levrau, 2004; Adams & Ferreira, 2009). Still other studies have highlighted the three-way relationship between gender diversity, improved governance and improved business performance (Carter, Simkins & Simpson, 2003; Catalyst, 2011; McKinsey & Co., 2007, 2008, 2010, 2013; Nielsen & Huse, 2010). Mostly drawing on data from

North America, Europe and Japan, these scholars examine relationships between the presence of women in company leadership on the one hand, and improvements in corporate governance and/or financial indicators on the other (Rosener, 2003; Konrad & Kramer, 2006; Kodama, Odaki & Takahashi, 2009; Kawaguchi, 2009; Adams & Ferreira, 2009; Carter et al, 2010). A 2010 report issued by McKinsey & Co concluded that ‘companies with higher numbers of women at senior levels are also companies with better organizational and financial performance’ (2010: 37). The *Global Gender Gap Report 2010* explains these findings by arguing that ‘the best ideas flourish in a diverse environment’. This implies that companies benefit by successfully integrating the female portion of the available talent pool across their internal leadership structures (WEF, 2010: 31).

Another argument, and a broader one, is that more diverse boards - not just in terms of gender, but also in terms of age, abilities and ethnic and social origins of board members - are more attuned to ethical considerations (Bernardi, Bosco & Columb, 2009; Bernardi & Threadgill, 2010; Fernandez-Feijoo, Romero & Ruiz-Blanco, 2013). A tendency to analyse decisions more thoroughly and from different perspectives reduces the potential for unethical decision-making (Arfken, Bellar & Helms, 2004; Ramirez, 2003). Other studies suggest a relationship between the presence of women on a firm’s board and the recognition of that firm as a company with high social responsibility standards and/or better social responsibility reporting (Bernardi, Bosco & Columb, 2009; Bernardi & Threadgill, 2010; Fernandez-Feijoo, Romero & Ruiz-Blanco, 2013; Rao & Tilt, 2016; Harjoto et al., 2015; Post et al., 2011; Hafsi & Turgut, 2013; Zhang, 2012; Boulouta, 2013; Roxas & Stoneback, 2004). Others have pointed out that such findings can be based upon, and can lead to, assumptions about the ethical characteristics of women and men that have no basis in reality (Peach, 2015).

Another body of research has been interested in the qualitative question of whether women's different approaches to and styles of leadership offer certain advantages over male leadership styles (Kay & Shipman, 2014). Eagly and Carli (2003) for example, found that women adopt a more democratic and participatory style than men. Eagly (2007) further concluded that 'women, more than men, manifest leadership styles associated with effective performance as leaders' (2007: 1). In the Chinese context, Du, Zhang and Mi (2012) identified an 'affinity advantage' of women managers. They found that women managers are more able to empathise and demonstrate an affinity with other company stakeholders, especially employees, and that this advantage gives women leaders greater emotional strength and endurance.

The 'consequences' literature is particularly relevant to this thesis because it demonstrates a growing awareness of the advantages of board gender diversity for corporate resilience and, in the longer term, for economic development. This awareness has, in turn, been part of a larger global debate about the role of women in political, economic and social development. A number of scholars have examined the ways in which international commitments and standards regarding gender equity have been debated, implemented, adapted, or resisted, at national level in different countries (Sankaran & Madhav, 2011; de Silva de Alwis, 2010; ILO, 2013; Ohnesorge, 2012). This study therefore first needs to understand the nature of the global debate and international standards governing the elimination of discrimination against women.

### **2.2.3 The feminist literature – an overview**

A third theoretical strand forming a common theme through all three phases of this study draws on feminist literature. There are many different schools of feminism - socialist feminism, black feminism, Marxist feminism, post-modern feminism and liberal or individualist feminism - and they do not all agree. Feminist theory and

feminist activism is also characterised by inter-generational differences, and by inter-sectional differences between feminists of different races and different sexualities. There are also significant differences between feminist activism at global, national and local levels. This section will briefly summarise feminist theory of particular relevance to this study, with a focus upon liberal feminism. Key differences between the lived experience of feminism in China and India will then be explored.

Western liberal feminist scholars, including Nussbaum (2000a, 2000b) and Eisenstein (1986), have argued that liberal individualism can and should be used in the feminist cause, and that the idea of the individual as a unique and irreplaceable end in herself is central to the feminist project. In particular, feminism can use the individualist notion of ‘conscientious objection’ to form a principled refusal to be coerced or dominated by male demands or expectations (McElroy, 2001; Eisenstein, 1986). This resistance does not happen from somewhere ‘outside society’. Resisters must be social participants if they are to be able to distinguish right from wrong. Moreover, no one can do it alone. There must be others who also recognize the resistance and the reasons for it, in which case they will be resisters too. Feminism achieves change by operating through a shared consciousness. But the shared must be constantly renewed and strengthened by the individual. There must be constant (recursive) interaction between the collective (at social and organisational levels) and the individual (Phillips, 2001). Phase III of this study utilises a similar model of individual-organisational-social interactions.

Liberal feminist theory, with its emphasis on individual choice, was useful as a tool for understanding attitudes in the more individualistic society of India. In both India and China, a belief that women are free to choose when they choose not to pursue career advancement to leadership positions may help to explain why both men and

women respondents might attribute individual choice as a determining factor in keeping women out of the boardroom. Liberal feminist theory is also useful for understanding why women as well as men can oppose regulatory measures aimed at board gender equality in the belief that such appointments can and should be made on the basis of merit alone.

Ambivalent sexism theory has also been used to explore and understand attitudes toward women's role in society (Glick & Fiske, 2011). Ambivalent sexism theory distinguishes between hostile and 'benevolent' sexism in both private and public life (Glick & Fiske, 2001; Glick et al., 2004; Glick & Fiske, 2011; Glick et al., 2000). Benevolent sexism, according to Glick and Fiske (2011), encompasses apparently 'positive' attitudes toward women that nonetheless serve to place women firmly in traditional roles, and keep them there through protective paternalism and by idealising traditional forms of 'womanhood'. Hostile sexism encompasses the negative equivalents of these attitudes - dominative paternalism and derogatory beliefs about women's worth and abilities. These attitudes also serve to justify and maintain patriarchy and traditional gender roles (Glick & Fiske, 2011).

A number of studies have examined ambivalent sexism in an Indian context, finding that levels of hostile sexism are relatively high compared to other cultures, and that, as in other cultures with high levels of hostile sexism, there is a higher degree of acceptance of benevolent sexism amongst women in particular (Ambivalent Sexism Inventory; Mulla & Krishnan, 2012; Yours, Truly, 2012; Lachlan, 2016). Sexist and paternalistic attitudes also exist in China, although existing studies seem to indicate that they are less influential in shaping beliefs about women's roles and choices than in India (Wu & Xu, 2012; Glick, 2006; Chen, Fiske & Lee, 2009; Lee et al., 2010). Both liberal feminist theory and ambivalent sexism theory assist in understanding

attitudes toward women's role in society in China and India. They also provide useful perspectives for understanding attitudes shaping various forms of resistance to regulatory measures for board gender equality in India and China.

More recently, critical perspectives on liberal feminism in particular have argued that modern feminism has been co-opted in the cause of a wider neo-liberal project. Prugl (2017), for example, situates the modern embracing of gender equality by business in a global and historical context, and as reflecting an era of global neoliberalism. She argues that there has been a neo-liberalisation of feminism which has taken three forms. First, it has entailed the inclusion of women in the paid labour force in the name of women's empowerment. Second, feminism has been co-opted ideologically by making it fit neoliberal doctrine, reformulating it as good for business and for economic growth. And third, gender has become part of neoliberal rationalities and technologies of government, such as public-private partnerships and the production of new gendered subjectivities that flourish in liberal markets. One feature of these processes has been a steady decline in female labour force participation rates in both China and India.

Both China and India share a common demographic feature in that the gender profile of each nation is skewed towards a preference for male descendants, and a corresponding short supply of women compared to men in society. In China there are an estimated 106.3 male for each 100 female members of the population, while in India the ratio is 107.6 male for every 100 female citizens (2015 figures: United Nations World Population Prospects). Despite this shared feature in common, the two nations face very different demographic challenges in the labour force.

In China, there is a relatively high female participation rate in the formal workforce, with 62 percent of the female population aged 15 years and older defined as economically active in 2015 (theglobaleconomy.com website, China female labor force participation data for 2015, retrieved at [https://www.theglobaleconomy.com/China/Female\\_labor\\_force\\_participation/](https://www.theglobaleconomy.com/China/Female_labor_force_participation/)).

However, the Chinese workforce overall is aging, the result of decades of strictly-enforced population control policies. Less than one-third (30.7 percent) of the population is under 25 years of age, while 28.4 percent of the population is over 50 (UN World Population Prospects: 2015 Revision: 27. Retrieved at [https://esa.un.org/unpd/wpp/publications/files/key\\_findings\\_wpp\\_2015.pdf](https://esa.un.org/unpd/wpp/publications/files/key_findings_wpp_2015.pdf)).

Chinese women continue to bear a disproportionate share of the burden of caring for this aging population (Hewlett, 2011). The official easing and abandonment of the one-child policy since 2015 may also place more women under pressure to become home-based carers (Myers & Ryan, 2018; Hesketh et al., 2015).

In India, in contrast, working women are disproportionately concentrated in the informal economy, and the formal workforce participation rate of women aged 15+ years was only 27.4 percent in 2015-16 (Verick, 2017). India also has a much younger demographic than China, with nearly half (47.1 percent), of the population under 25 years of age in 2015 (UN World Population Prospects: 2015 Revision: 28. Retrieved at [https://esa.un.org/unpd/wpp/publications/files/key\\_findings\\_wpp\\_2015.pdf](https://esa.un.org/unpd/wpp/publications/files/key_findings_wpp_2015.pdf)).

Scholars have thus found it much harder to explain the declining female workforce participation rate in India than in China (Verick, 2017).

The role of women has featured in the political rhetoric used to justify a turn to market liberalism in both China and India (Berik et al., 2007; Simon-Kumar, 2004). Feminist debate and activism, however, remains a very different experience in China compared

to India. In particular, the state-controlled nature of women's activism and feminist discourse in China provides a stark contrast to the highly individualistic and contested nature of feminist activism and discourse in India.

A commitment to women's equality has been part of the Communist Party ideology of progress since Liberation in 1949. Yet women, including those who participated in the Long March, have never achieved the high status in communist China that their male compatriots achieved. Moreover, economic reforms since 1979 have been accompanied by increasing discrimination against women in hiring and promotion (Wang, 1991: 177-178; Bulbeck, 1998: 26). Since the 1980s, there has been a steady decrease in women's participation at all political and managerial levels (Bulbeck, 1998: 26). State-driven market discourses have played a role in shifting gender ideology from the Maoist position, with its focus on women's contribution through labour, to one that focusses upon women's bodies in the role of consumer of cosmetics and fashion. Wang Zheng (2015) has described the 'double (or even triple) standards' faced by women in 21<sup>st</sup> century China. The state can simultaneously promote ideals of duty, service and chastity for women, while at the same time promoting domestic consumption of consumer products to facilitate economic growth. Should young women feel encouraged to express feminist liberal ideals or draw attention to discriminatory practices too openly, they can soon be suppressed. The detention of the 'feminist five' on 6 March 2015, as they prepared to launch a public sexual harassment awareness campaign in the lead up to the annual Women's Day celebrations, illustrated just how determined the Chinese state remains to control feminist expression (Wang Zheng, 2015). The *#MeToo* movement in China, for example, exists largely underground, disguised behind 'emoticon'-style images of rice (pronounced *mi* in Chinese) and rabbits (pronounced *tu* in Chinese). As Wu (2018) illustrates, modern

images of the ideal woman in China are ‘simultaneously elegant, disciplined, militarized, and dedicated to serving national collective interests’ (2018: 219). Figure 2.1 below captures images of state-approved and state-controlled feminism in modern China:



*Cai Zhenhua, 1978.*

*Move forward with great speed!  
To build up the nation! To defend the nation!*



*Li Wenjie, 2012. No title.*



*Ceremonial volunteers rehearsing at a venue of the Guangzhou Asian Games. Photo courtesy of Miss Wang. Taken from Wu, 2018: 207.*

**Figure 2.1 Images of state-controlled feminism in China**

In contrast to the controlled image of women's place in the social and economic order of China, is the highly contested arena of women's activism in India (Gangoli, 2007). In India's messy and colourful democracy, feminism is vigorously debated. Feminist debate in India also regularly overlaps with and is challenged by intersectional perspectives from different caste, class, linguistic, regional and sexuality identities (Roy, 2014). Figure 2.2 below provides two images of India's unique brand of liberal feminism.



*Taken from Kumar, 2016. No caption.*



*Women activists during protest against statements by the All India Muslim Personal Law Board against the triple talaq ban [EPA]. Taken from Salim, 2016.*

### **Figure 2.2: Images of liberal feminism in India**

Feminism in India adopts different intersectional variations typically dependent upon perspectives of religion, caste, class, and even geography. Dreze and Sen (2013,

Chapter 3), for example, have explored regional aspects of women's empowerment in India, describing the ways in which:

women's agency seems to have played a crucial role in ... recent experiences of relatively rapid social progress ... in Himachal Pradesh, Kerala and Tamil Nadu (2013: 231).

The different character of feminisms in China and India both reflects and influences the different nature of women's political empowerment in each nation, in ways which are further explored throughout phases II and III of this study in particular. First however, this literature review begins by exploring the global-level literature relevant to phase I.

### **2.3 Background to Phase I study**

Following Norway's introduction of formal quotas for women on boards in 2008, over 30 countries from different regions have introduced a variety of board gender diversity measures (Terjesen et. al., 2015; Sojo et al., 2016; Fagan, Gonzales & Anson, 2012; Klettner et. al., 2014). These initiatives range from mandatory quotas for listed or state-owned firms (11 nations: Terjesen et. al., 2015), to governance code amendments (26 countries: Adams, 2016: 372), including code targets (Senden, 2014); to simple disclosure requirements, as in four countries identified by Adams (2016; 372; see also Machold et. al., 2013). European nations, Israel, Kenya, Quebec in Canada, and India have opted for formal quota-style rules, while elsewhere the focus has been much more on reporting standards and voluntary targets (Adams, 2012, 2016; Gender Equality Project, 2012).

Phase I of this study provides a global perspective for understanding national differences in approaches to regulating for board gender diversity. It also examines relationships between board gender diversity and women's political and economic

empowerment, national GDP, and national culture, using a survey of 55 nations from different regions of the world. The aim is to provide a rich contextual understanding, based on the literature, to address RQ1:

**RQ1: What are the key predictors, at national level, of board gender diversity in publicly listed companies?**

### **2.3.1 The Global Norm-setting Agenda for Gender Equality: Actors and Interactions**

Policy debate and law reform in national systems everywhere have been shaped and influenced by Post-WWII global agendas of decolonisation, economic development and human rights. This includes national policy debates about board gender diversity and whether and how to set regulatory standards for board diversity.

When the United Nations was established in 1945 following the devastation of WWII, Member States undertook to ‘promote social progress and better standards of life’ based on the principles of ‘equal rights of men and women and of nations large and small’ (UN Charter, 1945: Preamble).

Post-WWII human rights instruments, including the 1948 Declaration of Human Rights and the two UN Human Rights Conventions of 1966 (Convention on Civil and Political Rights; Convention on Economic, Social and Cultural Rights) emphasised the right to be free from discrimination on gender grounds, as well as emphasising the inter-connected nature of all human rights. Gender equality became a particular focus of globalisation’s human rights agenda in the 1979 UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

CEDAW remains a central pillar of globalisation’s modernist set of common ideals, and the near universal acceptance of CEDAW’s principles (189 States Parties at 2016) has been cited as evidence of global convergence (Chang, 2010-11; Hellum & Aasen,

2013; Buckley et al., 2016). National legislation designed to protect and advance the rights and interests of women has been inspired by (and sometimes modelled upon) CEDAW and other global instruments, both formal (such as ILO Conventions) and informal (ILO discussion documents, international women's rights NGOs). At the regional level, national trends within a small but growing number of European countries introducing regulated quotas and targets for women on boards have inspired a broader EU-wide discussion about the desirability of EU-wide standards for gender equality on corporate boards (Machold et al., 2013). This trend raises the even broader question of whether, and if so how, jurisdictions around the world are converging around a common set of approaches towards regulating for board gender equality.

When CEDAW entered into force on 3 September 1981 it was the first, and at the time most important, binding international instrument on gender equality in international law. Now ratified by all but a few UN member nations, CEDAW requires States Parties to take 'all appropriate measures' to eliminate discrimination against women in both the public and private spheres (Articles 2, 3, 7 and 8). Article 4 of the Convention also clarifies that temporary special measures intended to accelerate the achievement of equality between women and men should not be considered 'discriminatory'. Rather, Article 4 recognises that 'formal equality', which treats all persons alike, cannot overcome the disadvantages of systemic discrimination entrenched within institutional structures. Article 4 thus encourages States Parties to deal with systemic gender discrimination by adopting a 'substantive equality' approach that permits gender-specific positive discrimination laws and policies. Such policies can include quota-based reservations for women in educational institutions, and/or government jobs and/or elected offices, as found in India, and/or quotas for women in senior economic positions. Given the significant gaps that need to be closed

between men and women in the public and economic spheres, it has been argued that nothing short of regulatory mechanisms are necessary to change attitudes and eliminate discrimination on the grounds of gender. ‘Crucial in transforming the social status of women are protective and preventive legislations (*sic*) seeking to better the status of women’ (Sankaran & Madhav, 2011: 3). At the 1995 Fourth UN World Conference on Women held in Beijing, the governments of CEDAW Member States laid out specific actions in the Beijing Platform of Action with a view to attaining the equality and women’s empowerment standards set by CEDAW (Shalav, 2001).

The Optional Protocol to CEDAW (UN Doc A/Res/54/4) was adopted by the UN General Assembly on 6 October 1999; and entered into force on 22 December 2000. The Protocol establishes complaint and inquiry mechanisms to support CEDAW’s substantive rights provisions. Parties to the Protocol allow the Committee on the Elimination of All Forms of Discrimination Against Women to hear complaints from individuals or inquire into ‘grave or systemic violations’ of the Convention. As at June 2014, 105 states were party to the Optional Protocol (<http://www.un.org.womenwatch/daw/cedaw/protocol/sigop.htm>). Neither China nor India are signatories to the Optional Protocol. Moreover, both China and India have entered reservations to Article 29(1) of CEDAW indicating that they do not consider themselves bound by any obligations to submit to compulsory arbitration or International Court of Justice (ICJ) jurisdiction in the event of any dispute arising under CEDAW. A number of scholars, typically sponsored by UN organisations, have sought to analyse the impact of these enforcement gaps on law reform at the national level in both China (de Silva de Alwis, 2010; Freeman, 2009) and India (Sankaran & Madhav, 2011; Freeman, 2009).

All CEDAW Member States are subject to regular reporting obligations. As with each of the other nine major UN human rights instruments, CEDAW has a treaty body that oversees its implementation and regularly reviews treaty compliance by Member States. In addition to specialist treaty body review, all 193 UN members are also subject to a human rights review process known as Universal Periodic Review (UPR) that was established under the Human Rights Council when the Council replaced the old Commission on Human Rights in 2006. The UPR process began in 2007 and involves every member of the UN being subject to peer-scrutiny of its human rights record every four years (UN Human Rights Council homepage). The UPR process forms an important record of the recursive dialogue taking place between national and international institutions in the formation of policy. It is a process which often involves scrutiny of aspects of national legal systems that detract from the full enjoyment of women's rights. Examples include the failure of marriage laws in India to ensure equality for women (UPR, 2012) and the failure of Chinese labour laws to adequately protect women against discrimination in employment (NGOs' Mid-term Assessment, 2016).

In July 2010, the UN General Assembly created UN Women, the UN entity for gender equality and the empowerment of women, through a merger of four previously distinct parts of the UN system (<http://www.unwomen.org>). The main roles of UN Women include supporting intergovernmental bodies such as the Economic and Social Council's (ECOSOC) Commission on the Status of Women (<http://www.un.org/womenwatch/daw/csw>), in their formulation of policies, global standards and norms; helping UN Member States implement these standards and holding the UN system accountable for its own commitments on gender equality (<http://www.un.org/womenwatch>). The bringing together of these agencies reflects a

recognition of the close linkages that exist between women's social, economic and political status and empowerment (ECOSOC, 2010). The importance of a recursive approach to women's participation in public life and policy formation is also a theme running throughout ECOSOC's Montreal Principles on Women's Economic, Social and Cultural Rights (ECOSOC's Montreal Principles) (International Federation for Human Rights, 2002. Retrieved at <https://www.fidh.org/IMG/pdf/ca01110a.pdf>).

The ILO is another important agency through which United Nations gender equality norms are promoted, with a focus on equality in the formal economy. Economic equality for women is an integral part of the ILO's 'Decent Work for All' Agenda (ILC, 2009). Standing's (2002, 2005, 2011) work on 'the precariat' grew out of his work in developing the Decent Work Index (Standing et al., 2003). It is research that examines how globalisation has drawn more and more people, particularly women, into situations of economic insecurity and consequent social insecurity, not least due to workforce social policies (Standing, 2011, 2014). Standing (2002, 2005, 2011) argues that treating basic income security as a right is possibly the only currently viable way to reduce destabilising levels of poverty, *inter alia*, by raising women's economic status (Davalala et al., 2015).

The ILO legal mandate on gender equality in the world of work is grounded in ILO conventions of particular relevance to women - notably the four key equality conventions: Discrimination (Employment and Occupation) Convention (No. 111) (1958); the Equal Remuneration Convention (No. 100) (1951); the Workers with Family Responsibilities Convention (No. 183) (2000) and the Maternity Protection Convention (No. 183) (2000). These four conventions are amongst the most widely ratified of UN treaties to date. As with the CEDAW, levels of actual implementation of these ILO treaty undertakings vary widely from country to country (Hevener, 1986;

de Silva de Alwis, 2010; Sankaran & Madhav, 2011; Moorman, 2000; Gender Monitoring Office Rwanda, 2011).

The ILO mandate is also informed by resolutions of the International Labour Conference (ILC) - the highest policy-making organ of the ILO. The proportion of its developing country members increased rapidly during the 1950s and 60s, and, responding to their concerns, the ILC adopted resolutions on the problems of women in developing countries, gender equality, pay equity and maternity protection in 1964, 1975, 1985, 1991, 2004 and 2009 (ILC, 98<sup>th</sup> Session, June 2009).

The ILO has been instrumental in sponsoring and supporting a number of measures aimed at promoting women's economic participation. The influence of the ILO is primarily felt through its research, training and other awareness activities, but also through its sponsorship of and involvement in other in-country activities such as gender-responsive public works programmes and participatory gender audits (ILO, 2007). The ILO has also taken the lead in tracking the presence and status of women in the global workforce; its Gender, Equality and Diversity Branch maintains an extensive knowledge base on gender issues (<http://www.ilo.org/gender/lang-en/index.htm>).

The 2008 Declaration on Social Justice for a Fair Globalization mandates the ILO to make gender equality and non-discrimination cross cutting issues throughout its strategic objectives (ILO, 2008). Yet in 2014, the ILO Women at Work Centenary Initiative concluded that:

... progress in achieving women's empowerment and gender equality has been mixed. Though women's labour market participation has often significantly increased, progress has been uneven across countries and regions. Horizontal and vertical occupational sex segregation and gender pay gaps persist. Women are over-represented in the informal economy. ... In the formal economy, women's share among CEO and top managers remains unacceptably low,

despite the existing pool of talented and competent women leaders. Indirect discrimination and its effects remain poorly understood and addressed, as is the case with discrimination on multiple grounds (ILO, 2014).

In 2009, the ILC concluded its discussion on ‘Gender equality at the heart of decent work’ by reaffirming that social dialogue and tripartism are essential tools to advance gender equality in the world of work (ILC, 2009, 2010). Tripartism refers to the idea of regular communications between employers and unions on issues of workplace regulation (McKinsey & Co., 2010). The political experience of tripartism at national level has made this a controversial topic of discussion in the on-going dialogue between the ILO and leaders from government and business in many nations, particularly developing countries (ILC, 2009, 2010).

As commitments to corporate social responsibility have become the norm among large transnational corporations (TNCs), companies throughout the world, including major Chinese and Indian firms, have identified gender equality as one of their causes. Companies that have signed up to the Global Compact ([www.globalcompact.org](http://www.globalcompact.org)) and/or the UN Guiding Principles on Business and Human Rights ([http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)) have also signed up to the Women’s Empowerment Principles (WEPs) (<http://www.unwomen.org/en/partnerships/businesses-and-foundations/womens-empowerment-principles>). The WEPs are a set of Principles for businesses outlining seven steps for empowering women in the workplace, marketplace and community. The development of the WEPs included an international multi-stakeholder consultation process, which began in March 2009 and culminated in their launch on International Women’s Day in March 2010. As at December 2012, more than 450 CEOs from across the globe had signed the CEO statement of Support for the WEPs.

Sub-titled ‘Equality Means Business’, the WEPs emphasise the business case for corporate action to promote gender equality and women’s empowerment, elaborating the gender dimension of the corporate responsibility to respect human rights outlined in the UN Guiding Principles and the Global Compact. The WEPs are derived from international Conventions and Declarations in particular the CEDAW, ILO Convention No. 111 Discrimination (Employment and Occupation) Convention (1958) and the ILO Convention on Fundamental Rights and Principles at Work (1998). Principle 1 of the WEPs call upon business organisations to ‘Establish high-level corporate leadership for business equality’; including by establishing ‘company-wide goals and targets for gender equality’ and ensuring that ‘all policies are gender-sensitive ... and that corporate culture advances equality and inclusion’ ([www.weprinciples.org](http://www.weprinciples.org))

In India, the All India Women’s Conference (AIWC) (website at [www.aiwc.org.in](http://www.aiwc.org.in)) has taken up the challenge of the WEPs and ECOSOC’s Montreal Principles, and has been instrumental in the formation of international linkages for consultation and dialogue, introducing an Indian women’s perspective to ECOSOC and the UNFCCC. The AIWC has also been instrumental in facilitating legislative reform within India in line with international standards - including amendments made in 2017 to the *Maternity Benefits Act* 1961. The National Federation of Indian Women (NFIW) (website at <https://nfiw.wordpress.com/>) was founded in 1954, and its members were instrumental in advocating for recognition of Women’s Day in the United Nations in 1975. Indian women were prominent at each of the five-yearly World Conferences on Women held since 1975. At the Beijing Fourth World Conference on Women in 1995, the Indian government made a commitment to reserving 33 percent of all seats in its

Parliament for women - a commitment that remains bogged down in local Indian political controversies to this day (NFIW, 2016).

In China, the All China Women's Federation (ACWF) has been the medium through which UN Women and other international organisations engage in debate on gender issues with the Chinese authorities, and is responsible for the implementation of gender policies, including the Program for Chinese Women's Development (2011-2020) (UN Women, 2006), and the Law on the Protection of the Rights and Interests of Women (2010).

### **2.3.2 Women on Boards and the effect of regulatory measures**

The project of understanding why levels of female board representation differ across countries both aids, and is aided by, an examination of why different nations have adopted different approaches when it comes to regulating for board gender diversity, and how national debates about policy direction are shaped by global and local forces.

Regulating for board gender diversity remains highly controversial; and is far from universally accepted. It was not until 2015, for example, that the OECD's Principles of Corporate Governance were revised to acknowledge the importance of boardroom diversity, and even now the tentative, recommendatory wording of the revised 2015 *G20/ OECD Principles of Corporate Governance* reflects the controversial nature of mandating for board gender diversity:

In order to avoid groupthink and bring a diversity of thought to board discussion, boards should ... consider if they collectively possess the right mix of background and competencies.

Countries *may wish to consider* measures such as voluntary targets, disclosure requirements, boardroom quotas, and private initiatives that enhance gender diversity on boards and in senior management (OECD, 2015: VI: E: 4; italics added).

Machold and Hansen (2013: 170-172) have asked whether civil law countries might be more likely to introduce regulatory measures aimed at facilitating board gender diversity, using La Porta et al.'s (1996) classification of legal families into English legal origin jurisdictions associated with common law, and French, German and Scandinavian legal origin associated with civil law. What they found was differences between civil law nations, rather than between civil and non-civil law legal systems.

Norway, Belgium, Finland, Iceland, Israel, Italy, Kenya, Netherlands, Quebec in Canada, and Spain are amongst those jurisdictions which have opted for formal quotas. In India, recent regulatory reforms have introduced a requirement for all larger public companies to have at least one woman on the board (de Jonge, 2015; Bhalla, 2015). Formal quotas and targets are typically justified by the view that such measures are needed in order to overcome historical disadvantages that have long prevented women rising to the top (Pryce, 2015; du Plessis, 2015; Kreckova, 2015). Recent literature examining the multiplicity of different regulatory initiatives aimed at facilitating board gender diversity includes studies by Teigen (2012, 2012a); Machold et al. (2013); Senden, (2014); Klettner et al. (2014), and Terjesen et al. (2015). These initiatives range from voluntary reporting standards, to targets, to mandatory quotas backed by enforceable sanctions.

In other nations, including the USA, Australia, New Zealand, and China, there is much less political appetite for formal quotas or targets, although improved gender reporting regimes have had an impact (Adams, 2012; Gender Equality Project, 2012). In these countries, the focus has been much more on voluntary targets and other measures designed by companies themselves to foster female leadership in accordance with the specific circumstances of the firm. The view prevailing in these jurisdictions is that while quotas might boost the number of women on boards in the short-term, mandatory

percentages do nothing to improve the quality of decision-making; and may even be deleterious to the quality of company leadership (Gender Equality Project, 2012; du Plessis, 2015). Moreover, women who join company boards as the result of a quota tend to be drawn from the same small group of talented women already working in or headed for senior positions, so that quotas do little to increase the overall size of the talent pool (Machold et al., 2013; Dhir, 2015). An alternative view - and one that seems to prevail in the USA and in Australia - is that the most effective approach to improving gender diversity on company boards is one based on encouraging companies to voluntarily develop policies and strategies for improving gender diversity at different levels within the company (Gender Equality Project, 2012). Voluntary targets, the argument goes, results in deeper and longer lasting cultural change and thus deeper and longer lasting reform of board composition (Adams, 2015; Dhir, 2015; Machold et al., 2013; Bowman & Maker, 2015; Gender Equality Project, 2012; Koch, 2015; Sjaafjell, 2015).

An emerging body of comparative and country-level literature explores the effects of institutional and regulatory environments on the composition of boards of directors, with particular regard to gender diversity issues (Iannotta et al., 2016; Adams & Kirchmaier, 2013; De Anca, 2008; Grosvold, 2011; Grosvold & Brammer, 2011; Terjesen & Singh, 2008; Branson, 2012; Tienari et al., 2010; Foulkes, 1995). Branson (2007), for example, argues that the regulatory infrastructure of corporate governance and law 'keep women out of the Boardroom' throughout US-listed firms. What remains under-studied is the extent to which regulatory measures for women on corporate boards by themselves operate to achieve a higher number of women on boards (Bergsto, 2013; Iannotta, et al., 2016).

Particularly relevant to this study are the increasingly numerous studies charting the rise of board gender regimes (mostly in Europe) which have concluded that quota legislation, once implemented, ‘generates the most substantial change to the representation of women on boards - far greater than any individual firm, industry or country-level factor previously identified’ (Terjesen et al., 2015: 233; see also Adams & Kirchmeier, 2013; Teigen, 2012; and Senden, 2014). In other words, the greatest predictor of a more gender-diverse board appears to be the strength of surrounding regulatory measures mandating some minimum level of diversity (Institutional Shareholder Services Inc., 2017). It is therefore no longer possible to examine explanatory factors behind the representation of women on corporate board at national level without taking differences in corporate governance regulatory regimes into account. This gives rise to the hypothesis that:

H1(a) There is a positive relationship between stronger regulatory approaches to board gender diversity (RegStren\_2015) and national-level representation of women on boards (%WoB\_2015).

As further explained in Chapter 3 on Methodology, this hypothesis is tested using a unique index of regulatory strength, designed to recognise and measure important differences between national-level formal approaches to increasing gender diversity on corporate boards. The Index developed in Phase I of this study draws upon previous attempts to develop corporate governance indices (GMI Analyst, 2013; La Porta et al., 1997, 1998; Martynova & Renneboog, 2010), none of which has so far included considerations of board diversity, as well as upon the Catalyst (2012, 2014) index of formal approaches to board gender diversity.

### **2.3.3 Women on boards and women’s political empowerment**

Ontologically, Phase I of this study is based firmly within the literature demonstrating that leadership is about power. Not only about power, and not always about power

(Tingle, 2018), but essentially about how power is gained, exercised and retained. Power in this sense can be defined as ‘an asymmetric control over resources and subordinates’ activities and outcomes’ (Vial, Napier & Brescoll, 2016: 402). Different types of leadership or authority can require the exercise of different forms of power, in different configurations, adapted to different environments (Keltner, Gruenfeld & Anderson, 2003; Fletcher, 2004).

Gender inequality is also about power (Clark, 2018). A number of studies have shown how the regulatory and normative (socio-cultural-ideological) environment of different countries may help or hinder women’s ability to gain and retain positions of political leadership (True, et al., 2012; Paxton & Kunovich 2003). Chizema et al. (2015) found that key social institutions, including political institutions, have the potential to alleviate stereotyped attitudes toward gender roles, or to maintain the status quo. At organisational level, research has highlighted ways in which the regulatory and normative environments of large corporations tend to favour the selection and retention of men over women in leadership positions (Branson, 2012; Vinnicombe et al., 2008). By the corporate environment is meant not just the internal environment of the corporation itself, but also the context, including the regulatory and political context, within which the corporation operates.

Existing research demonstrates that women’s political empowerment (WPE) plays an important role in determining the outcomes of national policy debates, including debates about women’s access to rights and services important to them (Chen, 2010; Ghani et al., 2013; Chattopadhyay & Duflo, 2004). Chen (2010), for example, investigated the effect of applying parliamentary gender quotas on policy decision-making, and found a correlation between higher numbers of women legislators and higher spending on family health and social welfare initiatives that improve women’s

well-being. Other research findings by Chattopadhyay and Duflo (2004) and by Ghani et al. (2013) also support the idea that greater female presence in politics translates into greater support for policy priorities important to women. Ghani et al. (2013) found that women's greater participation in politics at local level was associated with greater access to public goods and labour market opportunities for local women. This finding was confirmed by the WEF in its 2015 Gender Gap Report (2015: 36) which notes that:

More female participation in political bodies ... affects the participation of women in the workforce, suggesting that greater participation of women in politics could serve as a policy tool to positively impact labour force participation.

Women-friendly social policies - including measures such as paid maternity leave, child-care support and equal wage legislation - have consistently been shown to be important in facilitating women's entry onto corporate boards (Terjesen et al., 2015; Vinnicombe et al, 2013; Dhir, 2015). Building regulatory and social infrastructure within which women have access to the social and organisational supports needed for success in corporate leadership requires the active involvement and long-term commitment of women in the political sphere (Machold et al., 2013; Seierstad et al., 2017; Terjesen et al., 2015). The processes and relationships involved in building the support required to facilitate institutional change are intensely political in nature (Seierstad et al., 2017). Overcoming resistance to change from entrenched elites also requires the support of alternative political networks, and access to alternative political capital (Krook, 2016; Gregoric et al., 2017). Access to such networks and capital has been important in enabling women to overcome traditional barriers to economic opportunities (de Groot et al., 2017; Junt & Samman, 2016). Having more politically-empowered women has also been associated with a greater likelihood that regulatory initiatives will be introduced aimed at facilitating board gender diversity (Machold et

al., 2013; Teigen, 2012a; Sundström et al., 2015; Sierstad et al., 2015; Sojo et al., 2016; Krook, 2016; Gregoric et al., 2017).

A number of studies have shown that it can take several years after women actually enter political or policy-influencing positions for their influence to be felt (Basu & Bhaduri, 2015; Ghani et al., 2013; Esteve-Volart, 2004; Kelkar & Krishnaraj, 2013; Sankaran & Madhav, 2011; Chen, 2010). This is possibly because it takes time for newly elected women to develop the skills, capacities and networks needed to effect policy change, and also because the inertia of entrenched political hierarchies can make policy change more difficult to achieve in politics than in business (Basu & Bhaduri, 2015; CDHR, 2015). Moreover, significant policy changes, such as the introduction of improved maternity leave or childcare policies, or board gender measures, need time to have effect. In 2011, when Pande and Forde (2011) concluded that there was very little spill-over from gender advances in the sphere of political leadership to corporate leadership, board gender quotas were still very rare, with only a few such measures having been introduced and even fewer having entered into effect. Five years later, this situation has changed significantly, with around 20 jurisdictions in the process of introducing formal measures aimed at promoting board gender diversity (Catalyst, 2014, 2015; Koch, 2015; Klettner et al., 2016; Gregoric et al., 2017). It is this temporal aspect of the causal relationship that suggests that women's political empowerment may have a lagged rather than immediate effect on women's economic advancement. Where advances in women's political empowerment are reflected in parliamentary representation, a time lag can be expected that for this, in turn, to have an impact on women's economic empowerment, including women's representation on corporate boards. This study uses a time lag equivalent to the period

of the average parliamentary term of office of 3-4 years. The hypothesis to be tested is:

H1(b) There is a positive relationship between higher levels of women's political empowerment (WPE\_2012) and national representation of women on boards (%WoB\_2015).

### **2.3.4 Women on boards and women's economic empowerment**

Political empowerment of women and associated regulatory measures interact with economic and social forces that influence, directly or indirectly, the presence of women on corporate boards (Terjesen et al., 2015). For example, regulatory measures, including voluntary guidelines, aimed at increasing the presence of women on corporate boards may be easier to implement in economies with a higher proportion of women already active in the economy, and where women have more opportunities to access workplace experience (Terjesen et al., 2015; Machold et al., 2013; Dhir, 2015).

Female representation on corporate board forms part of, and can be seen as a reflection of, overall levels of women's economic participation and opportunity in an economy (PWC, 2015: 26; WEF, 2015; Catalyst, 2014; Workplace Gender Equality Agency, 2016: Figure 3, p. 5). The effect appears two-way. Some literature emphasises the 'pipeline effect' - the ways in which having more economically active women in the workforce creates a bigger pool of available female talent for recruitment to the boardroom (ILO, 2015; Noland et al., 2016; Adema et al., 2014; Deloitte, 2014). Other studies emphasise the 'trickle-down' effect - the ways in which more women in leadership positions can have a positive effect in facilitating more inclusive workplace cultures and providing younger women with role models and mentors, making it easier for them to enter the workforce (Adema, et al., 2014).

Esteve-Volart's (2004) research in India found a mutually reinforcing relationship between the greater presence of women in the workforce and in leadership positions on the one hand, and better enforcement of maternity benefit entitlements on the other. This suggests that more women in business could lead to more effective implementation of gender diversity measures where such measures are introduced. The idea that women's political empowerment not only strengthens but is also strengthened by women's economic advancement is supported by the work of law and development scholars including Sen (1999), Dreze and Sen (2013), Standing (2002; Standing et al., 2015) and Chow (2002, 2003).

As is the case with political empowerment and board gender diversity, there is likely to be a temporal aspect to the relationship between economic empowerment and board gender diversity. Just as it takes time for greater female political empowerment to translate into increased economic opportunities for women, so also it takes time for enough women to take advantage of increased economic opportunities to have an effect on board gender diversity. The hypothesis to be tested becomes:

H1(c) There is a positive relationship between higher levels of women's economic participation and opportunity (WEPO\_2012), and national representation of women on boards (%WoB\_2015).

The reasoning above also suggests that female political empowerment does not necessarily influence female boardroom representation directly, but does so, wholly or partly, by increasing the overall level of policy support for female economic participation and opportunities. When more women are involved in the shaping of policy discourse, policy debate outcomes are more likely to be oriented towards women's needs and interests (Chen, 2010, WEF, 2015).

Within the law and development literature, and within international development institutions generally, increasing attention has also been paid to the important role played by women political leaders in promoting healthy economic development (Dimand & Nyland, 2008; UN Women, 2015; ILO, 2010). One of the indicators of healthy economic development is greater gender diversity in the economy as a whole and in economic leadership in particular. This leads to the hypothesis that women's political empowerment is linked to boardroom gender diversity through the medium of policies and measures aimed at enhancing women's economic opportunities (Chen, 2010; Sierstad et al., 2015; Senden, 2014). That is, the relationship between political empowerment and boardroom representation is mediated through enhanced economic participation and opportunity:

H1(d) The relationship between women's political empowerment (WPE\_2012) and board gender diversity (%WoB\_2015) is mediated through women's economic participation and opportunity (WEPO\_2012).

### **2.3.5 Women on boards and national GDP per capita**

The Varieties of Democracy Project (V-Dem Project) sought to isolate the political aspects of women's empowerment across three dimensions (civil liberties, civil society participation and political participation) in the formation of a new index of overall women's political empowerment (Sundstrom et al., 2015). The V-Dem Project then found a significant positive relationship between GDP per capita and women's political empowerment (Sundstrom et al., 2015: 24). The Project scholars tested the causal aspects of the relationship through a multi-variate time series regression; and concluded that economic development (higher GDP per capita) was beneficial to women's political empowerment over time.

The fact that regulatory initiatives aimed at facilitating the entry of women onto boards have emerged mostly from within wealthier European nations further suggests that

national wealth may influence the nature and outcomes of policy debates about equal opportunity. This suggestion is supported by a number of studies demonstrating a relationship between gender equality and national levels of development, income and competitiveness (WEF, 2006, 2015; Boserup et al., 2007; Dimand & Nyland, 2004; World Bank, 2011; ILO, 2015; ECOSOC, 2010; Bachelet, 2012).

Forsyth et al. (2000) found a strong association between the relative status of women and the level of economic development. Duflo (2011) summarises research which finds that women's economic empowerment and economic development are closely related: in one direction, economic development can play a major role in driving down inequality between men and women; in the other direction, empowering women can help to promote economic development. Economic development can empower women in a variety of ways, including by freeing their time through labour-saving devices, improving access to fertility control, improving access to educational and employment opportunities, and creating more employment opportunities for women (Duflo, 2011). Duflo (2011) identifies a strong correlation between economic development and women's legal rights, in areas as diverse as property rights, access to bank loans, family law and health policy. Doepke and Tertilt (2011) have also examined the relationship between female economic empowerment and economic growth. After testing a number of models comparing different types of household transfers, they concluded that 'different ways of achieving female empowerment may have different or even opposite effects', such that 'it is far from obvious whether targeting transfers to women is good policy' (2011: 61). Doepke, Tertilt and Voena (2012) concluded that 'women's rights and economic development are highly correlated' (2012: 339), and that the relationship appears to be a recursive one. That

is, there is evidence both that development is the cause of expanding women's rights, and that women's rights facilitate development (Doepke et al., 2012).

Recognising the relationships between women's empowerment and economic development, Duflo (2011) argues that the focus of development practitioners must be on both, and that neither women's empowerment nor economic development can be neglected. She argues that it is 'not clear that a one-time impulsion of women's rights will spark a virtuous circle, with women's empowerment and development mutually enforcing each other' (2011: 35). Similarly, economic development alone remains, 'insufficient to ensure significant progress in important dimensions of women's empowerment' (2011: 35).

Pande and Ford (2011) also concluded that a relationship between economic development and gender equality does not necessarily mean that economic development begets female leadership. They note the existence of 'many developed countries with low levels' of female leadership (in both politics and business), alongside countries with low levels of development and higher female representation at leadership level (2011: 5). Testing the relationship between GDP per capita and the share of female legislators in a country's national assembly, Pande and Ford (2011) thus conclude that the former does not predict the later (2011: 5, Table 1). However, they do not examine the relationship between GDP per capita and different forms of women's empowerment. In contrast, Doepke and Tertilt (2011) do highlight the need to differentiate between different forms of women's empowerment in their examination of the relationship between economic development and women's empowerment.

Machold and Hansen (2013) examined the relationship between economic development and national policies aimed at facilitating women's entry into boardrooms. They found that most of the early adopters of board gender diversity measures were high-income nations. They also, however, agreed with Pande and Ford (2011) in finding many notable outliers - wealthy and fast-growing economies where no efforts to address gender imbalance on boards could be found (Machold & Hansen, 2013: 172-173). The WEF has similarly concluded that broader participation of women in the economy can have a direct effect on, and forms part of, a nation's GDP growth (WEF, 2015: Figure 34, pp 36-38), while confirming the existence of important outlier countries: Saudi Arabia, Oman and UAE had high levels of GDP per capita, but low levels of women's economic participation and opportunity (WEPO); Burundi and the Philippines had low levels of GDP per capita, with high levels of WEPO. The 2015 WEF Gender Gap Report concluded that '[h]aving more women in the workplace contributes to economic performance through several pathways. ... Conversely, limiting women's access to labour markets is costly. For example, Asia and the Pacific reportedly loses US\$42 billion to US\$47 billion annually as a region because of women's limited access to employment opportunities' (2015: 36-37).

In Phase I of this study, the relationship between GDP per capita and gender equality in economic leadership positions is examined by testing the hypothesis that:

H1(e) There is a positive relationship between higher levels of GDP per capita (GDP\_2015) and national representation of women on boards (%WoB\_2015).

### **2.3.6 National culture and women on boards**

Existing research suggests that the three-way relationship between women's political empowerment, women's economic opportunities and GDP may vary across different national contexts (Sundström et al., 2015; WEF, 2006-2015; Doepke & Tertilt, 2011).

In countries where GDP is lower, women's political empowerment (WPE) may be relatively more important as a factor facilitating greater economic opportunities for women (Bachelet, 2012; ECOSOC, 2012; Sundström et al., 2015). In countries with higher levels of GDP per capita, it may well be easier for policy-makers to advocate for equal opportunity measures, including board gender quotas. Other features of the policy-formation landscape may also make it easier, or harder, to gain support for different types of equal opportunity measures, including national culture.

Examining more closely the relationship between national culture and aspects of board composition, Li and Harrison (2008) found a significant relationship between four of Hofstede's national cultural indicators (uncertainty avoidance, individualism, masculinity and power-distance) and the presence of independent directors. Du (2016) found that the proportion of women directors in the boardroom is significantly lower for firms surrounded by strong elements of Confucianism, suggesting that Confucianism, a Chinese cultural trait strongly associated with loyalty to family and social hierarchies, is significantly negatively associated with board gender diversity. In a European context, Kreckova (2015) used Hofstede et al.'s (2010) masculinity sub-index to examine whether cultural values drive quotas. She found that there was no relationship between whether or not a country had adopted board gender diversity measures and its score on the masculinity sub-index.

### ***Individualism***

Hofstede et al. (2010: Chapter 4) use features of individual freedom (personal time, freedom to adapt individual approach to the job) to indicate 'individualist' workplace cultures, in contrast to 'collectivist' workplace cultures that place more emphasis on equality of workplace conditions and opportunities. At the root of differences between the two types of workplace cultures is a fundamental issue in human societies: the role

of the individual versus the role of the group (Hofstede et al., 2010: 90). According to Hofstede and colleagues (2010), the vast majority of people in the world live in societies in which the interests of the group (the collective) prevail over the interests of the individual (2010: 90-91). Collectivist societies tend to be characterised by loyalty to relationship groups based on ties of family, clan, ethnicity, caste, religion, and/or region; while individualist societies place much more importance on individual agency and freedoms (Hofstede et al., 2010). Hofstede et al. (2010: 94) find that ‘There is a strong relationship between a country’s national wealth and the degree of individualism in its culture’ - ‘nearly all wealthy countries score high on IDV while nearly all poor countries score low’. Of relevance to all three stages of this study is the wide gap between China and India in their scores on the individualism dimension of Hofstede’s cultural index: China (IDV score: 20), India (IDV score: 48) (Hofstede et al., 2010). China, in other words, is identified as being a much more collectivist society than India.

Terjesen et al. (2015: 242-243) found that regulatory approaches to board gender diversity were stronger in countries with more ‘left-leaning political government coalitions’. Such governments are typically associated with a variety of path-dependent policy initiatives for gender equality, including family welfare provisions for women in the labour market (Terjesen et al., 2015). Such policy initiatives, in turn, are typically associated with more culturally collectivist societies (Hofstede et al., 2010: 125-127). This suggests that more individualist societies are less likely to adopt society-wide measures aimed at addressing structural inequalities, and that political elites, including political women, are more likely to focus on initiatives that help individual women to empower themselves. Political elites, both women and men, in more individualist societies are more likely to be open to initiatives that promote the

notion of *individual* female empowerment (ABC, 2016; Griffin, 2016), and more likely to agree that leadership positions, including board appointments, should be awarded primarily on the basis of merit. Such societies may correspondingly be more likely to resist the notion that affirmative action measures are necessary to overcome historical inequalities.

But more individualist societies may also have an ambiguous attitude toward measures aimed at board gender diversity. They may recognise the economic and other advantages of greater diversity in corporate decision-making. They may also respect the talent and ambition of individual women seeking to enter boardroom and other leadership positions (Bullough et al., 2012). Individualism, in other words, may not necessarily detract from the likelihood that regulatory initiatives aimed at board gender diversity will be introduced.

Feminist theories are also useful in understanding the relevance of the individualist-collectivist distinction to female representation on boards. Socialist feminist theory typically argues that an emphasis on individualism works against women in its failure to deliver substantive equalities of power and control over resources (Ehrenreich, 1976; Phillips, 2001). In this critique, liberalism is seen as promoting the individual, and freedom of choice for the individual, in ways that generate gross inequalities between groups. Liberalism, Phillips (2001) argues, perpetuates this inequality by appealing to individual freedom in order to resist the collectivist measures that would redress the inequalities that exist in individualist societies. In other words, the essence of the socialist feminist critique of liberal individualism is that liberalism's emphasis on the agency of the individual serves to disguise the systemic social, political, cultural and economic factors limiting women's ability to exercise that agency (Phillips, 2001).

Liberal feminism, on the other hand, argues that individualism, as a cultural trait, is not necessarily detrimental to the feminist cause, and can even be positive. When it comes to getting women onto boards, it can be hypothesised that a higher level of individualism is helpful in enabling women to escape from socially determined expectations of motherhood and home building, allowing more women to advance to leadership positions, including board directorships.

Bullough et al. (2012: 404) examined the institutional antecedents for female participation in political leadership, and suggested that women are more likely to be successful in cultures that value individual talent and initiative, regardless of gender:

Because individualistic societies view people as autonomous and independent beings, value individual goals over group goals, believe in the nuclear family unit, and have higher divorce rates as women have the freedom to break away from unhealthy marriages, such customs lend to the freedom of women to participate in activities external to the home and family responsibilities and into positions of leadership.

Bullough et al. (2012) found that this explanation was supported by the evidence, and that in-group collectivism was indeed significantly related to levels of female leadership participation, supporting the hypothesis that:

H1(f) There is a positive relationship between the strength of individualism in the culture of a nation (IDV\_2010), and national representation of women on boards (%WoB\_2015).

Women in more individualist societies may be more able to take advantage of economic opportunities because they are more able to make such choices for themselves. This does not necessarily mean, however, that women will always choose paid employment over alternatives such as motherhood and family. Evidence from India, for example, reveals a U-shaped relationship between education and participation of women in the workforce (Das et al., 2015; Chaudhary & Verick, 2014). This suggests that while uneducated women participate in paid work out of necessity,

women with a middle-level education (below graduate) who can afford to remain out of work, choose to remain out of work. Findings by Das et al. (2015) suggest that it is only when Indian women are highly qualified enough to have access to better paid and more satisfying employment opportunities that they begin to re-enter the paid workforce (Das et al., 2015; Chaudhary & Verick, 2014; Rathi, 2014). In other words, while certain choices may be dictated by social custom, there can still be choices made by individual women who could have chosen otherwise.

### ***Masculinity***

Within the cultural index developed by Hofstede (1984) and updated by Hofstede et al. (2010: 140):

A society is called masculine when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life.

A society is called feminine when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life.

As Hofstede et al. (2010) point out, while much of the literature, particularly from the USA, tends to confuse country-level masculinity and femininity with the distinction between individualism and collectivism, in reality the individualism-collectivism and masculinity-femininity dimensions are independent (2010: 146). The difference between them is that individualism-collectivism is about ‘I’ versus ‘we’ - independence from in-groups versus dependence on in-groups. “Groupiness” is collectivist, not feminine. Femininity stresses relationships with others, regardless of group ties. The Good Samaritan who helps someone in need from a different ethnic group illustrates feminine and not collectivist values (Hofstede et al., 2010).

The relevance of cultural masculinity for the present study lies in the expectation that women will do better in economies with more feminine traits, and less well in

economies where the culture demonstrates more masculine features. This expectation has already been examined by Kreckova (2015), who in fact found, somewhat counter-intuitively, that the cultural dimension of Hofstede's masculinity index 'has no influence on the propensity to adopting legislative measures regarding gender balance on corporate boards across European countries' (2015: 39). This study tests Kreckova's finding that:

H1(g) A higher (more masculine) score on Hofstede's masculinity-femininity cultural index (Masc\_'10) is negatively related to national representation of women on boards (%WoB\_2015).

#### **2.4 National perspectives: Organisational predictors of board gender diversity in China and India**

Focussing on organisational characteristics that are predictive of women on corporate boards allows us to explore under what conditions firms in the same country environment are more likely to recruit female directors (Hillman et al., 2007; Rowley & Yukongdi, 2009). A number of studies have examined how firm characteristics influence a firm's HR policies and practices, including those which facilitate or deter women employees from entering leadership positions (Cooke & Saini, 2010; Francoeur et al., 2008; Rowley & Yukongdi, 2009). Features which have been examined in the literature for their relationship to board gender diversity include firm ownership type, industry sector, organisation size, workforce size, and board size (Cooke & Saini, 2010; Hillman et al., 2007; Rowley & Yukongdi, 2009). It is this body of literature which is drawn upon here to explore RQ2:

**RQ2: What are the key determinants, at organisational level, of board gender diversity amongst publicly listed firms of China and India?**

### **2.4.1 Firm ownership type and board gender diversity**

Hillman et al. (2007) explain that focusing on organizational characteristics predictive of board gender diversity allows an exploration of women on boards within the context of the broader institutional environment where the organisation is located. While institutional pressures may increase the tendency towards homogeneity of organisations and their structures, not all organisations experience or respond to institutional pressures in similar ways (Goodstein, 1994; Ingram & Simons, 1995; Oliver, 1991). It is therefore necessary to understand the recursive relationships shaping the nature and extent of institutional pressures influencing organisational change (Opper & Schwaag-Serger, 2008).

Cooke and Saini (2010: 478) noted that:

... comparative study of several ownership forms ... is helpful in illuminating various operating environments and hence firms' HR strategies. This is because firms in different ownership forms are subject to different business environments and may interact with institutional environments in different ways (Boisot & Child, 1996; Brewster, Wood & Brookes, 2008; Peng, Tan & Tong, 2004; Shenkar & Von Glinow, 1994). This is particularly the case in developing countries, where the state is both regulator and a main employer.

The impact of ownership form on HR practices has been observed in studies of human resource management (HRM) in both China (eg. Cooke, 2009b; Wei & Lau, 2005) and India (Amba-Rao et al., 2000; Budhwar & Khatri, 2001). A key finding from these studies is that privately-owned firms are different from state-owned firms in the way they interact with government and society. Zhang, Resaee and Zhu (2010), for example, found that the extent of corporate donations by state-owned firms following the 12 May 2008 Wenchuan earthquake disaster in Sichuan province was less than that of donations by private firms. In India, Cooke and Saini (2010) found that locally based Indian public sector and private sector firms tend to lag behind multinational corporations (MNCs) (whether foreign or Indian controlled) in their diversity

management policies and practices. Compared with their globally connected peers, locally based firms operating in India tended to adopt a legal compliance approach to diversity management or have no policy at all. This finding makes intuitive sense given that firms that are part of an MNC network structure are more likely to be exposed to international best practice in diversity management and gender equality than those that lack such connections (Budhwar, Saini & Bhatnagar, 2005).

As elsewhere in Asia, state-owned and state-backed enterprises have been a prominent feature of both the Chinese and the Indian economies (Drysdale, 2014). State-owned enterprises are of particular interest to this study because they represent a projection of political influence into the economy; creating a synthesis of political with economic power. As China and India increasingly engage in investment abroad, there is elevated interest in the role that their state-controlled and state-connected enterprises play, both domestically and internationally. This is occurring at the same time as there is increasing interest, in Europe and elsewhere, in the role of the state as facilitator of gender diversity in corporate leadership (Machold et al., 2013; Terjesen et al., 2015).

Despite recent reforms aimed at relinquishing state ownership stakes in China's share market, the state-controlled sector still remains dominant. While state-ownership is not as prevalent in India, the state still retains a controlling stake in key strategic industries. The question of board gender diversity thus becomes even more political in both countries because it is linked to the question of the relationship between the state and economic enterprise.

The relationship between the state and economic enterprise is a central choice that governments have to make in all economies (Drysdale, 2014). In Asian economies, the role of the state and state-backed or state-owned enterprise in economic

development has been a topic of special interest since at least the 1980s (Shi, 2012). In both China and India, the state has always played a central role in economic enterprise, although this role has been rapidly declining since the 1990s as private enterprise has steadily been given a greater role in the economy (Kang, Shi & Brown, 2008). State control over an economic enterprise inevitably means state control, or significant influence, over board nominations (Farag & Mallin, 2016). This raises the question of the gendered nature of the way in which the state exercises its powers of appointment and/or nomination.

Dahlerup (2006), Machold et al. (2013) and Krook (2016) have each explored the political nature of national debates over quotas and other regulatory measures aimed at facilitating women's entry into corporate leadership positions. Whenever the decision is made to introduce such measures, and whatever the justifications put forward for doing so, quotas and similar measures represent a political decision by the state to intervene in the composition of corporate governance, and thus in corporate decision-making.

Despite recent reforms aimed at relinquishing state ownership stakes in China's share market (de Jonge, 2008; Shi, 2012), the state-controlled sector still remains dominant in that country. While state ownership is not as dominant in India, the state still retains a controlling stake in key strategic industries. The question thus arises as to whether or not state ownership has been a positive influence in facilitating the nomination and election of women to directorship positions. If the rhetoric of China's Communist Party and official state policy documents (see eg. NPC, 2005); and of public diplomacy from the Indian government (Ministry of External Affairs, 2014) are to be believed, the state should be utilising its powers of nomination and election as stakeholder in state-controlled firms to ensure an optimal diversity of skills, background and gender

on the board of directors. The hypothesis that state ownership has been a positive influence in facilitating the nomination and appointment of women to directorship positions is therefore worthy of closer examination:

H2(a): There is positive relationship between state-ownership and board gender diversity in both China and India.

#### **2.4.2 Relationship between board size and proportion of women directors**

Network analysis literature has revealed that networks and relationships are undoubtedly important for women aspiring to board membership (Hodigere & Billmoria, 2015). Burke (1997) found that the most common ways in which CEOs found qualified women directors were through another board member and by the CEO personally knowing the woman candidate. Every board member has his or her own set of relationships or network. A larger number of board members implies access to a broader range of relationship networks (Hawarden & Marsland, 2011). In other words, the larger the existing membership of a board, the more likely it is that qualified women will be amongst those included in the pool of potential candidates for nomination to board membership. This study therefore proposes a correlation between the size of a company's board and the proportion of women on that company's board.

The proposition that a positive relationship exists between board size and board gender diversity is complicated by the introduction (during the 1990s) in Hong Kong, Mainland China and India of a requirement that a minimum number of board seats be filled by independent directors. The introduction of this new requirement has coincided with an overall increase in board size. A 2013 study found that the average board size of Hong Kong listed firms rose from 7.67 directors in January 1990 to 8.53 directors in September 2013 (<https://webb-site.com>). The biggest rise in the average board size was from 7.83 in 1993 to 8.69 in 1995 - an increase closely associated with

the introduction of a requirement that Hong Kong listed companies must ensure the presence of at least two independent directors on the board by the end of 1994 (<https://webb-site.com/articles/hkboards1.asp>). Subsequently, over the six-year period from 1998 to 2004, average board size in Hong Kong fell from 8.73 to 7.98 (<https://webb-site.com/articles/hkboards1.asp>). This may be due to a number of corporate failures after the dotcom crash; directors tend to resign when companies run into trouble. Then on 30 September 2004, a new requirement for all Hong Kong listed companies to have at least three independent non-executive directors (INEDs) came into force. Following the introduction of this new requirement, the average board size jumped by 0.64, reaching 8.62 by 1 January 2005 (<https://webb-site.com/articles/hkboards1.asp>). 2005 also saw a slight dip in the proportion of seat held by women, from 10.25% in 2004 to 9.75%, a figure that did not recover until sometime in 2009 (Webb-site.com, 2013). Overall, the proportion of women on boards of Hong Kong-listed firms appears to have increased along with board size – a finding that is line with a number of studies finding that independent directors are more likely to be women than their non-independent executive director counterparts (Webb-site, 2013; Terjesen et al., 2015a; Adams & Ferreira, 2009). This study therefore examines the hypothesis that:

H2(b) The size of a company's board will be positively related to board gender diversity in both China and India.

### **2.4.3 Company workforce size and board gender diversity**

It has been argued that women are better at human relationships and people management than are men (Pounder & Coleman, 2002). This proposition has been supported by studies showing that women are more likely to be prevalent at senior level in service industries that place value on customer relations than in other industry sectors (Gardiner & Tiggemann, 1999; Hakim, 2006). Women, it seems, are

psychologically more suited to developing skills in human relations (Hakim, 2006). Still other studies have found that senior human resources (HR) personnel are also more likely to be women than non-HR senior executive officers (Blum, Fields & Goodman, 1994). All of this suggests that companies with a larger number of employees are likely to value the presence of women on the board of directors. This leads to the hypothesis that:

H2(c) There is a positive relationship between the size of a company's workforce and board gender diversity in both China and India.

#### **2.4.4 Female workforce representation and board gender diversity**

Opportunities for women to advance to top-level positions can differ according to the industry in which a company operates. In particular, women tend to have more such opportunities in industry sectors with higher overall levels of female workforce participation (Adams & Kirchmeier, 2013; CAER, 2018). Some industries, such as construction, have traditionally been dominated by men, while women are more likely to be employed in the services and consumer-retail sectors (Equilar, 2018). The manufacturing sector has been more diverse, with women dominating the workforce in textiles, clothing and footwear factories in both China and India, as elsewhere. Harrigan's (1981) study examined firms from eight different industry sectors and found the strongest effect of industry sector on the presence of women directors was for firms in the process technology, services and financial services sectors.

Several other studies have examined women's advancement to senior level by industry sector. The best performing industry sectors as regards gender diversity at senior levels were healthcare, education and financial and other business services, with construction and mining sectors performing the worst (Forbes Insights, 2012). A report released in September 2010 by the US Government Accountability Office found

that in 2007 the industry sectors with the largest proportion of women at managerial level were healthcare and social assistance, educational services, financial activities and leisure and hospitality, with female managers earning, on average, 81 percent of the amount earned by male managers in 2007 (GAO, 2010).

In Australia, a Reibey Institute (2011) study of women leaders in ASX500 firms found that the three sectors with the highest representation of women directors were financials (14.1%), healthcare (13%) and consumer discretionary (12.4%). These were the same sectors identified as having the largest representation of women in the workforce. The lowest representation of women's workforce representation at all levels was in materials (5.6% women at board level) and energy (6% women at board level). Interestingly, the utilities industry had the highest proportional *increase* in female representation on company boards over the 12 months between 30 June 2010 (5% women directors) and 30 June 2011 (9.3% women directors) (Reibey Institute, 2011). The utilities sector was also the sector with largest growth in women's workforce representation during this period, possibly reflecting a tendency for increasingly privatised utilities sector firms in Australia to become more oriented towards consumer services delivery, and less oriented towards heavy maintenance operations.

The relatively high proportion of women employees in service sector firms - firms from sectors as diverse as finance, retail, education, healthcare and hospitality - has been highlighted in several studies (Forbes Insight, 2012; GAO, 2010; Gregoric et al., 2017). Gregoric et al.'s (2017) study in a Scandinavian (Nordic) context, found a positive relationship between a firm's dependence on female constituencies (including both employees and customers), and the share of women on that firm's board of directors.

While studies carried out in Western nations do not necessarily translate into an Asian context, the tendency in Western economies for women's employment to be concentrated in these service sector industry sectors also seems to hold true for China and India, particularly when it comes to education and healthcare (ILO, 2010; China Labour Statistical Yearbook 2010 - 2015). The financial services sector has also been noted for its relatively higher proportion of women in senior executive positions, including in developing nations like India and China (Catalyst, 2012; CWDI, 2004, 2012; Community Business, 2009, 2012, 2014; Landy, 2014; Saha, 2013; Yiu, 2017).

However, a higher percentage of women in the workforce does not necessarily translate into more opportunities for women at the top - a phenomenon particularly noticeable in both the hospitality sector (Baum, 2013), and education sector (Fletcher, Pande & Moore, 2017; Cooke, 2010). The large number of women working in the informal sector, and in part-time and insecure work in China and India (Chen, 2008; Dreze & Sen, 2013) is a further reason why generalisations about the presence of women in different industry sectors in China and India need to be read cautiously.

The most obvious reason for postulating a relationship between the proportion of women in a company's workforce and female representation on the board of that company relates to the pipeline effect. Where more women are recruited into the lower levels of a company's workforce, it seems reasonable to assume that more women will rise to the top (ILO, 2015). Hillman, Shropshire and Cannella (2007) found that; 'Firms operating in industries with greater numbers of female employees are more likely to have female representation on their boards' (2007: 948).

There are also cultural differences between industry sectors, which may result in some industries being more 'women friendly' than others. Grosvold (2011) explains that

over time, ‘industries develop distinct cultural and cognitive characteristics that may influence a number of firm behaviours’, including behaviours that operate to discriminate against women seeking advancement (2011: 537). This may be true, for example, of the mining and construction sectors, which are dominated by men. The opposite is also true - some industry sectors with a higher proportion of women employees may develop cultures that are friendlier towards female careers. There is evidence, for example, that this may be true in the healthcare, education and finance sectors where there are relatively large numbers of women in the workforce (CAER, 2018; Joshi, 2017; ILO, 2015).

At the same time, there is evidence that long entrenched cultural barriers continue to prevent women from ascending the ladder to leadership positions even in industry sectors such as healthcare and education, where recruitment at lower levels of the workforce is often dominated by women (Jaekel & St-Onge, 2016; Catalyst, 2017). Barriers to advancement for women even in these sectors include corporate climate barriers such as differing gender communication styles, behaviours and ways of socializing. In addition, there are career pipeline barriers, such as lack of mentoring, initial placement in dead-end jobs, different standards for, and styles of, performance evaluation for women and men (Fletcher, Pande & Moore, 2017), and little or no access to informal networks of communication (Adams & Kirchmeier, 2013; Joshi, 2017). When women are appointed to senior positions, the positions they hold tend to be in areas such as human resources or research, which are not part of the usual pipeline or career pathway to executive positions (CAER, 2018; ILO, 2015). It therefore remains necessary to continue interrogating the hypothesis that firms in industries with more female employees will have more women directors, particularly when it comes to relatively unstudied jurisdictions such as China and India.

H2(d) There is a positive relationship between female workforce participation and board gender diversity in both China and India.

#### **2.4.5 Regional differences and board gender diversity**

Both China and India are characterised by distinctive regional variations in culture, and level of economic development. In India, these variations are compounded by different regional languages, and differences between states in the implementation of family, social security, health and education regimes. Not surprisingly, there is a significant amount of literature on regional differences within China and India, though few studies on regional-level differences in board gender diversity (Du, 2016; Jejeebhoy & Sathar, 2001; Equilar, 2018). There are a number of reasons why the geographical location of a company within a country might affect the representation of women in company leadership. Companies located in regions associated with lower levels of economic development and/or more traditional social morés are less likely to have access to a pool of educated willing and able individuals to seek nomination to leadership positions. Companies with ties to local and/or foreign research and development facilities - typically based in higher-education institutions or science and technology parks - may be more exposed to equal opportunity policies and practices.

So far as China is concerned, there is a considerable body of literature drawing a distinction between the highly developed eastern coast provinces and the much less developed central and western parts of the country (Goodman & Segal, 2002; Démurger et al., 2002; Jacques, 2012). Official government policy recognises four geographical regions based upon level of economic development - Western China, Central China, Northeast China and Eastern seaboard China. China launched its 'go west' strategy in 2000 to boost economic development of 12 western provincial-level regions - Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Ningxia,

Xinjiang, Inner Mongolia, Guangxi and Qinghai. The 13<sup>th</sup> Five -Year Plan (2016-2020) continued a policy of ‘developing the west’ (Xinhua, 2016), together with new measures forming part of the ‘Rise of Central China plan’ (State Council, PRC, 2017). Northeast China has also been targeted separately by policy measures forming part of ‘the revitalization of northeast China plan’ (Xinhua, 2018).

So far as India is concerned, the country divides quite naturally into five separate regions, based on economic and cultural features (Drèze & Sen, 2013). The traditional south (Tamil Nadu, Kerala, Karnataka and Andhra Pradesh), is strongly Hindu in culture and ranks amongst the highest in the country on development indicators including economic growth, education, health and female workforce participation (Drèze & Sen, 2013), as well as in relation to the SDG goals (SDG India Index, 2018).

The Mumbai hinterland (Maharashtra, Gujarat, Goa, Daman and Diu) is the most industrialised and economically globalised region of India; but performs less well in development indicators relevant to gender equality, including female workforce participation (Drèze & Sen, 2013: 237). The region of Central India, in contrast, is largely rural, with an agricultural economic base, and comprises eight of the poorest states in India (Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Jharkhand, Orissa, Chhattisgarh and West Bengal). This region also performs relatively poorly in development indicators such as female literacy rates and female workforce participation (SDG India Index Baseline Report, 2018).

The states of India’s Northeast region (Assam, Meghalaya, Manipur, Mizoram, Nagaland, Tripura, Sikkim and Arunachal Pradesh) are geographically cooler and more mountainous than the rest of the country. India’s largest and most well-known tea plantations are located in this region. The North-western region of India, centred

on New Delhi, includes the states of Haryana, Punjab, Uttarakhand (Uttaranchal), and Himachal Pradesh. As a region, it is also cooler and drier than the more southern regions, but much more industrialised than the Northeast region. It also includes a much larger non-Hindu population than more southern regions - a mix of Muslim, Sikh and Christian minorities. As a region, it performs poorly on development indicators such as female literacy and female workforce participation (SDG India Index Baseline Report, 2018). While the state of Jammu and Kashmir is geographically located in Northwest India, it falls into a separate regional category because of its unstable socio-political context, militarisation due to a border dispute with Pakistan, and the harshness of its mountainous environment.

In a 2013 discussion of gender inequality in India, Drèze and Sen identify ‘a dividing line to cut India into two halves’, with ‘exceptionally high gender inequality ... in large parts of the northern and western regions, where the subjugation of women is fairly comprehensive’ (2013: 213), and far less evidence of gender inequity in the southern and eastern states (2013: 235-6). In line with other literature on regional distinctiveness (Sachs et al., 2002), Drèze and Sen (2013) confirm that the question of regional differences is a very real one in the Indian context. As further explained in Chapter 3, data was collected early in this study to categorise companies from both China and India by region. For a number of reasons, however, category allocations were not deemed sufficiently reliable to use in the final regression analysis. To the extent that category data was usable, the results of statistical analysis did not demonstrate significant evidence of a relationship between region location and board gender equity.

## **2.5 Phase III: Understanding individual beliefs about gender diversity and attitudes toward regulating for gender diversity in China and India**

Barriers to women's entry into corporate boardrooms include the economic, social, political and cultural forces that make it more difficult for women than for men to advance to leadership positions on the corporate ladder. While little research has been done on the subject in an Asian context, the literature that does exist identifies social, organisational and individual factors as each contributing to the barriers facing women seeking leadership positions in business organisations (Rowley & Yukongdi, 2009; Yukongdi & Benson, 2006; Cooke & Saini, 2010).

An individual perspective identifies gender-specific personality traits that may disadvantage women when it comes to succeeding in leadership positions (Schein, 1975; Parker & Fagenson, 1994). This gender-centred perspective notes that personality traits such as aggressiveness, competitiveness, self-confidence, decisiveness and independence are regarded as traits of a promotable manager by society (Schein, 1973, 1975). Women, in contrast, are perceived as possessing characteristics - such as passivity, submissiveness, irrationality, kindness, warmth and selflessness - that are seen as out of sync with the qualities needed for managerial success (Fagenson, 1990, 1993; Parker and Fagenson, 1994). These gender differences are often attributed to sex-role socialisation (Henning and Jardim, 1977; Rowley & Yukongdi, 2009). As society and perceptions of sex roles change, ambivalent attitudes towards women may even exacerbate gender inequities (Glick & Fiske, 2001; 2011), including at leadership level in organisations.

Organisation-level factors are those related to organisational culture, policies and procedures that operate to place women at a disadvantage (Kanter, 1977; Riger & Galligan, 1980). The organisational structure perspective suggests that organisational

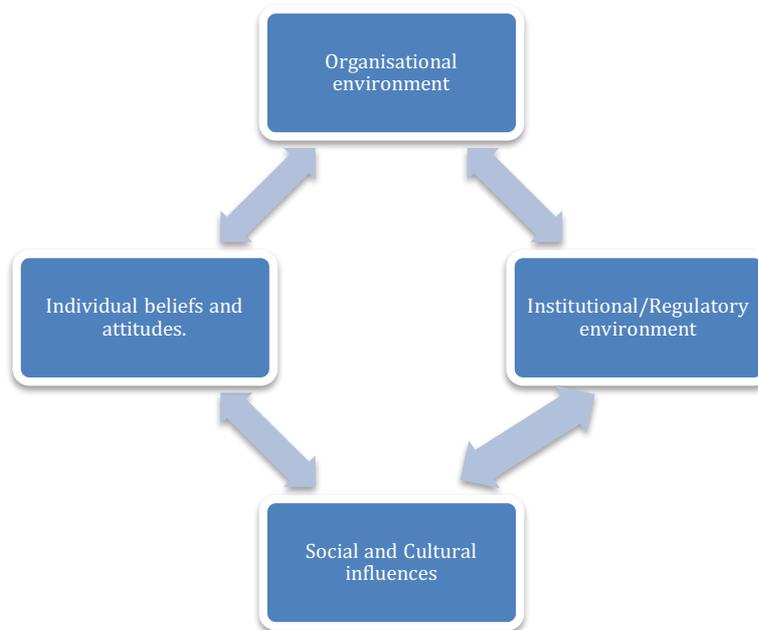
structure, rather than women's personality traits or factors internal to women, influence and shape women's behaviour in the workplace. At the organisational level, women are placed in the majority of disadvantageous positions with little power and opportunity, compared with men who often occupy advantageous positions that offer greater opportunities for advancement. This perspective argues that this situation contributes to the under-representation of women in managerial positions and in the boardroom.

The social system perspective argues that women's behaviour and their ability to gain entry to higher-level positions are influenced by the social and institutional systems in which the organisation operates. The social and institutional systems include cultural values, legal institutions and social gender-role expectations that, in turn, affect the internal structure and practices of organisations. Ambivalent sexism theory throws light upon just how ambivalent, and how detrimental to gender equality, such expectations can be (Glick & Fiske, 2001, 2011). Gender-related assumptions can also influence economic relationships operating at a social level to create barriers for women seeking advancement to leadership positions (Martin, Harrison & Dinnitto, 1983).

Rowley and Yukongdi (2009) note that each of the societal, organisational and individual perspectives can be useful in understanding impediments to women's advancement to leadership in business, but none, on its own, can fully explain the under-representation of women in management positions and in the boardroom. Rowley & Yukongdi (2009) therefore prefer a systems-oriented approach that explains the continued under-representation of women in senior company management as resulting from 'the simultaneous interaction of factors at the individual, organisational and societal levels' (2009: 4). This systems-oriented approach is supported by other

research suggesting that women's ability to advance to senior management and directorship positions is affected by a complex combination of individual, organisational and social factors (Fagenson, 1990, 1993; Klenke, 2011). Allaire and Firsirotu (1984) have described the interrelationships between the society, the organisation and the individual. In their conceptual framework, the ambient society's national culture influences organisational and individual beliefs and processes. Individual beliefs influence the organisational beliefs and processes which create individual and collective behaviour as organisational and individual output (see also Granrose et al., 2005).

Institutional theory, cross-cultural scholarship and legal transplant theory each provide valuable perspectives on how and why organisational resistance to regulatory change occurs in different cultural and institutional contexts (Schiele, 2011; Greenwood, Suddaby & Hinings, 2002; Neck, 1996; Bovey & Hede, 2001; Hall, 2008; Yilmaz & Kılıçoğlu, 2013). Phase III this study utilises these insights to examine attitudes of individual company leaders in China and India towards a range of different regulatory models for enhancing gender diversity of company boards. The design of a survey aimed at exploring these attitudes, as well as the administration of survey questionnaires and collection of survey results are discussed in Chapter 3 (Methodology). What needs to be noted here is the conceptual framework used to analyse survey responses. The conceptual framework developed from the literature is based on a model of recursive interactions between individual attitudes and behaviours, organisational environments, social/cultural influences and institutional/regulatory forces. This conceptual framework is illustrated in Figure 2.3 below:



**Figure 2.3: Diagram of recursive inter-actions between individual, organisational and social-level determinants of board gender diversity**

The key to understanding this conceptual framework is that it is not meant to be causal in any unidirectional sense, but its aim is to illustrate relationships in a bi-directional and multi-directional sense. In other words, individual, cultural/social, organisational and institutional/regulatory factors are all formed by, and help to form, each other (Allaire & Firsirotu, 1984; Moran & Volkwein, 1992; Tsui et al., 2006). Individual attitudes both influence; and are influenced by, the social and organisational environment within which the individual operates (Tsui et al., 2006; Bovey & Hede, 2001). The organisational environment, in turn, is partly modelled by, and also helps to shape, regulatory institutions. In other words, the rules about how the organisation is formed and how it operates are partly shaped by organisational lobbying and other inputs into debates about regulatory change (Shaffer, 2009; OECD & CleanGovBus, 2012; Kozuka & Nottage, 2018). Institutional cultures help to shape, and are shaped by, the beliefs, attitudes, behaviour and preferences of individuals within the

organisation. Individuals, organisations and regulatory institutions, in turn, are all both part of, and operate with the context of, wider social/cultural influences. The value of this conceptual framework is that by recognising the overlap between insights from different disciplines (law and management), it draws from the strongest aspects of different perspectives on the problem under examination.

The ILO, in its 2010 report entitled *Women in Labour Markets*, suggests the following formative influences as key determinants of female labour force participation:

- Religious, cultural and social norms;
- Access to education;
- Income level;
- Fertility;
- Institutions (legal framework, enterprises, labour unions etc);
- Sectoral base of the economy (agricultural, industry or service-based);
- Political regimes;
- Wars and conflicts (ILO, 2010: 17).

Klenke (2011: 73) sums up the findings of a meta-analysis of the available literature as follows:

A number of internal and external factors facilitate or impede women's access to leadership positions. ... they include the structure of the organization along with markets, type of industry, as well as the economic and socio-political climate of the time. ... .

Phase III of this study uses survey evidence drawn from senior company personnel in China and India to further understand the relative importance of individual and societal impediments to women's advancement to the boardroom. This approach follows that adopted by previous researchers and discussed in the existing literature (Ragins et al., 1998; Opportunity Now, 2000, 2010; Glick & Fiske, 2001, 2011) – literature which is drawn upon to examine RQ3a and RQ3b:

**RQ3a: What are the key beliefs about women's access to senior corporate leadership positions amongst senior company leaders in China and India?**

**RQ3b: What are the key beliefs about, and attitudes toward, measures aimed at facilitating board gender diversity amongst senior company leaders in China and India?**

**2.5.1 China and India: Individual beliefs about barriers excluding women from corporate boardrooms**

Dreze and Sen (2013) examine the many systemic cultural and economic barriers to female education and empowerment in India. These barriers are reinforced by gender-role stereotypes in Indian society that in turn are reinforced throughout Indian literature and cinema (Basu, 2010; Chakraborty, 2014). In China, in contrast, the official story preferred by the State is that ‘women hold up half the sky’ and that educational and employment opportunities are equally available to all, regardless of gender (Doctoroff, 2011; Verkerk, 1999). The statistical evidence suggests that female access to educational opportunities and levels of educational attainment are greater in China than in India (WEF, 2015: China = .988; India = .896). The WEF Gender Gap Report further suggests that women’s access to opportunities for participating in the formal economy are also more limited in India than in China (WEF, 2015: China = .657; India = .383). Sexist and paternalistic attitudes prevail in both countries, however, and Chinese women remain very aware of the social and political barriers that remain to female career advancement in their country (China Labour Bulletin website, nd.; Granose et al., 2005). It is these differences between the socio-cultural and economic conditions prevailing in China and India that are explored in Phase III of this study.

Phase III begins by examining country-level differences in respondent perceptions of socio-cultural, economic and political factors operating to exclude women from entry to boardroom positions. The following two hypotheses are examined in this regard:

- H3(a) Indian respondents, on average, will rank socio-cultural and educational factors as more important in keeping women out of corporate boardrooms than will their Chinese counterparts.

H3(b) Chinese respondents, on average, will rank political factors as more important in keeping women out of corporate boardrooms than will their Indian counterparts.

The centrality of family ties to Indian corporate life has already been noted (Bettinelli, 2011; Dyer & Whetton, 2006; Zainol, 2013; Naudet & Dubost, 2017). There is also evidence that, in a context where sons and nephews have traditionally been favoured over daughters, this centrality has operated to the detriment of gender diversity at the top of family-led firms. This situation may be changing in India as family-led firms bring themselves into compliance with the 2013 'at least one-woman director' rule. Greater understanding is also needed of the role of family ties in Chinese corporate life (Chen, 2010). The hypothesis to be tested in the context of this thesis is that business networks (which in India are typically equated to inter-familial ties), are a more important fact in determining the male-dominated nature of boardroom composition than in India:

H3(c) Indian respondents, on average, will rank business networks as more important in keeping women out of boardrooms than their Chinese counterparts.

A number of studies have shown that women are more aware of the cultural and systemic impediments to female career advancement, while men are more likely to identify individual choice as a factor explaining a reduced female presence at higher levels of the corporate hierarchy (Opportunity Now, 2010; Ragins et al., 1998).

A number of studies have examined the ways in which women may remain silent and fail or refuse to nominate for leadership positions because they are simply too busy trying to balance the constant demands of modern career and family life (Fitzsimmons & Callan, 2016; Zeng & Thorneman, 2014; Catalyst, 2016; Biz Devas, 2013; Devetter, 2009). This is then taken as evidence that women prefer not to accept the pressures of

leadership, leaving institutions like chambers of commerce, company boards, business councils and other representative bodies male-dominated domains that fail to cater for the needs of their women members (Rose, 2015; Stanila, 2016; Seierstad et al., 2017; Groom & Burchhardt, 2012). And this, in turn, leads to a self-reinforcing cycle of belief and attitudes as women continue to feel excluded from the leadership circle (Tienari et al., 2009; Calas & Smircich, 2006; Gregoric et al., 2017).

Moreover, while gender stereotypes prevail in the popular culture of India and, to a lesser extent, China, a number of prominent and successful women in both countries who have reached senior positions in government and business have shown that these stereotypes are more a part of the cultural story - told mainly by men - than they are the reality for women themselves. Phase III of this study therefore examines, in Chinese and Indian contexts, the hypotheses that:

H3(d) Male respondents, on average, will rank personal preference factors as more influential in keeping women out of boardrooms than will female respondents.

H3(e) Female respondents, on average, will rank broader socio-economic and political factors as more influential in keeping women out of boardrooms than will male respondents.

Survey responses and interviews were also used in this study to understand the nature of both positive and negative attitudes towards women's presence in/absence from corporate boardrooms in China and India.

### **2.5.2 China and India: Individual attitudes toward regulating for board gender diversity**

In the USA, Harrison et al. (2006) conducted a meta-analysis of research on whether individual characteristics are predictive of attitudes toward affirmative-action recruitment measures. The authors found that attitudes toward affirmative-action

measures were more positive amongst members of beneficiary categories - amongst women in the case of gender-focussed affirmative action. Harrison et al. (2006) explain this by the relationship between perceived self-interest and positive attitudes toward affirmative action - the more someone believes they may benefit from affirmative action, the more positive their attitude towards it.

Yet it cannot simply be assumed that women in the business community share a unified opinion on the issue of regulating for board gender diversity. The issue of regulating for gender diversity remains highly contentious amongst women everywhere, including in China and India. Women everywhere have spoken out against quotas as often as they have spoken out in favour of such measures (Proust, 2015; Adams, 2016; Machold et al., 2013; *ABC News*, 23 June 2016; Fine, 2013; Gender Equity Project, 2012; Hoyt & Murphy, 2016; Vial et al., 2016; Sojo et al., 2016). The desire to be seen as having succeeded on the basis of merit alone, and a fear of being accused of benefiting from an unfair advantage, are just two reasons cited by women opponents of gender quotas. It therefore remains necessary to challenge and explore the hypothesis that:

H3(f) Female respondents will, on average, demonstrate a higher level of support for measures facilitating board gender diversity than male respondents.

Yet women in business, particularly those in more individualist societies or more conservative societies, are not necessarily always supportive of regulatory quotas or targets. When women in business, along with their male counterparts, are of the view that leadership positions, including board directorships, should be filled on the basis of merit alone, then regulatory measures for board gender diversity are less likely to appear on the political agenda, and, if established, such measures are more likely to be delayed or otherwise impeded in the effectiveness of their implementation. Indeed,

this is exactly what appears to have happened in India, where enforcement of the Companies Act requirement for at least one woman director on the board of all listed firms has been significantly delayed (*F.Business*, 2014; *Times of India*, 2015), and the implementation of the requirement remains imperfect.

Both individual and societal-level attitudes are important factors in explaining organisational resistance to institutional change of the kind that has occurred in India. While changes in the regulatory institutional infrastructure may serve to facilitate organisational change in a nation (Di Maggio & Powell, 1986), organisations in different cultural and social contexts do not respond to the same regulatory change in the same way (Meyer & Rowan, 1977; Goodstein, 1994; Ingram & Simons, 1995; Oliver, 1991). Across national boundaries, social and cultural factors can influence how new regulatory standards are adopted, adapted or resisted by organisations in a particular country (Maurice et al., 1980).

So far as China and India are concerned, it is India which has the greater experience with affirmative action measures, both legislative and administrative. India's affirmative action programme, often referred to as the reservation system, is primarily caste based (Drèze & Sen, 2013: 218-223), but there are also important measures aimed at empowering women, through the mechanism of reserved seats at lower levels of government (the Panchayats or local governments) (Deshpande, 2012; Dreze & Sen, 2013: 224-226). Where organisations and individuals have more familiarity with affirmative action measures, they are less likely to be fearful and more likely to be accepting of such measures (Dreze & Sen, 2013; Esteve-Volarte, 2004; Gregoric et al., 2017). India's greater experience with affirmative action measures, how they operate and how some of their disadvantages can be minimised may well mean there is greater acceptance of such measures overall.

Alternatively, Indian respondents may be more resistant to altering the status-quo of male-dominated boardrooms through regulated measures as a result of experiencing affirmative action measures. There may be a degree of ‘quota fatigue’ - a degree of disillusionment with quotas in light of the way protections for minority groups in India are often perceived as offering unfair advantage to some, without really achieving lasting social change (Drèze & Sen, 2013: 218-226). Finally, there is also the possibility that in India, which has a more ‘individualistic’ culture than China (Hofstede, Hofstede & Minkov, 2010), respondents may be less inclined to support social measures that detract from individual liberty and the ideal of advancement through individual ‘merit’. The null hypothesis to be tested in this study thus becomes:

H3(g) Indian respondents will, on average, indicate a higher level of support for measures facilitating board gender diversity than will Chinese respondents.

## **2.6 Conclusion**

This thesis both draws upon, and adds to, the existing literature on law and economic development, institutional theory, feminist theory and corporate disclosure in China and India. This chapter provides an overview of this literature; and explains its relevance to the development of a number of subsidiary hypotheses emerging from the key research questions, as outlined in Chapter 1.

## **2.7 Summary of Chapter 2**

The literature reviewed in this chapter highlights that research into the broader political, economic and social contexts of differences in board-level gender diversity profiles - at national and organisational levels - has been patchy and fragmented. However, the trend is changing with an increase in the number of studies conducted within this domain since 2008. An examination of the literature has also highlighted critical gaps across several topic areas reviewed such as the need to determine the

drivers and the associated impediments to greater gender equity on company boards. Such research is particularly lacking in the context of Asian organisational management studies. Much of the literature has examined either the economic or the socio-political aspects of gender equity at national level; or has focussed upon a single nation or single industry-sector or firm when exploring board gender equity. It is important to take a holistic view of board gender equity to understand the role of international, national and organisational politics and culture in its formation. There is a need to understand all of the relevant forces and influences at work to understand how and why some nations and firms have improved levels of female representation on boards over the past decade, while others have not. This understanding is even more challenging to achieve within the particular national contexts of China and India.

This literature review has also identified a lack of adequate theoretical development in the study of board gender diversity, particularly in Asian contexts. To address this concern, recursivity theory, institutional theory and feminist theories were drawn upon as theories able to be appropriately used to shape the epistemological underpinnings of this study. Specifically, recursivity theory and feminist theories were used to build upon the insights offered by institutional theory into the forces which shape regulatory and institutional decision making.

The next chapter will provide an overview of the mixed methods approach used in this study; and will outline the specific methodological approach used in Phases I, II and III of this study respectively.

## CHAPTER 3: RESEARCH METHODOLOGY

### 3.1 Introduction

This chapter provides an overview of the research design and method of the study. This introductory section first provides an overview and justification for the use of a mixed-methods approach to the study as a whole. Section 3.2 then outlines and justifies the use of recursivity theory as an epistemological framework for each Phase of the study design and implementation. Sections 3.3 and 3.4 then provide a detailed description of the design and implementation of Phase 1 and Phase II respectively of this study. In Section 3.5, this chapter describes the design and administration of the survey used in Phase III of this study to elicit an understanding of: (a) beliefs about barriers faced by women seeking access to senior company positions, and (b) attitudes towards formal policy measures aimed at facilitating board gender diversity. Results from the survey were enriched by a detailed reading of secondary sources and a small number (six) of loosely-structured interviews with senior company personnel. The challenges of researching elites as key informants (typically hard to access and few in number) are also discussed in relation to Phase III.

A number of issues arise that are relevant to the choice of research design for any research study and thus it is important to not only be aware of the strengths and weaknesses of the research design selected, but also to focus on the applicability of the research design to the research questions. Mitchell (1985) argued that by being aware of the potential limitations of a particular research design, it is then possible to actively address the weaknesses of the design, by, for example, triangulating results from different sources, or obtained via different methodologies.

This thesis uses mixed methods research (Creswell & Plano-Clark, 2007; Teddlie & Tashakkori, 2009; Creswell, 2009). Both quantitative and qualitative data are collected and analysed to extract maximum information and understanding of the research questions from both.

A significant proportion of studies related to women in leadership, particularly those focussing on women directors, have been conducted using a quantitative approach. A common approach is to conduct a series of benchmarking studies tracking the proportion of women directors in a particular cohort of companies over time (Catalyst, 2001, 2004, 2010, 2011, 2013, 2014, 2015; McKinsey & Co., 2007, 2008, 2010, 2013; WEF, 2006-2015). Although such studies provide important statistical information regarding changes in the number of women directors over time, they are limited in the sense that they do not aid understanding of the reasons behind those changes (or lack of change). Even those studies that explore relationships between organisational and institutional factors and women on boards (eg. Grosvold & Brammer, 2011) do not provide more than a limited perspective for understanding how and why women do or do not advance to board positions. Arguably equally limited in scope are those perspectives provided by researchers who use quantitative methods to analyse gender-based individual characteristics enabling or hindering women from advancing to the boardroom (eg. Bernardi & Threadgill, 2010). While such research is important, when researchers use only quantitative instruments, they risk missing information about other relevant influences important to an understanding of the gendered nature of corporate leadership. By only measuring relationships between selected individual or institutional factors and the presence of women on boards, the findings of such studies may not reflect the full range of influences operating in a particular environment. This is of particular concern given that theoretical understandings of why women remain

absent from company boardrooms everywhere remains under-developed, even after several decades of benchmarking studies (Vinnicombe et al., 2008).

A purely qualitative approach, on the other hand, would afford respondents and stakeholders, including directors (both male and female), other company officers, policy advisors and politicians, the opportunity to elaborate on their particular experiences without being constrained by scale items. This can generate rich, detailed accounts particularly of women's personal experiences in a manner that cannot be fully captured through quantitative scales (Castro et al., 2010). Qualitative interviews, in particular, make it possible to explore and identify new variables that may not have been previously considered in the literature, but are clearly grounded in the unique experience of key stakeholders. However, the use of a qualitative approach alone limits the researcher's capacity to draw definitive conclusions, as qualitative research studies are typically limited in sample size and lack well-defined analytic procedures (Morse, 1994). They tend to be unrepresentative in nature and their findings open to more than one explanation, and so they have limited capacity to produce generalisable findings.

To overcome the limitations inherent in each approach, this thesis uses a combination of both quantitative and qualitative approaches. Mixed methods research can provide a more complete knowledge and understanding of the gendered nature of boardrooms in China and India that might be missed if only a single approach were used.

### **3.2 Epistemological Underpinnings: Recursivity as Methodology**

The essence of recursivity as an epistemological framework is that it allows the researcher, and the research, to escape from the perceived need to 'prove' pre-defined causative links between independent and dependent variables. This in no way denies

the need for analytical or mathematical rigour. Rather, it acknowledges, along with many other branches of the natural sciences, that only rarely can social phenomenon be attributed to a defined number of straightforward causes. What is often far more important to understand is the way in which varieties of causes interact with, and influence, each other, leading to changes over time in the system as a whole. When adapted to management studies, recursivity theory builds on both systems theory and complexity theory (Schneider & Somers, 2006) by recognising that social institutions and the organisations that operate within them are complex adaptive systems (Schneider & Somers, 2006). The pressures, synergies, flows and feedback loops that influence organisations and their leaders are not just one-way processes. They are two-way (bi-directional) and evolutionary processes. As described in Chapter 2, this is an approach which has already been taken on board by scholars in the law and society field, including in this study.

Through its detailed description of the causal mechanisms and processes of norm formation and implementation, Halliday and Carruthers' (2009) work on 'legal recursivity' offers a blueprint for examining the methods through which national norm-making takes place, through interaction with global and local actors. In the context of changing norms surrounding board gender diversity, 'legal recursivity' provides a useful lens for understanding empirical work done, mostly in a European context (Bergsto, 2013), examining how national policy-makers have contested and negotiated domestic legal reform. Recursivity provides an overarching framework that describes the constant formation, reformation and refinement of international and national level norms, and the causal mechanisms that drive this process, both within and between the two levels (international and national). The identification of the

causal mechanisms driving recursivity is key to the study of complex social phenomenon (Koslowski, 1996; Mahoney, 2001; Tilly, 2001).

As discussed in Chapter 2, Halliday and Carruthers (2009), and later Chorev (2012), identified four main mechanisms driving recursive processes of law-making: the indeterminacy of legal texts, ideological contradictions within these texts, diagnostic struggles over the problems the texts aim to address, and actor mismatch between those that adopt global norms and those key to their implementation. Chapter 2 of this thesis outlined the literature applying recursivity theory to interactions between international and national norm-making, and also discussed the intermediating processes through which global norms of gender non-discrimination are conveyed to national settings in China and India. Chapter 5 of this thesis addresses two further dimensions: first, the national enactment and implementation of global norms in China and India; and second, the recursive processes through which domestic actors contest and negotiate the enactment and implementation of global norms over time, with particular reference to global trends in regulating for board gender equality. At the domestic level in particular, legal recursivity conceptualises norm-making as, above all else, an ‘exercise of power’ (Halliday, 2009: 268-269) and a struggle among competing actors with competing agendas.

According to Halliday (2009), norm-making episodes have a beginning (time 1) when there are competing claims and conflicts and an end (time 2) when behaviour and expectations have become ‘routinized, orderly and predictable’ (Halliday, 2009: 274) by accepted, and therefore authoritative, norms. Recursive cycles are what occur between time 1 and time 2. In India, the drafting and passage of a new *Companies Act* 2013 (discussed in Chapter 5), and in particular the introduction of a new norm requiring at least one woman on all listed company boards, provides a good example

of this process taking place. While institutional theory envisages that societal and regulatory demands, such as pressure for gender diversity, will ultimately shape the structures and practices of organisations (DiMaggio & Powell, 1983; Meyer & Rowan, 1977), subsequent research has highlighted that organisations are also able to respond strategically to societal and/or regulatory pressures, and may choose to avoid or actively resist institutional expectations (Scott, 2013). Gregoric et al. (2017), for example, have examined, in the case of Nordic firms, recursive cycles of resistance (in the shape of organisational inertia) and engagement with external pressures for change to explain differential responses to demands for greater board diversity. While the authors use institutional theory as their primary framework of analysis, their findings can also be explained through the lens of recursivity (Gregoric et al., 2017: 268-269).

Recursivity as method meets many research challenges by being just as open to quantitative research methods as to a whole range of qualitative (observational) empirical methods, including comparative analysis (Collier, 1993); ethnographic analysis (O'Reilly, 2005) and case study analysis (Gerring, 2004). Each of these latter share the same limitations as all qualitative research methods in that they lack a means of assigning 'causes to units' (Przeworski, 2007). By adopting an eco-systems approach to social phenomenon and how they evolve, recursivity theory facilitates understanding of context and mechanism to gain insight into causal chains and feedback loops driving the relationships between variables under study. This study uses recursivity theory to facilitate understanding about the evolution of women's empowerment and regulatory, political, economic and social institutions of organisational leadership, without claiming to 'prove' absolute causalities in a statistical sense (Deakin, 2011; Collier, Brady & Seawright, 2004: 252-255).

The strong theoretical basis provided by recursivity theory means it is able to provide the ‘thick’ descriptive insight that only observational methods can provide. This is so because it (a) is systematic in its approach through its focus on a constantly reoccurring set of dynamics; (b) introduces hypotheses related to the actors and mechanisms that can drive norm-making; (c) identifies beginnings (time 1) and endings (time 2) in recursive cycles of norm-making; (d) is historical in outlook and takes contingent changes in institutions, based on shifts in time, seriously; and (e) is comparative and indeed encourages comparisons across issue areas and levels of analysis (Halliday, 2009: 269; Baker, 2016: 26; Deakin, 2011).

This study was conducted in three phases, with each phase running concurrently. Phase I sought to test hypotheses derived from a more general theory about recursive (and thus evolving) relationships between national institutions globally and women’s empowerment, using data from 2010, 2012 and 2015. Phase II focussed upon the two nations of primary interest, China and India, to examine organisational-level determinants of board gender diversity at two points in time, 2009 and 2015. The relevance of these two time points is that they occur on either side - before and after - significant corporate law reforms were introduced in India (September 2013) and China (March 2014) respectively. Building upon the theory used, and hypotheses examined, in Phase I of the study, a major aim of Phase II was to examine the role of state ownership - an extension of political power into the corporate world - as a determinant of board gender diversity.

Data used in Phase III of the study were also collected during the years 2013-2015 inclusive. Phase III examined the beliefs and attitudes of individual decision-makers based within listed corporations in China and India. Phase III sought to build further upon institutional theory, recursivity theory and feminist theory (as discussed in

chapter 2) by exploring how individuals are both shaped by, and actively shape, the organisational and institutional environments within which they are situated.

### **3.3 Phase I**

As described in Chapters 1 and 2, Phase I of this study measures and examines determinants of board gender diversity at global level in a sample of 55 jurisdictions.

#### **3.3.1 Measuring Board Gender Diversity (WoB)**

The dependent variable for the purposes of Phase I of this study is board gender diversity, measured as the percentage of women sitting on the boards of publicly listed companies in each of the sample jurisdictions. Board gender diversity data was collected from a variety of different studies and indices developed in the academic literature and by professional consulting institutions, including Catalyst (2012, 2014), MSCI ESG Research Inc. (2015) and other sources (Deloitte, 2014; McKinsey & Co. 2013, 2015). National databases referred to during the process of collecting national legal and institutional information were also used for cross-checking and confirmation purposes. So far as possible, data on board gender diversity was cross-checked between different sources and up-dated to 2015 for each of 57 nations initially identified. A final sample of 55 nations was selected after eliminating jurisdictions for which data relating to one or more of the independent variables was missing. The final sample selection of 55 jurisdictions was thus primarily determined by the availability of data related to representation of women on boards. However, the 55 jurisdictions included in the sample (see Chapter 4 for details) also represent 55 of the largest and most important share markets in the world. Within this sample, a key research objective of this study is to gain a deeper understanding of a global trend towards greater demands for board gender diversity, by examining the question:

RQ1: What are the key predictors, at national level, of board gender diversity in publicly listed companies?

### **3.3.2 Creating a New Index of Regulatory Strength**

As noted in Chapter 2, existing research into the determinants of board gender diversity has identified legislative and other formal measures designed to facilitate board gender diversity as a key determinant of the actual presence of women on boards. The question thus arises of how to actually measure the ‘strength’, including breadth and depth of coverage, of legal measures aimed at facilitating board gender diversity.

Various attempts have been made to develop corporate governance indices (GMI Analyst, 2013; La Porta et al., 1997,1998; Martynova & Renneboog, 2010). None of the corporate governance indices developed so far includes considerations of board diversity or any gender-related considerations. The Catalyst Knowledge Center is one research institute that has sought to track and measure the ways in which ‘efforts calling for actions to increase board diversity’ can be found ‘[a]round the globe and across all avenues for change - from legislated quotas to an explosion ... of voluntary measures’ (2014). According to Catalyst (2014: np), ‘[t]hus far, efforts affect a variety of companies and have fallen into three distinct areas: legislative, regulatory and voluntary methods.’ Catalyst (2014) created an (updated from 2012) index of formal approaches to gender diversity on boards which placed all countries into one of four categories: (i) legislation, mandating a minimum percentage for certain groups of companies backed by legal sanctions for non-compliance; (ii) regulation, which includes corporate governance codes and disclosure regulations which typically have no formal sanction but are used on a ‘comply or explain’ basis; (iii) voluntary efforts where companies sign up to voluntary pledges or targets; or (iv) no formal approach.

The Catalyst Index has the advantage of being able to distinguish between those nations where the corporate governance regime simply encourages boardroom diversity, and those nations, such as Norway, where female representation at parity with male representation is mandated. Its limitations include the fact that only 28 nations are identified as having formal measures in place or pending, and the fact that ten of those nations are included in more than one of the four categories identified. Moreover, by 2016, the variety of different national approaches to board gender diversity that had emerged was sufficiently diverse to suggest that each of the four categories identified in the Catalyst index should contain multiple sub-categories within it. Phase I of this study therefore developed a more nuanced scale index for measuring national differences in regulating for board gender diversity.

Following La Porta et al. (1997, 1998) and Martynova and Reeneboog (2010), the database for this study was compiled from the best currently available information about relevant corporate legislation, stock-exchange listing rules and corporate governance guidelines in each jurisdiction. Wherever possible, primary sources in the form of actual legislation, listing rules and/or governance guidelines were referred to, using English translations where necessary. Such sources were mostly obtained through legal information indices such as the European Corporate Governance Institute Index of all codes ([www.ecgi.org/codes/all\\_codes.php](http://www.ecgi.org/codes/all_codes.php)) and the Australasian Legal Information Institute resource ([www.austlii.edu.au](http://www.austlii.edu.au)).

Measuring the strength of legal measures aimed at facilitating board gender diversity serves the following four functions: (i) contextual description, monitoring and documentation of such measures; (ii) classification of different types of measures; (iii) mapping and pattern recognition of trends in regulatory reform over time; and (iv) providing a basis for secondary analysis through the development and testing of

hypotheses (including hypotheses about the relationship between different types of regulatory measures and the actual presence of women on boards). The results of such testing can then be fed into processes of policy development and law reform.

A detailed examination of relevant laws, regulations and rules from 103 jurisdictions revealed that regulatory measures aimed at facilitating board gender diversity differ between nations along four different dimensions:

- (i) *Size of quota or target*: Quotas and targets established by different nations around the world so far range between countries that require at least 40% of each gender on a relevant company board to those countries which impose no mandatory presence of women on the board but adopt an alternative approach, usually voluntary to enhancing board gender diversity.
- (ii) *Coverage of the relevant measure*: Countries differ in the breadth of coverage prescribed in measures designed to enhance board gender diversity. In some nations, only state-controlled firms are affected, while in others, all public (ie. listed) firms are covered.
- (iii) *Status of the measure in the legal hierarchy*: Measures aimed at facilitating board gender diversity come in different forms, ranging from enforceable measures enshrined in legislation passed by an elected parliament, to subordinate regulations or standards issued by an administrative organ (such as a securities commission or stock exchange regulator).
- (iv) *Depth of the measure*: Some measures do no more than seek to reform corporate board membership, while others take a longer-term perspective and seek to reform corporate policies and practices at all levels of the workforce.

Based on the information collected in the database, again following La Porta et. al. (1997, 1998) and Martynova and Reeneboog (2009), an index score was allocated to each of 103 nations comprising the sum of four separate sub-indices. Each sub-index was designed to measure a different aspect of regulatory approaches to board gender diversity. For each sub-index, the maximum score was 5, making a total maximum index score of 20 (4 x 5) when sub-index scores for each country are added together.

***Sub-index 1: Size of Quota or Target***

This sub-index measures the size of gender equal-representation aimed at by the relevant national regulatory measure. The highest level of gender equality currently required by any national measure is 40% of each gender, known as the 40:40:20 rule (Norway). Countries which have adopted this rule were scored at 5 for this sub-index. Countries which have a standard set at between 25% - 39% for the under-represented gender were awarded a score of 4. Between 10% and 24% the score was 3, while those countries which have adopted a minimal representation rule of 10% or less were awarded a score of 2. Countries which have a rule requiring gender diversity to be considered in board appointments without any requirement for actual gender diversity were scored at 1, while countries with no gender rule received 0. A summary of the criteria and scores for this sub-index is found at Table 3.1 below.

- At least 40% representation of each gender on the board (40:40:20 rule): 5
- Between 25% and 39% representation of the least-represented gender: 4
- Between 10% and 24% minimum level of representation of each gender: 3
- The rule or guideline requires representation of both genders, but level is set at 10% or one (for boards less than 10), or no minimum percentage is set: 2
- Gender must be considered in board composition but need not result in any actual female presence: 1
- No requirement regarding gender on boards 0

**Table 3.1: Legend for Sub-index 1 - Size of target or quota**

***Sub-index 2: Coverage - breadth of applicability***

This sub-index measures the coverage of rules (guidelines, standards regulations and/or laws) aimed at facilitating women's entry onto boards. Again, a staged approach was taken to allocation of points. In some countries, all listed firms are subject to board gender diversity rules, while in other nations only those firms in a

defined subset were subject to such rules. A summary of the descriptive criteria and scores for this sub-index is found at Table 3.2 below.

- All public listed firms without exception are covered by gender representation rule(s): 5
- All ‘large’ listed firms (above a stipulated size) are subject to gender representation rule(s): 4
- Only State-controlled firms are subject to mandatory rules, with voluntary guidelines applicable to the private sector: 3
- Only state-controlled firms are subject to gender diversity standards; or No mandatory target or quota exists in relation to any firm, but gender reporting requirements apply broadly: 2
- Gender referred to in governance code but need not be reported, and is not monitored: 1
- No reference to gender in governance or reporting rules: 0

**Table 3.2: Legend for Sub-index 2 – Coverage of gender diversity rule(s)**

***Sub-index 3: Status and enforceability of board gender diversity rule(s)***

This sub-index measures the legal status of the relevant gender diversity rule. It serves a similar purpose to the categorical distinction made in the Catalyst (2014) *Index of Formal Approaches* between legislative, regulatory and voluntary approaches to board gender diversity. A summary of the descriptive criteria and scores for each criterion is found at Table 3.3 below.

- Board gender diversity referred to in legislation, backed by securities authority rules and enforceable sanctions for non-compliance: 5
- Board gender diversity referred to in stock-exchange listing rules/ corporate governance standards with minimal enforceable sanctions: 4
- Board gender diversity referred to in ‘comply or explain’ corporate governance reporting requirements: 3
- Gender diversity referred to in reporting standards for listed entities: 2
- Board gender diversity referred to only in the context of corporate governance best practice guidelines: 1
- No reference to gender diversity in corporate governance rules or guidelines: 0

**Table 3.3: Legend for Sub-index 3 – Legal status and enforceability of gender rule(s)**

***Sub-index 4: Diversity policy development***

This sub-index measures the extent to which national measures seek to give depth to gender diversity thinking in organisations by requiring the development and implementation of gender diversity policies. Some countries have measures that require gender policies at workforce level as well as for senior leadership levels, while in other countries a more limited rule applies, usually requiring the nomination committee to develop gender policy in relation to board nominations. Again, a staged approach was taken to scoring this aspect of regulating for board gender diversity. A summary of the criteria used, and scores allocated, is found at Table 3.4 below.

- Rules require companies to develop gender diversity policies at all levels of the corporation (workforce, management and board): 5
- Gender diversity policy required at senior management and board levels: 4
- Gender diversity policy required at board level only: 3
- Gender diversity policy reported on a 'comply-or-explain' basis: 2
- Gender diversity policy recommended in best practice guidelines but need not be reported; 1
- No reference to gender diversity policy in rules or guidelines: 0

**Table 3.4: Legend for Sub-index 4 - Measure requires diversity policy development**

Each of the four sub-index scores were then added to give a total regulatory strength (RegStren) score for each country, with a possible maximum score of 20 (4 x 5) for any single country. Data was collected for each of the 55 jurisdictions included in the sample.

The sample size of jurisdictions included in the index was relatively small, such that factor analysis was deemed to be not suitable as a means of testing the validity of the four sub-indices (Field (2005). Costello and Osborne (2005) note that sample size has been generally discredited as a criterion for evaluating the appropriateness of factor

analysis, and that most recent studies utilise subject to item (subject to variable) ratio as the preferred criterion. Even on this basis, however, it was deemed preferable to assess the validity of the four sub-indices making up the index through a simple assessment of collinearity. Significant collinearity was found to exist between each of the four sub-indices - with one exception. There was no significant correlation revealed between the size dimension (amount of the quota) and the depth dimension (extent to which the measure requires policy development within covered corporations), indicating that these two sub-indices measure quite different things. The highest correlation was between the *coverage* of formal measures and their *status* in the legal hierarchy ( $r = .826, p < .00$ ). This degree of correlation was not high enough to equate to singularity, meaning that it remains possible to identify the unique contribution to the index made by each of these two sub-indices. India provides a good example of a jurisdiction where the size dimension of the legislative measure lies at the smallest end of the spectrum, while the coverage of the measure (all publicly listed firms, with few exceptions) remains at the broadest end of the spectrum. This illustrates the way in which these two aspects can in practice be subject to very different, but equally important, considerations in different jurisdictions – making it reasonable to allocate size and coverage equal weightings in the index.

The standard deviation of scores within each sub-index was also calculated, to ensure that variability within each sub-index was comparable. The lowest standard deviation was 1.37 and the highest was 1.99. Since all standard deviations were within a range between 1.3 and 2, it was not considered necessary to further equalise the standard deviations of the four sub-indices (to create a weighted average within the index as a whole). Sub-index scores (for each of the four dimensions) were then added to create the final Index of regulatory strength. Details of sub-index and total index scores for

each country included in the final sample are included as an appendix to this thesis (Appendix I).

### **3.3.3 Testing the relationship between selected independent variables and board gender diversity**

A multiple regression analysis was conducted, using SPSS (Version 23) software in order to test hypotheses 1(a), 1(b), 1(c), 1(e), 1(f) and 1(g) outlined in Chapters 1 and 2. Preliminary correlation tests indicated that all independent variables, with the exception of Hofstede's Masculinity index, were significantly related to the actual presence of women on boards (%WoB, 2015). Stepwise regression was then used to examine the relative importance of each independent variable as a predictor of the dependent variable (%WoB, 2015). The order of entry into the hierarchical regression followed the theoretical discussion in Chapter 2: (i) strength of regulatory measures aimed at board gender diversity (RegStren\_2015); (ii) women's political empowerment (WPE, 2012); (iii) women's economic empowerment (WEPO, 2012); (iv) GDP per capita (GDP\_2015); (v) cultural individualism (IDV\_2010); and (vi) cultural masculinity (Masc\_2010).

The measurement of women's political empowerment used for this study was the WEF Gender Gap Report Political Empowerment sub-index. This sub-index scores each nation on the basis of the following three variables:

- i. the ratio of women to men with seats in parliament;
- ii. the ratio of women to men at ministerial level, and
- iii. the ratio of the number of years with a female head of state to a male head of state (last 50 years).

Similarly, women's economic empowerment was measured using the WEF's Global Gender Gap Women's Economic Participation and Opportunity (WEPO) sub-index.

This sub-index scores each nation on the basis of the following five variables:

- i. Ratio of female to male labour force participation;
- ii. Wage equality between women and men for similar work (converted to female to male ratio);
- iii. Ratio of estimated female to male income;
- iv. Ratio of female to male legislators, senior officials and managers;
- v. Ratio of female to male professional and technical workers.

It was reasoned that it takes at least one term of government (at least three years) for a changed level of women's political empowerment and/or economic empowerment to have an impact on the actual presence of women on boards. It was therefore decided to utilise WEF sub-index data from 2012 for both independent variables (WPE and WEPO). Similar reasoning was used to justify the use of data from a recently up-dated cultural index (Hofstede et. al, 2010) containing data on both cultural individualism and cultural masculinity from 2010.

Hypothesis 1(d) posits a relationship between women's political empowerment (WPE) and female representation on boards that is mediated through women's economic empowerment. Mediation is a hypothesised causal chain in which one variable affects a second variable that, in turn, affects a third variable (Hayes, 2013). The intervening variable is the mediator. Hypothesis 1(d) thus posits that WPE impacts on board gender diversity by first of all influencing the level of economic participation and opportunity for women in the economy. Mediation effects were tested using the path-analytic conditional process modelling (PROCESS) macro for SPSS (Hayes, 2013: Model Template No. 4). All continuous variables were centred prior to analysis to alleviate potential problems associated with multicollinearity in the analysis (Tabachnick & Fidell, 2007).

In relation to Hypotheses 1(e) and 1(f), the use of an updated version of Hofstede's original cultural index (1980) needs to be defended in light of subsequent serious

critique by academic scholars (McSweeney, 2002; Triandis, 1993). This study agrees with those critiques. In particular, it agrees that in a globalising world, seeking to place 'national' boundaries around any social phenomenon constitutes a denial of the reality of modern life that cannot be justified. It denies the reality of multi-cultural societies. In India, for example, many different cultures can be found within the borders of a single nation state. Nation-based cultural categorisation also ignores the reality of trans-national regional and global cultural phenomenon (American or Bollywood marketing memes) and cultural groupings (the 'Indian diaspora' or the 'Chinese diaspora').

This study, however, is particularly interested in the way legal and regulatory institutions, inherently state-determined, have responded to changing global norms about the role of women in corporate leadership. It also draws upon recognised institutional measurements of women's empowerment (WEF) and GDP per capita (World Bank) that are also centred on state-determined jurisdictional boundaries. Given that all other variables used in Phase I of this study are calculated at the state-determined jurisdictional level, it was necessary to select culture-based independent variables that were also calculated at the level of the state-determined jurisdiction.

Hofstede's cultural index has also been criticised on the basis that 'Essentially he endorses national cultural determinism' (McSweeney, 2002: 92). It is argued that by crediting 'strong, often absolute, causality to national cultures' (McSweeney, 2002: 92), Hofstede's research has licensed future scholars to make assumptions about the supremely independent, superordinate power of culture in society that are simply not warranted. This study makes no such assumptions. To the contrary, it seeks to challenge any such assumptions. The null hypotheses built in to H1(e) and H1(f) of this study assume that the cultural variables being examined - individualism and

masculinity – will not in fact have any strong relationship with the dependent variable (board gender diversity). As discussed in Chapter 2, however, the existing literature is such that they cannot simply be ignored or left out of the present study.

Hofstede's study of the late 1970s has also been criticised on methodological grounds. It was a study that made use of a seemingly large-scale survey - 117,000 questionnaires administered in 66 jurisdictions (Hofstede, 1980: 54; 1984: 77; Hofstede et al., 1990: 287). As McSweeney (2002: 94) points out, however, the average number of questionnaires per jurisdiction was small, and for some jurisdictions it was miniscule. Moreover, the questionnaires used by Hofstede were administered to a population based entirely within a single enterprise (IBM), and the results used to reach conclusions about a supposedly homogenous 'national' culture. A key assumption underpinning such an approach is that within IBM there is a single, homogenous organisational culture, so that any differences identified between respondents from different countries must be attributable to extra-organisational (ie. national) factors. This assumption ignores, however, the extensive literature recognising multiple and dissenting or contradictory cultures within individual organisations, especially multi-national ones like IBM (McSweeney, 2002: 96). Hofstede himself has recognised the existence of intra-organisational cultural diversity in his own later work (1991: 193; 1998: 11). Hofstede's early work also ignores the fact that IBM subsidiaries in many jurisdictions demonstrated many characteristics that varied quite markedly from any national 'norm'.

Other methodological critiques of Hofstede's work have been extensively addressed elsewhere (McSweeney, 2002), and need not be re-visited here. Only some of the methodological deficiencies identified in these critiques were addressed in the 2010 updated version of the Hofstede cultural index developed in conjunction with Michael

Minkov and Gert Jan Hofstede. What needs to be noted here, however, is that it is not Hofstede's data nor his more essentialist assumptions about national culture that are being utilised for the purposes of this study. Instead, this study simply needed to find a tool for isolating and measuring the cultural variables (individualism and masculinity) identified in previous studies as of relevance to a study of gender diversity in corporate leadership. In using the 2010 Hofstede et al. index as its chosen tool, this study accepts on a provisional basis only that it is possible to measure relative differences in cultural individualism and cultural masculinity at jurisdictional level.

### **3.4 Phase II: Organisational Determinants of Women on Boards**

Phase II of this thesis examines organisational determinants of board gender diversity in China and India, again using multiple regression analysis. Data was collected from annual reports of publicly-listed Chinese and Indian firms at two points in time - 2009 and 2015 to enable a closer examination of change over time in board gender profiles. This provided a more detailed longitudinal analysis of RQ2:

**RQ2: What are the key determinants, at organisational level, of board gender diversity amongst publicly listed firms of China and India?**

#### ***China***

As discussed in Chapter 5, Companies based in China, and operating under Chinese law, but having shares listed on the Hong Kong Stock Exchange (known as H-share companies) are subject to Hong Kong reporting requirements. Reporting guidelines issued by the Hong Kong Stock Exchange (HKEx) are, in turn, based on and comparable to international company reporting standards, and similar in many ways to Indian reporting standards (de Jonge, 2008; Shi, 2012). The Annual Reports of all companies listed on the HKEx, including Chinese companies, are also readily available in English. The group of publicly-listed Chinese firms chosen for this study

was therefore that group comprising all mainland-Chinese firms with shares listed on the HKEx. As well as being exposed to international reporting standards, H-share firms are also more likely than their domestically listed mainland counterparts to be exposed to ideas of corporate governance and management theory from Western markets (de Jonge, 2008; Shi, 2012), including Western ideas of diversity in management.

It was both possible and desirable to survey the sample population (all mainland firms listed on the HKEx) twice, at two different points in time - 31 December 2009 and 31 December 2015 - thereby allowing for an analysis of change over time. Chinese company data was collected from company annual reports filed for the standard Chinese reporting year, which ends on 31<sup>st</sup> December. There were 149 H-share firms listed on the Main Board of the HKEx as at 31 December 2009. By 31 December 2015 this number had grown to 201 (HKEx, *China Dimension*, accessed January 2018).

SPSS Version 24 linear regression was used to create a model with three independent variables (state ownership percentage, size of board and size of workforce) as predictors for female representation on boards (%WoB) in 2009-2010. A second set of data was collected for 2015, adding a fourth independent variable - percentage of women in the workforce. Only a very small number of Chinese companies included female workforce participation in their Annual Report for 2015. In other words, it was not feasible to collect data for female workforce representation at organisational level. It was, however, possible to collect data for female workforce participation at industry level for 2015. For the purposes of this study, data for female workforce representation across industry sectors at national level (as at 2015) was taken from the 2016 China Labour Statistical Yearbook (the 2010 China Labour Statistical Yearbook does not provide female workforce participation data for 2009). This method follows Hillman,

Shropshire and Cannella (2007), whose study of US firms used Bureau of Labor Statistics data to identify the percentage of employees who were women in each industry category (2007: 946). It is a method based upon using industry sector as a proxy for female workforce representation. Such an approach means that a separate analysis of the relationship between industry sector and board gender diversity becomes redundant. De Jonge (2014: 111-117) has separately analysed board gender diversity for different industry sectors in China and India and found that firms from the finance and consumer staples industry sectors tend to have above average representation of women on boards.

In this study, the nation-wide sector-level figure for female workforce participation in 2015 was used to identify the percentage of employees who were women in Chinese firms categorized according to industry sector as follows: agriculture (36.1% female); mining (18.4% female); manufacturing (39.9% female); utilities (27.7% female); construction (11.1% female); wholesale and retail trades (50.6% female); transport (26.1%); hotels and catering services (55.2% female); financial services (51.7% female); real estate (37.2% female); leasing and business services (32.8% female); information technology (IT) (39.2% female); science, research and technology (30.5% female); management of water conservancy, environment and public facilities (40.6%); household repairs and other household services (41.6% female); education (53.7% female); health and social services (63.1% female); culture, sport and entertainment (44.6% female); public service personnel (31% female) (*China Labour Statistical Yearbook 2016*). For each H-share firm in the data set, the figure for workforce size was taken from the relevant Annual Report (2009 or 2015) issued by that firm, while the figure for female workforce participation, with the exception of a small handful of firms that provided the figure in their 2015 Annual Report, depended

on the classification of the firm into one of the sectors listed above. Using the national average for each Chinese firm's industry sector to identify the percentage of employees who were women allows for comparison to be made with the overall profile of employee gender diversity amongst the sample of Indian firms used in this study.

As discussed in Section 2.4.5, data was collected to explore the impact of geographical location on board gender diversity amongst Hong Kong listed Chinese firms. Companies included in the sample were categorised into one of two categories - those having an established business presence in the Eastern seaboard region (around 84% of the sample in both 2009 and 2015), and those firms without such a presence operating elsewhere in the country (around 15-16% of the sample). A one-way Anova Analysis was conducted, using  $p$  (proportion of women directors) as the dependent variable, and the absence or presence of a permanent establishment in the Eastern seaboard region as the independent variable. While the average (mean) proportion of women on the boards of firms with no Eastern seaboard presence was slightly lower than on the boards of firms with such a presence (both 2009 and 2015 data), the difference was not significant.

### ***India***

The two points in time - December 2009 and December 2015 - used as comparative points in this study also provide useful comparative insights into female board representation in India before and after the introduction of a revised *Companies Act* in 2013. As noted above, this law introduced a new requirement for all major listed firms in India to have at least one woman on the board. SEBI Guidelines issued in accordance with the 2013 Corporations Law now require all large listed firms to report on both the total size of the firm's workforce, as well as the number of permanent women employees.

Data for 2009 were taken from Annual Reports published by firms included in the NSE500 index as at 31 December 2009. Reporting requirements for the 2009 reporting year did not require all companies to report data relating to workforce size or female workforce participation. While hardly any companies reported on female workforce participation, most companies were beginning to report on workforce size by 2009. Using the larger index of 500 firms for 2009, usable data relating to the dependent variable (%WoB) and each of three independent variables - state ownership, board size and workforce size - was obtained for a sample of 241 companies.

By 2015, more comprehensive reporting requirements meant that collecting data from Annual Reports for that year published by companies included in the BSE200 index as at 31 December 2015 (nearly all of which were also included in the NSE500 index) garnered usable data relating to the dependent variable (%WoB) and each of four independent variables - state ownership, board size, workforce size and female workforce participation - for a sample of 184 companies. Even after a 12-month grace period, following the issue of new SEBI Guidelines, it remained the case that not all of the top listed firms were reporting the number of women employees by the end of the 2015 financial year. Where relevant data was missing from a firm's Annual Report for the 2015-16 financial year, the figure for representation of women in the workforce was taken from that firm's Annual reports for the following financial year (2016-2017). Thirty firms did not begin reporting on representation of women in the workforce until 2016-17, while 16 firms had still not begun to report the proportion of women in the workforce by the end of the 2016 financial year.

As with the Chinese sample, Indian companies were categorised by region. Each company was identified as having a controlling centre (head office) in either the southeast or northeast region of the country. A considerable number of companies

could not be placed into either category - because they were state-controlled with operations spread throughout both regions, or because they were foreign controlled with operations similarly dispersed throughout the country. These companies were placed into a separate 'dispersed operations' category. Anova analysis provided some support for a finding that companies having a centre of control not identifiable with a particular region had the highest average (mean) proportion of women directors, while companies having an operating centre of control based in north-western India had the lowest average (mean) proportion of women directors. The differences, however, were not statistically significant or reliable enough to pursue further.

### **3.5 Phase III: Beliefs of senior company personnel about women's access to boardroom positions. Respondent attitudes toward policy measures aimed at facilitating boardroom gender diversity.**

Phase III of this study examined beliefs held by senior company personnel about the barriers faced by women seeking entry to boardroom positions (RQ3a). It also examined individual respondent attitudes towards various policy options aimed at facilitating gender diversity in company boardrooms (RQ3b). A survey questionnaire was the main research tool used, supplemented by a small number (six) loosely structured interviews designed to add richness and detail to the survey data in this study's examination of RQ3a and RQ3b:

**RQ3a: What are the key beliefs about women's access to senior corporate leadership positions amongst senior company leaders in China and India?**

**RQ3b: What are the key beliefs about, and attitudes toward, measures aimed at facilitating board gender diversity amongst senior company leaders in China and India?**

### 3.5.1 The Survey Questionnaire

The survey questionnaire was designed to perform three functions. First, collect demographic data about the respondents. Second, collect data regarding respondent beliefs about board gender diversity, its nature and the barriers to its realisation. Third, to collect data about respondent attitudes towards different models of regulating for board gender diversity. A copy of the questions used in the survey questionnaire is provided at Appendix 1.

#### *Demographic data*

In designing the survey questionnaire, the first objective was to collect basic demographic data about the individual respondent (gender, position held) and about the company in which the respondent is positioned (sector, workforce size, women-friendly policies). In most cases it was possible to check data related to sector and workforce size by checking survey responses against company reports - a process of verification through triangulation (Creswell, 2002). It was not possible to verify through triangulation data collected from the survey relating to the internal (women-friendly) workplace policies and practices of individual firms. It remains difficult to assess the prevalence of women friendly workplace policies and practices within Chinese and Indian firms at any level due to a lack of transparency in company reporting in this area (Lu, 2012; Singh & Ahuja, 1983; Hegde et al., 1997). While recent regulatory reforms in India have improved the level of reporting by listed companies in that country on gender-related human-resources profiles, policies and practices, disclosure by Chinese firms remains particularly opaque. One contribution of this thesis is to add additional unique survey evidence to the available data in this area.

It was important to collect this demographic data in order to understand and analyse survey responses. For example, respondents most likely to benefit from a particular

reform may also be most likely to have a positive attitude towards that reform. In this case women respondents of senior management rank are amongst this group, and so the survey begins by asking about respondent gender and level of seniority (position) within the firm. The demographic information section of the survey also collected information about the organisation within which the respondent was located, the composition of its board of directors and its policies and practices (if any) aimed at facilitating the entry of women into directorship positions.

***Beliefs about the reasons for gender imbalance on listed company boards***

Part one of the survey then asks respondents to rank a number of different factors by degree of importance in explaining the relative absence of women from company boards. These included (i) individual factors typically attributed to women, including lack of confidence and/or a preference for raising children over career; (ii) social and economic factors, including lack of educational qualifications amongst women, and (iii) political factors, including the exclusionary nature of business networks. In each case, respondents were asked to allocate a level of importance (from not at all important to very important) to each potential factor in explaining women's absence from corporate leadership. Levels of importance were represented by points on a 5-point Likert scale, with 0 representing a belief that the factor is not at all influential in keeping women out of boardrooms, 2 representing a neutral attitude or no opinion, and 4 representing a belief that the factor is very influential in keeping women out of boardrooms.

Phase II of this study examined links between the male-dominated nature of political power in China and the relative absence of women from the boardrooms of state-owned Chinese firms. Chapter 5 also discusses links between the male-dominated nature of political power in China and the absence of board gender diversity on the

political agenda in that country. In India, in contrast, a relatively high level of women's political empowerment appears to have been instrumental in facilitating the introduction of a new corporate governance rule aimed at facilitating women's entry onto Indian company boards. Rather than a lack of women's political empowerment, there is evidence that socio-economic factors (including poor access to quality education), remain major reasons behind the relative absence of women in Indian corporate boardrooms (Duflo, 2011; Dreze & Sen, 2013; Esteve-Volart, 2004). In order to examine this line of argument in more detail, the following hypotheses are tested in Phase III of this study:

H3(a) Indian respondents, on average, will rank socio-economic and educational factors as more important in keeping women out of corporate boardrooms than will Chinese respondents.

H3(b) Chinese respondents, on average, will rank political factors as more important in keeping women out of corporate boardrooms than will Indian respondents.

The centrality of family ties to Indian corporate life is discussed further in Chapter 5. Phase III of this study explores further the question of whether, and how, this has operated to the detriment of women seeking entry to corporate leadership positions. As noted in Chapter 5, previous studies have argued that traditional family values often operate in favour of sons and nephews, and in ways that have excluded daughters from leadership succession planning in business dynasties (Prasad et al., 2010). But there is evidence that things are changing, particularly following reforms to the corporate governance regime in 2013. Phase III of this study therefore examines the hypothesis that:

H3(c) Indian respondents, on average, will rank business networks as more important in women out of boardrooms than will Chinese respondents.

There may also be gender differences within nations when it comes to beliefs about the absence of women from corporate boards. Women respondents may be less likely to perceive individual preferences as a strong explanatory factor in keeping women out of boardrooms; and are more likely to be aware of the social, economic and political forces that operate to prevent women getting to the boardroom table (Chen, L.Y., 2008; Chen, M.L., 2011). Men may be less likely to recognise or acknowledge these broader social, economic and political forces (which operate in their favour), and more likely to attribute women with personal preferences for home and children over boardroom and career. This reasoning leads to the following hypotheses:

H3(d) Male respondents, on average, will rank personal preference factors as more influential in keeping women out of boardrooms than will female respondents.

H3(e) Female respondents, on average, will rank broader socio-economic and political factors as more influential in keeping women out of boardroom than will male respondents.

### ***Levels of support for affirmative action measures***

Regulatory reforms aimed at eliminating discrimination against women in the workplace and in the political sphere have helped to improve the level of women's political and economic participation in both China and India (Chen, L.Y., 2008; Sankaran & Madhav, 2011). In India, changes to the corporate governance regulatory regime have led to a rise in female representation on company boards. Recent reforms may also serve to promote change in the male-dominated culture of the company boardroom in that country. Similar measures may achieve similar results in China; but may also meet with resistance. Research on attitudes towards different types of gender diversity measures is needed to identify those most likely to be accepted, and least likely to meet with resistance.

Part Two of the survey therefore also asks respondents about their attitudes towards a variety of different measures aimed at improving board gender diversity. Measures listed for respondents to consider range from maternity leave and women's mentoring programs to mandatory quotas for women on boards, as follows:

- Maternity leave (mandatory but employer funded);
- Maternity leave (publicly funded);
- Mentoring programs (publicly funded);
- Government incentives (such as tax deductibility) for women-only leadership/mentoring schemes;
- Government investment directed to companies with women directors;
- Preference for women candidates when appointing government nominees to boards of publicly listed firms with state ownership;
- Introduction of a publicly available Boardroom Diversity Index to track gender diversity on the boards of listed firms;
- Minimum number of women on all public company boards;
- Listing rule recommendation for minimum number of women directors;
- Mandatory diversity reporting for all public companies;
- Mandatory gender diversity recruitment policy, overseen by a nomination committee in all listed firms;
- Mandatory gender-diversity quota for all listed firms.

Respondents were asked to indicate their degree of support for each measure using a 5-point Likert scale with 0 representing strong opposition, 2 representing a neutral position or no opinion, and 4 representing strong support.

As discussed in Chapter 2 (section 2.5.2, pp. 97-98), individual characteristics may be predictive of attitudes toward affirmative action policy measures. Individuals more likely to benefit from a particular policy measure may demonstrate a more positive attitude towards that measure (Harrison et al., 2006). This leads to the hypothesis that female respondents are more likely to demonstrate a positive attitude towards gender-based affirmative action measures than male respondents. This study therefore proposes that:

- H3(f) Female respondents will, on average, demonstrate a higher level of support for measures facilitating board gender diversity than male respondents.

The Survey design also allowed for a comparison between respondents from China and India respectively in relation to levels of support for gender equality measures. As discussed in Chapter 2 (section 2.5.2, pp. 99-100), the greater familiarity with quotas amongst Indian respondents may be a factor in explaining a more supportive attitude towards such measures compared to respondents based in China. Alternatively, a degree of ‘quota fatigue’ and a more ‘individualistic’ culture (Hofstede, Hofstede & Minkov, 2010), may be factors explaining a less supportive attitude towards measures designed to facilitate board gender diversity amongst Indian respondents than amongst Chinese respondents. The null hypothesis to be tested in this study thus becomes:

H3(g) Indian respondents will, on average, indicate a higher level of support for measures facilitating board gender diversity than their Chinese counterparts.

### **3.5.2 Survey method: participant recruitment and sample profile**

A questionnaire survey was designed in English using the survey monkey basic tool ([www.surveymonkey.com](http://www.surveymonkey.com)). The survey was first drafted with Indian respondents in mind, with country references to India. Feedback on this first draft survey questionnaire was obtained, and the Indian questionnaire was finalised. A second survey questionnaire was then drafted for Chinese respondents, modelled on the Indian questionnaire but replacing India-specific references with China-specific references. A copy of the questions used in the survey is provided at Appendix 1. The survey aimed at Chinese respondents was then translated into Mandarin Chinese (simplified script: *jiantizi*), with the aim of providing Chinese respondents a choice between completing the survey in English or in their own language.

Ethics approval from the Monash University Human Research Ethics Committee (MUHREC) was obtained for the survey – the questionnaire content and survey design and proposed method of administration. A covering letter to accompany the survey

questionnaire was also approved. The covering letter provided a brief explanation of the study design and objectives, accompanied by an invitation for the recipient to participate in the survey, and contact details within the country of survey administration (China or India respectively), and Monash University contact details in Australia for any queries, concerns or complaints about the survey. In China, a standard Mandarin translation of the covering letter was also provided. Copies of all three versions (for Indian respondents, Chinese respondents (English language) and Chinese respondents (Mandarin)) of the covering letter are provided at Appendix 2.

The surveys were distributed by post over the period 2012-2015 to a randomly selected group of directors/ senior executives based within companies forming part of the samples studied in Phase II of this study. Surveys were sent to individuals at Hong Kong-listed Chinese firms whose names and contact details were chosen at random from company Annual Reports published in 2012. Similarly, surveys were sent to individuals at Indian firms forming part of the BSE 200 index (as at 2012) whose name and contact details were chosen at random from Annual Reports published in 2012. This method of respondent selection and survey distribution was subject to the vagaries of extreme mobility amongst individuals and firms during the period of survey distribution. In other words, by the time survey packages (including covering letter, survey questionnaire and return addressed envelope) were distributed, many individuals had move on to a different address, and many firms had moved to new premises. This meant that of the more than 100 survey forms posted to each country, it was not possible to determine how many actually reached their intended destination. It also meant that survey responses were biased towards less-mobile and more stable individuals and businesses. Sixty-eight of the surveys posted to China, and 54 of the surveys posted to India were returned completed.

Forty-four of the Chinese respondents accepted an invitation to complete the survey online while attending local conferences in China. The invitation was extended by a Chinese colleague who was provided with access to the researcher's survey-monkey account for this purpose.

A second form of bias in respondent selection stems from the fact that survey recipients having greater interest in, and/or a greater stake in, issues surrounding representation of women in corporate leadership were more likely to respond. Not surprisingly, this meant an over representation of women amongst survey respondents (around 50% women compared to approximately 20% in the targeted community of all company elites).

The next step was to reach out to selected respondents seeking interviews aimed at a deeper understanding of the survey data. An explanatory letter was sent along with a copy of interview consent form. A number of scholars have discussed the challenges of researching elites and key informants (Welch et al., 2002; Williams, 2012). Welch et al. (2002), identify from the literature a number of concerns about the validity and reliability of data collected from elite sources, including: (1) obtaining access to elites, (2) managing the power asymmetry between interviewer and interviewee, and (3) assessing the openness of elites.

Access to elites is regarded as particularly difficult because they, by their nature, 'establish barriers that set their members apart from the rest of society' (Hertz & Imber, 1993: 3). The process can be both time-consuming and costly. As one researcher reports: 'In one case, it took me nearly two years of phone calls, screening meetings with executive assistants, and networking to interview two executives in a major manufacturing company' (Thomas, 1993: 83). A similar experience was shared by

this researcher. It took several years to organise five formal interviews (ie. where signed consent was obtained) in India. Two of the interviewees were women directors from listed firms, and two were women entrepreneurs who had achieved success in the small business (private and unlisted) context. The final interview was a male director of a major listed firm. Each interviewee was given a coded anonymous identifier, combining a country identifier (I for India), a gender identifier (W or M) a position identifier (D for director or M for managerial role) plus a number.

In China, it proved not possible to arrange formal interviews, although a number of discussions in informal 'coffee shop' venues provided some insights. This was due to a reluctance amongst corporate elites who were approached to say anything 'on record' (despite assurances of anonymity). Language difficulties on both sides also served as a major barrier to access in the Chinese context.

The problem of power asymmetry begins at the access stage, when the desired interview subjects may seem so remote that the distance separating them from the researcher is emphasised. Even the physical setting is likely to prove daunting, since interviews are usually conducted in the informant's own 'territory' (Fitz & Halpin, 1995; Welch et al., 2002: 615). In order to overcome this access barrier, interviews were arranged to be held in settings that were as neutral as possible. A hotel foyer coffee lounge in one case, the informant's own home (front room) in two cases, one telephone interview and one skype interview. Even so, the interviewer was aware that her gratitude for having been granted the interview opportunity rendered it difficult to ask critical or demanding questions (Cochrane, 1998; Welch et al., 2002: 615).

While the issue of openness is important when interviewing any informant, elite interviewees are often regarded as more practised in fielding questions and more

tightly bound to organisational policies (Welch et al., 2002: 615). There is a major difference between being offered a personal opinion and being quoted the party line. Thus, Chinese elites, when approached by the researcher, were happy to provide copies of company Annual Reports and other documentation on the public record, while remaining unwilling to agree to a formal interview. In India, the two women entrepreneurs who were interviewed revealed obvious (and justifiable) pride in their achievements, including in providing access to employment opportunities for women, and this led to a greater willingness to discuss the path taken in realising those achievements.

The duration of interviews was between 12 minutes (in the case of the male senior executive) and 70 minutes (for the small business women entrepreneurs). In order to ensure that interviewees were fully at ease, a recording device was not present during interviews, although written notes were taken using paper and pen.

The role of the interview as a research technique in this study was limited. The interviews provided subsidiary and supplementary detail that served to enrich the researcher's understanding of the survey results. This was an appropriate role for the interviews in this study, as any larger role would not have been appropriate due to (i) the small number of interview subjects, and (ii) the biased (ie. self-selected by virtue of their willingness to be interviewed) character of the sample interviewed.

Details of proposed interview questions and approach were also reviewed and approved by MUHREC. A copy of the semi-structured questions drafted as a guide for the interviews can be found at Appendix 3. All survey and interview participants were given a detailed explanatory statement (see Appendices 1 and 3), notifying them of the relevant persons to contact in case they desired further information or wished to

lodge a complaint. Before the commencement of each interview, participants were asked to sign an informed consent form (see Appendix 4) and were informed that their participation in this study was purely voluntary and they could withdraw at any stage. This did not occur during the course of the project. Participants were also informed that anonymity would be assured by the use of identifier codes (combining letters and numbers) rather than names.

### **3.6 Summary of Chapter 3**

This Chapter has provided a detailed explanation of, and justification for, the three-phase approach used in this study. The methodological steps undertaken during each phase were also detailed. All three phases of the study were undertaken concurrently.

Phase I of this study was a global-level examination of the relationships between six independent variables (RegStren\_2015; WPE\_2012; WEPO\_2012; GDP\_2015; IDV\_2010 and Masc\_2010), and the dependent variable, representation of women on boards in 2015 (%WoB\_2015). A sample of 55 jurisdictions was used, drawing from global data for over 100 jurisdictions. Data was drawn from a variety of sources recognised as reliable, including the WEF Gender Gap Report for 2012, the World Bank database for national GDP per capita in 2015, Hofstede, Hofstede & Minkov's (2010) updated cultural index and professional reports containing data on board gender diversity. A separate index for regulatory strength (RegStren\_2015) was created for the purposes of Phase I of this study. In order to ensure the robustness of this index, data was drawn from national legal databases and other reliable sources. Based on the information collected, each jurisdiction was ranked along four parameters designed to capture the breadth, depth and 'enforceability' of each regulatory regime aimed at facilitating the entry of women onto boards. This index will provide a valuable tool for future researchers.

Phase II of this study was an organisational level examination of board gender diversity in China and India. The aim of Phase II was to examine a number of corporate features identified in the literature as potential determinant of board gender diversity. Samples were drawn from two points in time – 2009 and 2015. In India, the sample included all firms included in the BSE200 index for which 2009 and 2015 data were available. In China, the sample included all mainland Chinese companies with shares listed on the Hong Kong stock exchange in 2009 and 2015. This sample grew in size between 2009 and 2015 as more mainland firms obtained approval for a Hong Kong IPO. For each 2009 sample, Phase II tested for a relationship between three independent variables - level of state ownership, board size and workforce size - and board gender diversity as the dependent variable. For each 2015 sample, data was available to enable the addition of a fourth independent variable - workforce gender diversity.

Phase III of this study was a study at individual level aimed at assessing beliefs about, and attitudes toward, board gender diversity amongst corporate elites in China and India. The survey questionnaire was the primary research tool utilised for this study, supplemented by a small number of interviews that served to enrich the researcher's understanding of the survey results.

The next chapter presents the results of Phase I of this study, comprising a global-level analysis of determinants of board gender diversity variations in a sample of 55 jurisdictions.

## **CHAPTER 4: PHASE I RESULTS: POLITICAL EMPOWERMENT, ECONOMIC EMPOWERMENT AND REGULATING FOR WOMEN ON BOARDS**

### **4.1 Introduction**

This chapter presents the findings of Phase I of the study undertaken for this thesis. As explained in chapters 2 and 3, Phase I examines the regulatory, political, economic and cultural predictors of national differences in board gender diversity. Ontologically, Phase I is based on the premise that leadership is about power – political, economic and socio-cultural forms of power (Gordon, 2002; LSE, 2014). Gender inequality is also about power (Perrons, 2014: <http://www.lse.ac.uk/website-archive/newsAndMedia/videoAndAudio/channels/publicLecturesAndEvents/player.aspx?id=2595>). Gender inequality in leadership thus has a two-fold relationship to power and power relations.

As explained in Chapter 3, Phase I begins by examining the relationship between the strength of local regulation aimed at facilitating board gender diversity and actual female representation on corporate boards. It also examines the relationship between women's political and economic empowerment (as measured by the World Economic Forum's (WEF) Global Gender Gap Report 2012), and female representation on corporate boards at national level. Other independent variables included in the study and examined for their relationship to female representation on corporate boards are (i) GDP per capita (2015), and (ii) two of Hofstede's cultural determinants - individualism and masculinity (Hofstede et al., 2010). The dependent variable – proportion of women directors on public company boards (%WoB) - uses 2015 data for a sample of 55 nations representing the world's largest securities markets, taken

from Catalyst (2015), MSCI ESG Research Inc. (2015) and other sources (Deloitte, 2014; McKinsey & Co. 2013, 2015).

A summary of the hypotheses developed from the research question and tested in Phase I of this study appears in Figure 4.1 below.

Hypothesis No. (Phase I)	Independent Variable	Relationship	Dependent Variable
H1(a)	RegStren_2015	+ ve	
H1(b)	WPE_2012	+ ve	Representation of Women on Boards
H1(c)	WEPO_2012	+ ve	(%, 2015)
H1(d)	WPE_2012	Mediated via WEPO_2012	
H1(e)	GDP_2015 (per capita)	+ ve	
H1(f)	IDV_2010	+ve	
H1(g)	Masc_2010	- ve	

**Table 4.1: Summary table of hypothesised relationships: Phase I.**

## 4.2 Results

Table 4.2 presents the ‘regulatory-strength’ scores for each of the 55 jurisdictions included in the sample. The sub-scores for each element of regulatory strength – size of relevant quota/ target; breadth of applicability; level of legal status, and extent to

which rules contain policy requirements for covered entities - are presented, along with the total score allocated to each jurisdiction.

<b>COUNTRY</b>	<b>SIZE</b>	<b>COVERAGE</b>	<b>STATUS</b>	<b>POLICY</b>	<b>TOTAL</b>
Argentina	0	0	0	0	0
Australia	0	5	3	5	13
Austria	3	4	2	1	10
Bahrain	0	0	0	0	0
Belgium	4	5	5	2	16
Brazil	0	0	0	0	0
Bulgaria	0	0	0	0	0
Canada	1	5	3	5	14
Chile	0	0	0	0	0
China PRC	0.5	0.5	0.5	0	1.5
Colombia	0	0	0	0	0
Czech Rep.	0	0	0	0	0
Denmark	2	4	3.5	3	12.5
Egypt	0	0	0	0	0
Estonia	0	0	0	0	0
Finland	2	2.5	1	0.5	6
France	5	5	4	3	17
Germany	3	3.5	3	2.5	12
Greece	3	2.5	1.5	0	6
Hungary	0	0	0	0	0
Iceland	5	5	3	3	16
India	1	5	4	3	13
Indonesia	0	0	0	0	0
Ireland	0.5	1	3	3	7
Israel	4	3	1	1	9
Italy	4	5	4	3	16
Japan	0	0.5	1	0	1.5
Kuwait	0	0	0	0	0
Latvia	0	0	0	0	0
Luxembg	0	1	1	0	2
Malaysia	4	5	3	1	13
Mexico	0	0	0	0	0
Netherlands	4	5	2	3	14
New Zeal.	1	5	3	4	13

Norway	5	5	5	2	17
Oman	0	0	0	0	0
Pakistan	0	1	1	0.5	2.5
Philippines	0	0	0	0	0
Poland	0	1	1	1	3
Portugal	0	0.5	1	1	2.5
Qatar	0	0	0	0	0
Romania	0	0	0	0	0
Russia	0	0	0	0	0
Saudi Arab.	0	0	0	0	0
Singapore	0	0	1	0	1
Slovak Rep.	0	0	0	0	0
Sth Africa	0	0.5	1	0	1.5
Spain	5	5	4	0.5	14.5
Sweden	2	5	3	2.5	12.5
Switzerland	0	0	0	0	0
Thailand	0	0	0	0	0
Turkey	0	0	0	0	0
UAE	0.5	0.5	0.5	0	1.5
UK	2	2	2	1	7
USA	1	1	1	2	5

**KEY****SIZE:** Size of relevant quota or target.**COVERAGE:** Breadth of applicability of the relevant target or quota.**STATUS:** Level at which the target or quota appears in the legal hierarchy and level of enforceability.**POLICY:** Extent to which the relevant rules impose requirements for company-level recruitment and nomination policies.**Table 4.2: Regulating for Women on Boards Table showing sub-index and total scores for Regulatory Strength**

Table 4.3 presents the descriptive statistics and bivariate correlations among the continuous variables. Female representation on corporate boards was significantly and positively correlated with each of women's political empowerment ( $r = .71, p < .001$ ); women's economic empowerment ( $r = .65, p < .001$ ); regulatory strength of WoB measures ( $r = .69, p < .001$ ); cultural individualism ( $r = .57, p < .001$ ) and GDP per capita ( $r = .43, p < .001$ ). Female representation on boards was negatively correlated with cultural masculinity ( $r = -.31, p < .05$ ). Table 4.3 presents the results of the linear regression.

Variable	Mean	S.D.	1	2	3	4	5	6	7
1.%WoB_15	13.53	9.87	1.0						
2.RegStren_15	4.79	6.0	.72**	1.0					
3.WPE_'12	.20	.14	.71**	.53**	1.0				
4.WEPO_12	.65	.11	.65**	.39**	.57**	1.0			
5. GDP_'15	27,239	21,752	.43**	.46**	.34*	.48**	1.0		
6. IDV_2010	50	22.26	.57**	.61**	.47**	.46**	.54**	1.0	
7. Masc_2010	50.49	20.08	-.31*	-.19	-.33*	-.27*	-.13	.003	1.0

<sup>a</sup> N = 55

\* Significant at  $p < .05$  level.

\*\* Significant at  $p < .005$  level.

**Table 4.3 Descriptive Statistics and Correlations: Women on Boards**

Independent variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
1. RegStren_15	.715**	.47**	.435**	.443**	.42**	.41**
2. WPE_ '12		.46**	.30**	.30**	.30**	.274*
3. WEPO_12			.313**	.323**	.315**	.30**
4. GDP_ '15				-.024	-.04	-.045
5. IDV_2010					.058	.082
6. Masc_2010						-.07
R <sup>2</sup>	.511	.665	.73	.73	.732	.736
Adjusted R <sup>2</sup>	.502	.652	.714	.71	.705	.703
F-statistic	55.5**	23.83**	12.27**	.072	.318	.71

<sup>a</sup> N = 55

\* Significant at  $p < .05$

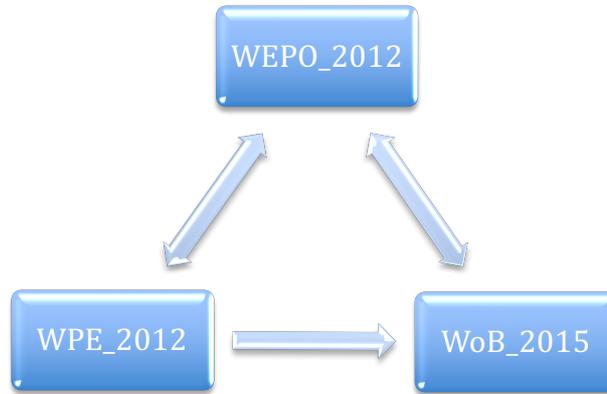
\*\* Significant at  $p < .005$

**Table 4.4: Regressions relating % WoB with other national variables**

The results of the regression analysis provide clear support for Hypothesis 1(a), and the proposition that regulating for board gender diversity does indeed serve to increase female representation in corporate board-rooms. There is also support for hypotheses 1(b) and 1(c), suggesting a positive and significant relationship between women's political and economic empowerment and female representation on company boards.

It was hypothesised (H1(d)) that the relationship between women's political empowerment and female representation on boards is mediated by women's economic participation and opportunity. In other words, it was hypothesised that a higher level of female political empowerment increases female representation on corporate boards by first of all increasing levels of women's economic empowerment.

The relationships being examined in H1(d) can be diagrammatically represented as follows (Figure 4.1):



**Figure 4.1: H1(d) The relationship at national level between women's political empowerment and board gender diversity is mediated through women's economic participation and opportunity.**

The results of the mediation regression modelling are shown in Tables 4.5 and 4.6.

	<b>Model 1</b>	<b>Model 2</b>
	WEPO (2012)	%WoB (2015)
WPE_2012	.41**	39**
WEPO_2012		29**
R <sup>2</sup>	.32**	.63**

Notes: Unstandardized regression coefficients reported.

\* p < .05

\*\* p < .005

**Table 4.5: Simple mediated (indirect) effect of women's political empowerment on female board representation through women's economic participation & opportunity**

	Boot indirect effect	Boot SE	LL 95% CI	UL 95% CI
WPE_2012 on %WoB via WEPO (2015)	11.82	3.98	5.57	20.99

Notes: Bias-corrected confidence intervals are reported  
Bootstrap sample size = 1000, CI = confidence interval; LL = lower limit;  
UL = upper limit

**Table 4.6: Bootstrapped mediated (indirect) effects of WPE\_2012 on %WoB\_2015 through WEPO\_2012**

A partial mediation effect was supported (Tables 4.5 and 4.6). There was a significant indirect effect of WPE\_2012 on %WoB\_2015 through WEPO\_2012:  $b = 11.82$ , BCa CI [5.57, 20.99]. This result was supported by the normal theory tests for indirect effect ( $b = 11.82$ ,  $p < .05$ ) and the R-squared mediation effect size ( $b = .34$ , BCa CI [.19, .49]). None of the bootstrap confidence intervals for indirect effect included zero, indicating minimal likelihood that the sample falls within the 5% that does not contain the true value.

It was noted in Chapter 2 that a number of studies support the proposition that women have had more success in advancing to corporate boardrooms in more economically prosperous environments - that is, in nations with higher levels of GDP per capita (WEF, 2015; ILO, 2015; World Bank, 2011; Bachelet, 2012). Yet the persistent exclusion of women from corporate leadership positions in some very wealthy, mostly middle-eastern nations suggests that economic prosperity alone does not facilitate the entry of women to corporate boardrooms. Not surprisingly, therefore, the evidence from this study is inconclusive when it comes to the relationship between GDP per capita and female representation on boards. While there is some evidence of a positive and significant correlation between GDP per capita and female representation on

boards (Table 4.2), it was also found that adding GDP per capita as a predictor variable to a linear regression did not improve the predictive power of the model. This suggests that GDP per capita is less important as a determinant of board gender diversity than might at first seem, and far less important than women's empowerment.

So far as cultural variables are concerned, Chapter 2 discussed support in the literature for the idea that in more individualistic societies, women are less likely to be constrained by collectivist norms and expectations (Bullough et al., 2012). This study therefore tested the hypothesis that cultural individualism is positively related to higher representation of women on boards. While a positive correlation between cultural individualism and board gender diversity at national level was revealed (Table 4.2), it was also found that adding cultural individualism to a linear regression did not improve the predictive power of the model (Table 4.3).

The results of the regression (Table 4.3) also suggest that a higher level of masculinity in a culture is not necessarily as detrimental to the cause of board gender diversity. In particular, Phase I repeated, at a global level, Kreckova's (2013) examination of the hypothesis, in a European context, that a higher (more masculine) score on Hofstede's index of cultural masculinity is negatively related to women's ability to reach board-level positions. As in Krecková's (2013) study, the null hypothesis was rejected.

### **4.3 Conclusion**

An important finding revealed in this Chapter is that a strong and positive relationship exists between female political empowerment on the one hand, and the strength of regulatory measures aimed at board gender diversity on the other. As further discussed in Chapters 8 and 9, this finding has important implications for future research into the nature and extent of the recursive interactions that occur between women in politics

and women in business, particularly those in leadership positions. It also lays the basis for Phase II of this study, which examines the particular ways in which women's political empowerment and women's economic empowerment manifest in the regulatory and organisational institutions that determine board gender diversity in China and India. Chapter 5 will provide the necessary background to Phase II, while Chapter 6 will present the findings of Phase II of this study.

#### **4.4 Summary of Chapter 4**

This Chapter has provided a global analysis of data from 55 nations. It finds supports for the proposition that national-level regulatory measures aimed at getting more women onto boards are a major determinant of board gender diversity. For the purpose of this analysis, a unique index was developed aimed at measuring the regulatory 'strength' of national-level measures aimed at facilitating the entry of women onto company boards. Analysis of country-level data was then used to reveal a relationship between women's political empowerment and board gender diversity at national level. Evidence was also found of a positive and significant relationship between women's political empowerment and the strength of regulatory measures aimed at facilitating board gender diversity. In other words, Phase 1 of this study found that jurisdictions with higher levels of female political empowerment are also more likely to put into place stronger measures for board gender diversity, and more likely to have a higher representation of women on corporate boards. Examples include Iceland, Norway, Sweden, New Zealand and India. Phase 1 of this study also found support for the proposition that while the level of women's economic empowerment in a nation is a significant predictor of board gender diversity, it is not as significant a predictor as female political empowerment.

Phase 1 of this study used data from 2010/ 2012 to measure the independent variables

(WPE\_2012); WEPO\_2012); (INDIV\_2010), and (MASC\_2010), while using data from 2015 to measure the dependent variable (%WoB\_2015). This was a deliberate choice aimed at helping to ensure that any relationship identified is unidirectional in its causative effects - from 2010/12 to 2015. Examining the mediating effect of women's economic empowerment on the relationship between women's political empowerment and board gender diversity also aids a deeper understanding of the recursive relationships involved. Phase II of this study turns to exploring some of these questions within the specific contexts of China and India.

Chapter 5 of this thesis first provides some necessary background to Phase II of this study, while Chapter 6 then sets out the results. In particular, Chapter 6 highlights the role of the State in China and India in facilitating women's entry onto the boards of state-owned corporations, and in facilitating, or failing to facilitate, the introduction of formal rules for board gender diversity.

## **CHAPTER 5: BACKGROUND TO PHASE II: CORPORATE GOVERNANCE IN CHINA AND INDIA: RECURSIVITY AND DIVERGENCE IN THE EVOLUTION OF REGULATORY AND INSTITUTIONAL FRAMEWORKS**

### **5.1 Introduction**

This Chapter provides the background to Phase II of this study. In order to examine the key determinants at organisational level of board gender diversity in China and India (RQ2), it is necessary to understand the institutional structures for corporate governance in the two nations. This is because the question of gender diversity on corporate boards is essentially a question of corporate governance (Kamalnath, 2018). Regulatory change aimed at promoting gender equity on corporate boards becomes part of the corporate governance framework. This chapter therefore outlines the regulatory and institutional framework of corporate governance in China and India.

### **5.2 Regulating for Corporate Governance in China and India**

The focus of Phase II of this study is on board gender diversity in the unique environments of China and India. As this Chapter explains, the role of the state in corporate ownership and control makes corporate governance in China and India very different to corporate governance in Western contexts. This, in turn, makes the question of whether or not the state should regulate to improve gender balance on corporate boards a very different question. No previous study examining the role of the state in corporate governance in China and/or India has examined the impact of that role on boardroom gender diversity.

The G20/OECD's revised *Principles of Corporate Governance* (2015: 9) defines corporate governance as involving:

... a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the

structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

Corporate governance rules thus establish the mechanisms for corporate decision-making. Once companies have put into place internal structures and procedures that comply with regulated corporate governance requirements, the costs of change (both personal and financial) create a preference for maintaining the status quo. In the absence of legal reform (enforced change), corporate governance rules can thus tend to perpetuate the status quo. Where the status quo is one that sees men in positions of influence within the corporate governance hierarchy, this, in turn, operates to create barriers to gender diversity. It is important to understand the regulatory environment in a country to understand the ways in which it operates to exclude women from company boardrooms.

China and India have each adopted different models of the corporate form. While China has adopted the German-style, two-tiered corporate board structure, comprising both a board of directors and a supervisory committee; India has adopted the single board of directors more familiar to Anglo-American legal systems.

### **5.3 Corporate Governance in China**

The story of corporate governance in China is one of increasing integration with world markets and world standards, albeit with 'Chinese characteristics'. In seeking to understand why Chinese corporate governance institutions have never fully 'converged' with Western models, Bebchuk and Roe (1999) describe the forces shaping those institutions in terms of path-dependency. According to this account of corporate governance, laws in this area are much less likely to converge onto a single model because institutional aspects like ownership structure and historical power hierarchies are resistant to change. Background institutional structures can be costly

to change, at least in the short-term. Moreover, parties who benefit from those structures (incumbents) may lobby effectively to block change, even when such change would be beneficial overall, because it reduces their (the incumbents') gains.

### **5.3.1 Overview of the Chinese Share-market: a diversity of share types**

China's two national stock exchanges, in Shanghai and Shenzhen, were established in 1990. By 30 December 2016, the end date for collection of data used in Phase II of this study, a total of 1,182 Chinese firms were listed on the Shanghai stock exchange, with a total market capitalisation of around US\$4.2 trillion. A total of 1,870 firms were listed on the Shenzhen stock exchange, with a total issued capital of around US\$3.4 trillion. The Shanghai stock exchange is where larger, mostly state-controlled, firms generally seek a listing. It is dominated by firms from the manufacturing and finance sectors. The Shenzhen stock exchange is where China's smaller and private companies find it easier to list, and is dominated by firms from the technology, media and telecommunications sectors. Shenzhen is also where China's second-board companies find a home - on the SME board (est. May 2004; 822 companies listed as at 30 December 2016) for small and medium sized firms; or on the ChiNext board (est. October 2009; 570 companies listed as at 30 December 2016) for hi-tech companies without the track record required for a Main Board listing (<http://www.szse.cn/main/en/MarketStatistics/MarketOverview/>).

The most noticeable feature of the Chinese equities market is the classification of shares into different categories, designed for different types of shareholders. Chinese A-shares are domestically listed shares of Chinese companies that, until recently, have been available to Chinese investors only. There are three different types of A-shares - state-owned shares, legal person (corporate) shares and 'social' (publicly-owned) shares. When state-owned enterprises (SOEs) have been corporatized, state control

has typically been retained by ensuring that most shares are classified as state-owned shares (Xi, 2005, 2006). State-owned shares are usually held by the state-owned parent of the listed firm; and controlled by the State-Owned Assets Supervision and Administration Commission (SASAC) of the State Council (for centrally-controlled companies) or of a local Provincial government (for locally-controlled companies). The SASAC was established in 2003 to consolidate all centrally-controlled shares, and a significant number of previously locally-controlled shares, under a single umbrella (Fernandez-Stembridge & Huchet, 2006).

Legal person A-shares are held by domestic institutions, including industrial enterprises, non-bank financial institutions and technology and research institutes. Like state-owned shares, legal person shares are not tradable on the open stock exchange; and can only be transferred to other legal person shareholders. Social shares are ordinary shares that are readily tradable; and held mostly by individuals (including enterprise employees) and increasingly by private institutional shareholders.

Until 2005-06, most A-shares were locked-up in the form of non-tradable state-owned and legal person shares. Beginning in 2005, the SASAC introduced a number of reforms aimed at transforming state-held shares into freely-tradable shares. These reforms initially met with little success, so that by 24 October 2008, two-thirds of the total A-share market capitalization in China was still locked up in the form of non-tradable shares (total market capitalization RMB 11,874 billion, of which *tradable* A-shares accounted for RMB 3,994 billion: McGuinness, 2009: 43). By the end of 2010, more than 50 per cent of listed company shares in China were still ultimately owned by the state (Yang et al., 2011; SIPF, 2010: total market capitalization RMB 23.95 trillion; tradable market capitalization RMB 14.35 trillion).

By 2014, reform efforts aimed at releasing non-tradable shares onto the negotiable share market were finally making an impact, ensuring that over 80% of total market capitalisation of the Shanghai stock exchange was negotiable (tradable) (<http://english.sse.com.cn>), while just over 71% of total market capitalisation of the Shenzhen stock was negotiable (<http://www.szse.cn>). As at 30 December 2016, 84.3% of Shanghai's total market capitalisation was negotiable, while 73.3% of Shenzhen's issued capital was freely tradeable. The number of companies controlled by the central government's SASAC fell from 150 companies in 2008, to 102 in 2017 (SASAC website, 2017).

An important factor in the increased liquidity of Chinese equities has been the increased presence of institutional investors in the A-share market. Domestic securities-investment funds have been established, and the introduction of foreign institutional investors has also played a role since the launch of the Qualified Foreign Institutional Investor (QFII) scheme in December 2002.

H-shares are issued by Chinese-incorporated firms and are denominated in RMB; but subscribed for and traded in the currency of the 'overseas' market of listing - Hong Kong. The first H-shares were listed in 1993. By 30 December 2016 there were 218 listed H-shares on the Main Board of the Hong Kong Stock Exchange (HKEx) plus 23 H-shares listed on the Hong Kong Growth Enterprise Market (GEM) (<http://www.hkex.com.hk>).

Policies implemented since 2014 have further integrated the mainland Chinese and Hong Kong Exchanges. The Shanghai-Hong Kong Stock Connect scheme, launched on 17 November 2014, allows investors in each market to trade shares on the other market using their local brokers and clearing houses (CSRC and SFC joint

announcement, 11 April 2014). A corresponding Shenzhen-Hong Kong Stock Connect scheme was launched on 5 December 2016, its chief attraction being increased access for foreign investors to China's growth sectors such as IT.

The Shanghai, Hong Kong and Shenzhen stock exchanges are in the top ten stock exchanges of the world, making the integrated Greater Chinese securities market the second largest in the world after New York (World Federation of Exchanges, 2016; Wildau, 2016). It is also a highly integrated market because of the considerable overlap in membership. Nearly half of all H-share companies have A-shares listed on the Shanghai exchange (dual-listed companies), and in most cases the price difference between the two share categories has, as expected, become narrower since the launch of the stock-connect trading programme (SCMP Editorial, 18 November 2015; Seabolt, 2015). Trading practices and corporate governance expectations are also becoming more aligned.

### **5.3.2 The Corporate Governance Regime for H-Share Companies**

Ever since 1993 when China's first state-owned enterprises (SOEs) were permitted to list their shares on the HKEx, the H-share market has been characterised by many of the same features that make corporate governance institutions so hard to effectively implement in China's mainland markets. These features include:

- Dominance of the state as majority shareholder and on-transferability of most state-owned shares;
- Strong political connections between government and listed firm;
- Dominance of state-nominated individuals in management;
- Extensive use of related-party transactions;
- Very-few real powers for 'independent' directors and the supervisory board.

The current legislative framework regulating corporate governance for Chinese firms, the *Company Law of the People's Republic of China* (the *Company Law*, first version

effective in 1994, revised in 2004 and again in March 2014), reflects improvements made over the previous decade. The *Securities Law of the PRC* (first version effective in 1998, most recent revised version effective from 31 August 2014) adds to the regulatory framework for listed firms, and contains provisions designed to protect shareholders from market misconduct and misleading conduct. As is the case for most national-level legislation in China, both the *Company Law* and the *Securities Law* are drafted in broad and general terms. Most of the real protections for minority shareholders in Chinese firms are therefore found in a series of Guidelines, Regulations, subsidiary rules and judicial interpretations that serve to supplement the legislative regime, as further described below.

International pressure for Chinese corporate governance to be improved and standards aligned with globally accepted guidelines came from China's entry into the WTO in 2001, and the publication of a World Bank report titled 'Corporate Governance and Enterprise Reform in China' in May 2002 (OECD, 2011). Both emphasised the need to separate the state from commercial enterprise, to ensure more effective supervision of company management and better protection of minority shareholder rights. An important result of these pressures for reform was the issuance, in 2001, of the *Code of Corporate Governance for Listed Companies* (CSRC, 2001), which sets out basic principles and rules of corporate governance for listed companies, protection of shareholders' rights and code of conduct for management personnel.

The OECD-China Policy Dialogue on Corporate Governance began in 2004; and the OECD-China corporate governance joint assessment program was formally launched in 2009 (OECD, 2011). Chinese corporate governance reforms influenced by the OECD Principles of Corporate Governance (1999, 2004) include the *Basic Standards for Enterprise Internal Control* (the *Basic Standards*), issued on 28 June 2008 (MoF,

CSRC and other agencies, 2008). Detailed guidelines for implementing the *Basic Standards*, applicable to all listed firms from 1 January 2011, include guidelines for assessing, auditing and reporting on enterprise internal control systems. By the time of the first China Securities Regulatory Commission (CSRC) self-assessment published in 2011, however, shortcomings remaining in the Chinese corporate governance model included the ineffective role of the supervisory committee and the lack of independence of most board directors (OECD, 2011).

### **5.3.3 The role of the supervisory committee and independent directors**

China's corporate governance structure is designed loosely on Germany's two-tier board structure. Article 117 of the 2014 *Company Law* ensures that every listed company must have a supervisory committee of at least three members. Articles 118, 53 and 54 give the supervisory committee powers to examine and investigate company records and affairs, to propose the holding of an extraordinary shareholders' meeting, and to propose that a director or supervisor found to be in violation of a fiduciary duty be dismissed. The supervisory committee may also require 'directors or senior management personnel to correct conduct that prejudices the interests of the company' (art. 53), and/or file action against one or more directors or members of senior management who may be liable to pay compensation for loss caused to the company as a result of a regulatory violation (arts 53, 149 and 151; for discussion see IIF Equity Advisory Group, 2006: 3, 8-9; Cai & Deng, 2002).

The supervisory committee in China remains, however, typically much smaller than the supervisory committee of German companies, and weaker in its functions and powers. A related problem is the lack of independence of individual supervisors and thus of the supervisory committee as a whole. The *Company Law* ensures that at least one-third of the supervisory committee must be democratically elected representatives

of company staff. The other two-thirds are elected by the shareholders' meeting, which in turn is often controlled by the state as controlling shareholder. The only guarantee of a supervisor's independence lies in the rule that a supervisor cannot concurrently hold a position as director, manager or chief financial officer of the company in which (s)he is supervisor (*Company Law* 2014, art. 51). But directors or senior personnel of one company can, it would appear, hold a position as supervisor on the supervisory committee of any other enterprise, including any related enterprise.

Representation of staff on the supervisory committee provides an important avenue for introducing worker concerns onto the agenda of meetings. Much has been written about the poor state of employment conditions and workers' rights in the modern Chinese context (Estlund, 2017). The forces of globalisation and marketisation have forced many firms to reduce staff and labour costs in the name of efficiency and profitability. Staff-cuts over the period since 1993 have been significant in nearly all listed Chinese firms, often by as much as one-third (Estlund, 2017; de Jonge, 2008). Such firms also carry a significant burden of pension support for former employees. In this context, it may well be that the supervisory committee performs or potentially performs a valuable function in protecting workers' rights and the rights of laid-off workers (including pension entitlements), despite the obvious fact that worker representation has failed to prevent significant staff cuts.

Under the *Company Law* (2014), a company's board of directors consists of five to 19 members, who may include representatives elected by staff (art. 108), but who are generally elected and replaced by the shareholders' meeting (art. 37). The dominant role of the state in China's securities market means that a large proportion of directors on the boards of listed H-share firms are nominated by the state, as represented by the national or relevant provincial government SASAC. While this situation is beginning

to change as the number of independent directors increases, neither the central government nor provincial governments have yet abandoned their ‘practice of making political hires for top executive positions’ (Huang, 2013). Change is most noticeably occurring in those companies such as Tsingtao Brewery that have introduced a significant foreign partner, and where nomination committees have been established (de Jonge, 2008). For all companies where the state retains ownership links, however, the ultimate control of the state over key personnel appointments, and the importance of Chinese Communist Party (CCP) credentials for corporate career success, remains an important feature of the corporate governance landscape (Downs & Meidan, 2011; Shi, 2012; Yu, 2013; Chang & Wong, 2004).

Minority shareholder rights receive a variety of protections under the PRC *Guideline on Articles of Association of Listed Companies* (2016 version) (the *Articles Guideline*), which provides a template for the Articles of Association which form the contract between a listed company and its shareholders. Companies with a dual listing outside the PRC (including in Hong Kong) are additionally subject to the requirements of the *Mandatory Provisions of Articles of Association of Companies Listed Overseas* (the *Mandatory Provisions*) issued by the State Council in 1994. Identical *Mandatory Provisions* were issued in Hong Kong in 1993 to facilitate the listing of China’s first H-share companies; and apply to all Chinese firms listing in Hong Kong. H-share firms are also subject to HKEx Listing Rules, including Chapter 19A of the Listing Rules, which contains provisions specifically designed for mainland Chinese firms.

The *Mandatory Provisions* make the board of directors directly accountable to the shareholders’ meeting, and ensure that directors, supervisors and managers owe specific fiduciary duties to the company and its owners. Directors must avoid conflicts of interest; and must not vote in respect of any board resolution in which they have a

direct or indirect interest. The *Mandatory Provisions* also specifically prohibit the company from giving any loan, or providing any guarantee to secure a loan made, to any director, supervisor or officer of the company. Share ownership and remuneration levels of directors, supervisors and senior management must be disclosed in every Annual Report.

*Guidelines Regarding Independent Directors in Listed Companies*, issued by the CSRC in 2001 (the *Independent Director Guidelines*), required every listed firm to introduce, by 30 June 2003, a system for ensuring that at least one-third of directors on its board are ‘independent’ (CSRC, 16 August 2001, art. 3). The *Independent Director Guidelines*, together with the *Code of Corporate Governance for Listed Companies in China* (CSRC & SETC, 7 January 2001) introduce an American-style independent director system into Chinese corporate governance law (Yuan, 2007). The same is achieved for all Hong Kong-listed companies by the Hong Kong Listing Rules. Since December 2012, Hong Kong Listing Rule 3.10A has required that at least one-third of the board of all Hong Kong-listed firms should be independent directors. In the case of PRC-incorporated firms, an additional requirement is that at least one of the independent directors must ordinarily reside in Hong Kong [Listing Rule 19A.18(1)].

Article 1(3) of the *Independent Director Guidelines* and Rule 3.10 of the Hong Kong Listing Rules both require that at least one of the independent directors in a Hong Kong listed Chinese firm is a qualified accounting professional. Rule 3.21 of the Hong Kong Listing Rules provides that every listed issuer must establish an Audit Committee comprising a majority of independent directors, at least one of whom is appropriately qualified under rule 3.10. Both the Audit Committee and the Remuneration Committee must be chaired by an independent director (Listing Rule 3.25).

The role of the independent director is to safeguard the overall interests of the company, paying particular attention to protecting the rights and interests of minority shareholders. A company's independent directors must provide an independent opinion on important matters coming before the board of directors or the shareholders' meeting, including the nomination, appointment, replacement and/or remuneration of any director or member of senior management; related-party transactions and major financial transactions of the company. With the approval of at least one-half of all the independent directors, any independent director may independently engage the services of an external auditing or consulting organization; propose the appointment or removal of an accounting firm engaged by the company; propose the holding of an interim shareholders meeting; and/or solicit proxies before the holding of a shareholders meeting. Importantly, listed companies must provide all necessary assistance and support, including financial assistance, for independent directors to properly and effectively perform all their functions and duties (*Independent Director Guidelines*, art. 7; HKEx Listing Rules, Appendix 14 Code of Best Practice, art. 9).

One current shortcoming of the independent director system in China is the lack of qualified manpower available to fill board and management positions. In more developed markets, directors are more likely to be brought in on the basis of their professional qualifications and experience. In China, however:

Most corporate managers still aspire to a civil service rank and are concerned about how their superiors in the political and administrative hierarchy assess their performance. This assessment may be quite arbitrary or subjective and be based on such indicators as profits, political correctness, and the discharge of social obligations (World Bank, 2002: 82).

A number of Chinese enterprises are solving the lack of local qualified personnel by paying high salaries for top talent from other markets, but it may take years before sufficient home-grown talent is available. The lack of attractive incentives at entry

level, combined with the non-merit-based promotion system operating in many state-controlled firms combine to keep the best of China's talent out of senior roles in the state-owned sector (*South China Morning Post*, 24 November 2003). Following a 2006 IIF Equity Advisory Group recommendation for improved 'capacity building' (IIF Equity Advisory Group, 2006), Article 5 of the *Independent Director Guidelines* now requires independent directors to undergo CSRC-authorized training, aimed at providing familiarity with relevant laws and regulations. In addition, all independent directors must have no less than five years' work experience in law, economics or other professional area required by his or her performance of the duties of an independent director (Article 11).

A longer-term problem than lack of managerial expertise is the continuing power of the CCP as a presence in listed Chinese firms. Majority shareholder status enables the state to control to a significant degree the nomination and election of senior company management. The gradual release of state-held shares onto the open share market since 2005 has diminished the state's ability to make use of its majority shareholder status to influence corporate strategy, but it still exists, particularly in strategic sector firms where state control is not being relinquished. What also remains is the influence of the Party within the company.

Article 19 of the 2014 *Company Law* provides:

An organization of the Chinese Communist Party (CCP) shall be established in a company to carry out the activities of the CCP pursuant to the Constitution of the CCP. The company shall provide necessary conditions for the activities of the organization of the CCP.

Article 19 not only provides justification for the CCP Committee to exist and operate within Chinese companies, it also expressly refers to 'the Constitution of the Chinese Communist Party' and mandates that the Party Committee of the company must

operate according to its terms (Xi, 2005). According to Chao Xi (2005), this effectively allows the CCP Constitution to supplement the *Company Law*, at least in its application to the Party organization (usually called the Party committee) of the company. Article 30 of the CCP Constitution (as revised 24 October 2017) ensures that ‘A primary-level Party organisation shall be formed in any enterprise, ... where there are three or more full Party-members’. Article 33 of the CCP Constitution then provides that within state-owned or collective enterprises,

Primary-level Party organisations shall guarantee and oversee the implementation of the principles and policies of the Party and the state within their own enterprise; ... and they shall participate in making decisions on major issues in the enterprise.

Furthermore:

Primary-level Party organisations in non-public sector entities [including privately-owned firms] shall implement the Party’s principles and policies, guide and oversee their enterprises’ observance of state laws and regulations, exercise leadership over trade unions, Communist Youth league organisations, and other peoples’ group organisations, promote unity and cohesion among workers and office staff, safeguard the legitimate rights and interests of all parties, and promote the healthy development of their enterprises (CPC, 2017).

As Chao Xi (2005) has noted, the Party’s continued role in the management of corporatised SOEs makes it difficult to achieve the ‘cultural shift’ required if Western-style corporate governance institutions are to be successfully adopted (see also Yuan, 2007).

Remuneration Committees may become an important part of a wider process of introducing incentive mechanisms - till recently lacking in most listed Chinese firms - tying a management team’s performance to its compensation (Shi & Weisert, 2003). The range of incentive mechanisms available to Remuneration Committees was expanded in 2006 to permit the issuance of stock options to directors of listed Chinese firms. The extent to which companies make use of such mechanisms, and the age-

gender profile of managerial staff, directors and supervisors benefiting from remuneration incentive schemes, is a topic of increasing interest to researchers in the Chinese context (Chen et al, 2013; Luo, 2015).

A final and important aspect of shareholder rights is timely access to information. It enables shareholders to monitor the composition of senior management, the timing of meetings, and the decisions made during management meetings. For Hong Kong listed Chinese firms, shareholder access to information is governed by the *Administrative Measures on Information Disclosure by Listed Companies*, issued by the CSRC in 2007, as well as by the HKEx Listing Rules. Since 2013, the latter have required disclosure of the gender of all directors, board composition and any policies of the issuer designed to promote board diversity.

#### **5.3.4 A Board Diversity Guideline for Hong Kong listed firms**

In 2012 the HKEx conducted a consultation on the Corporate Governance Code and related Listed Rules, during which it received submissions that board diversity, including gender diversity, should form part of reforms aimed at improving corporate governance (HKEx, September 2012). Responses to the HKEx's 2012 Consultation Paper on Environmental, Social and Governance Reporting Guide, also included recommendations that issuers should report on policies for ensuring gender diversity at all levels. In response to these submissions, the HKEx issued a special consultation paper on 7 September 2012, seeking views from the market on proposed new measures to be added to the Corporate Governance Code, aimed at promoting board diversity in order 'to enhance the effectiveness of the board and corporate governance' (HKEx, September 2012: 2).

The proposed new measures included a new Code Provision stating that issuers should have a policy concerning board-level diversity; and should report regularly on that policy, and on any measurable targets forming part of that policy. Diversity would be defined ‘broadly’ for the purposes of the Code, so that there would be no fixed criteria for determining whether or not a board was diverse. Nearly all of the 139 stakeholders responding over the two-month consultation period agreed that HKEx should promote board diversity, with most highlighting the need to keep up with trends in other leading markets including London and New York. Majority support also emerged for an approach to board diversity falling short of a prescriptive quota; but having more rigour and greater transparency than a Recommended Best Practice guideline. The consultation therefore concluded that ‘a Code Provision would strike the right balance between the burden imposed on issues and the information communicated to investors and stakeholders’ (HKEx, December 2012: 9). Offered a choice of proposed implementation dates for a new Code Provision between 1 January 2013 and 1 January 2014, a majority of respondents (56%) chose 1 September 2013.

As a result of the consultation conclusions, a new Code Provision A.5.6 was added to Appendix 14 of the HKEx Listing Rules (which sets out a Corporate Governance Code applicable to all Hong Kong-listed firms), to take effect from 1 September 2013. The new Code Provision introduced, for the first time, an obligation for the nomination committee or the board of all listed firm to establish a ‘policy concerning diversity of board members’ and to disclose that policy, including any measurable objectives set for implementing the policy, and progress on achieving those objectives, in the regular reports of the company. A Note to Code Provision A.5.6 recognises that:

Board diversity will differ according to the circumstances of each issuer. Diversity of board members can be achieved through consideration of a number

of factors, including, but not limited to, gender, age, cultural and educational background or professional experience.

The effect of introducing this provision on female board representation, however, has been minimal, at best. In 2012 nine percent of directors on the boards of top Hong Kong listed firms were women. By 2015, this figure had risen to just 11.1 percent, followed by a zero increase in female representation on boards from 2015 to 2016 when the figure was again 11.1% (Community Business, 2016). The number of women on boards of HKEx firms rose during 2016, so that by the end of 2016 women represented 12.4% of directors on the boards of the top 50 companies listed on the Hang Seng Index (Heidrick & Struggles, 2017). For the same year (2016), women accounted for only 10.7% of directors on the boards of a sample taken from amongst the largest mainland Chinese listed firms (Deloitte, 2017; see also Martin, Lu & Hastings, 2013).

In contrast to Hong Kong, Mainland China has seen no serious attempt to introduce a board diversity guideline or rule, although some attempts have been made in general policy statements and at local level to promote the concept of board diversity (Martin, Lu & Hastings, 2013). Martin, Lu and Hastings (2013) found that ‘significant government-led initiatives to increase women’s board representation in the coming decade are unlikely’ (2013: 126-7), although they also found some hope in the fact that women made up more than half of all applicants sitting the China-based General Management Admission Test (GMAT) in 2010 (62% women) and 2011 (64% women).

Martin, Lu and Hastings’ (2013) pessimism arises from their belief that ‘in the current political climate and general economic slowdown, the likelihood that the Communist Party leadership will expend significant resources promoting women’s issues is

uncertain at best' (Martin et al., 2013: 126-7). In other words, it is the CCP that determines what criteria are considered when board appointments are made, particularly in state-owned firms, but also in firms with majority private ownership that have a Party organisation. Within each firm, whether listed or unlisted, state-controlled or privately-owned, it is more often than not the Party organisation which has the final say when it comes to board appointments.

While the introduction of formal guidelines on corporate social responsibility (CSR) has provided a mechanism for generating greater gender awareness in corporate decision-making in India, this has not been the case in China. Article 5 of the Chinese *Company Law* (2014) provides that in their business operations, companies shall:

[c]omply with the provisions of law and administrative regulations, uphold social morality, business ethics, honesty and trustworthiness, accept supervision of the government and the public, and bear social responsibility.

Article 5 is supported by CSR guidelines issued by the Shanghai and Shenzhen Stock Exchanges, and by a number of *Application Guidelines* that treat CSR as an integral part of mandatory enterprise internal controls. *Application Guideline No 4* sets out four categories of CSR-related risks that should be managed by all listed companies, including work safety, product (including service) quality, environmental protection and resource efficiency, promotion of employment and protection of employee rights and interests.

In January 2008 the SASAC issued its own CSR guidelines for centrally-controlled SOEs. The *Guiding Opinion on the Implementation of Corporate Social Responsibility by Central Government-affiliated SOEs* (the *SOE CSR Guiding Opinion*) requires all central SOEs to integrate CSR 'into corporate governance and business strategy; and implement it at all levels of their daily operations'. It sets out

eight categories of social responsibility that should be assumed by centrally-controlled SOEs, including the four categories referred to in *Application Guideline No 4*. Centrally-controlled SOEs are encouraged to ‘exchange concepts and experience in fulfilling corporate social responsibility with other enterprises at home and abroad’ and to ‘engage in more dialogues and communication with relevant international organisations’. At the same time, however SOEs are asked to ‘give full play to the core role of the company-based Party Committees’ in the implementation of CSR, and encourages other Party-sponsored organisations, such as the trade unions and the All China Women’s Federation, to contribute to the efforts of improving CSR’.

Mandatory disclosure standards are another aspect of CSR compliance. The Shenzhen Stock Exchange has made the issue of annual CSR reports compulsory for companies included in the SZSE 100 Index, while encouraging all other listed companies to do so the same (SZSE, 2008). The Shanghai Stock Exchange requires that all companies included in the Shanghai Stock Exchange Corporate Governance Index, companies with shares listed overseas in foreign currency, and all financial companies must publish annual CSR reports. None of these increased reporting requirements, however, so far requires reporting of statistics related to gender diversity in corporate employment or management.

While gender diversity has never been part of the official corporate governance reform agenda, other reform agendas aimed at empowering women have influenced corporate governance rules at local level. Provincial, municipal and local governments have had to develop plans for local implementation of the China National Program for Women’s Development 2011-2020 (the NPWD), issued by the central government State Council on 30 July 2011. The NPWD covers the three areas of health, education and the economy. Major objectives listed under ‘Women and the Economy’ include

eliminating gender discrimination in employment, reducing the gender income gap, ensuring that women account for more than 40 per cent of employees, and expanding the proportion of women among high-level professional and technical personnel to at least 35 percent. The NPWD does not include any specific target or aim for gender equality on corporate boards, but instead focuses upon improving educational and employment opportunities for women. In some local areas, however, NPWD implementation strategies have included targets for female representation on the boards of locally controlled SOEs. In Jiujiang City (Jiangxi Province), for example, a target of 10% women on SOE boards was set (Martin, Lu & Hastings, 2013). There remains, however, no evidence that such targets have been enforced or followed-through, and there are no means of measuring or evaluating whether they have been achieved.

#### **5.4 Corporate governance in India**

The evolution of corporate law in India can be traced back to the colonial era with early versions of companies' legislation being modelled on parallel English legislation. Even after independence (1947) the most significant piece of Indian corporate legislation, the *Companies Act* 1956, was modelled on the English *Companies Act* of 1948. Although the *Companies Act* 1956 was the result of a classic legal transplant, its evolution thereafter took on a different trajectory. Beginning in the 1960s, the *Companies Act* was amended nearly 30 times, mostly following recommendations from government-appointed committees. As Varottil (2015) notes, Indian company law has been progressively decoupled from its colonial source by subsequent reforms aimed at finding solutions to local problems, often by borrowing from non-Anglo jurisdictions. In particular, many post-1956 amendments to India's *Companies Act* reflected the socialist ideals of Indian governments between 1960 and 1990, with

increased government supervision and control over corporate activities a notable feature.

The concept of ‘public interest’ was also infused into the corporate law regime during this period, in line with the prevailing socialist ideology. For example, in 1963 the *Companies Act 1956* was amended to provide that shareholders were entitled to seek a remedy if the affairs of the company were conducted in a manner prejudicial to the public interest (section 397(1)). Any scheme of compromise or arrangement, for example, would be permitted only if it was not prejudicial to the public interest (section 394, as amended in 1965). These modifications were complemented by other statutes designed to prevent concentrations of private economic power (*Monopolies and Restrictive Trade Practices Act 1969*) and restrict foreign company holdings in Indian firms to not more than 40 percent (*Foreign Exchange Regulation Act 1973*).

Indian courts also refused to simply follow English judgements, instead recognising that ‘the background, conditions and circumstances of Indian society, [its] needs and requirements ... call for a somewhat different treatment’ (*Hind Overseas case, 1976*: para. 31). In a significant ruling of 1983, the Supreme Court of India observed that in post-independence India:

... the old ... view which regarded a company merely as a legal device adopted by shareholders for carrying on trade or business ... has been discarded and a company is now looked upon as a socio-economic institution wielding economic power and influencing the life of the people ...  
 .. The adoption of the socialist pattern of society as the ultimate goal of the country’s economic and social policies hastened the emergence of this new concept of the corporation ... [as has]  
 ... the emergence of new social values [recognising] the role of the State as an active participant in the social and economic life of the ... community (per P.N. Bhagwati J., *National Textile Worker’s Union case, 1983*: para. 4).

India’s economic liberalization in 1991 heralded a new era in business regulation. A string of policy measures was introduced, aimed at boosting the country’s depleted

economy by stimulating business activity and foreign investment. Greater flexibility was introduced into the *Companies Act 1956* giving Indian companies more freedom to attract capital through new issues and/or restructuring agreements with a wider range of potential shareholder groups. With the expansion of foreign investment and the development of India's capital markets, the focus of corporate law also extended beyond the *Companies Act 1956* and into securities laws and the establishment of a new, independent securities regulator, the Securities and Exchange Board of India (SEBI), in 1992. In this phase, the Indian Parliament and regulators began to look particularly to American models, customized to suit Indian conditions.

When liberalisation of the Indian economy began in 1991 under the guidance of Finance Minister Dr Manmohan Singh, India had only one major stock exchange - the Bombay Stock Exchange (BSE) - Asia's oldest stock exchange, established in 1875. Other lesser exchanges also existed in other major Indian cities, such as Calcutta (est. 1908), New Delhi (est. 1947), Chennai (est. 1920) and Bangalore (est. 1963), but these have never been more than rudimentary in size and trading volume. By 2011, there were twenty-three recognized stock exchanges in India including the Over the Counter Exchange of India Limited (OTCEI) and the National Stock Exchange of India Limited (NSE) (<http://www.appuonline.com/appu/investment/about.html>).

Until 1992, the BSE was a monopoly, an association of brokers characterised by high entry costs, settlement and administrative inefficiencies, high costs of intermediation, no price-time priorities or guarantees of best execution, and manipulative practices – all of which placed external market users at a severe disadvantage. The economic reforms of the early 1990s created four new institutions: the NSE, the Securities and Exchanges Board of India (SEBI), the National Securities Clearing Corporation (NSCC), and the National Securities Depository. Established in 1994, the NSE is a

limited liability company owned by public sector financial institutions and now accounts for about two-thirds of the stock trading in India, as well as virtually all of its derivative trading. The companies surveyed in this study are those comprising the top BSE and NSE-listed firms, included in the BSE200 and NSE500 Indices.

It was also in the 1990s that the government of India began divesting from SOEs through the stock exchanges, with the stated aim of enabling citizens to share in SOE wealth. As part of the divestment policy, the aim is for the government to retain majority ownership of those SOEs explicitly reserved for the public sector or of a strategic nature. For all other SOEs, the government policy is to retain 26 per cent of shares, or gradually divest with the end goal of complete privatisation (OECD, 2016: 63).

The listing of SOEs has taken place over three main phases of divestment spanning the 1990s and 2000s, with a more active policy of listing during the period 2009-2013. By 2015, out of a total of 227 SOEs, the central government remained majority shareholder in 35 listed companies and minority shareholder in 15 listed companies. The value of listed SOEs represented almost 18 per cent of the market value of SOEs in India, and 18 per cent of total market capitalisation. All listed SOEs are registered members of the BSE, and 45 are cross-listed on the NSE and other sub-national stock-exchanges (OECD, 2016: 63).

The establishment of the SEBI in 1992 was a watershed in Indian company law, creating the country's first-ever independent securities market regulatory agency. In the years since 1992 the SEBI has introduced a regulatory regime significantly influenced by US corporate governance rules and transparency concerns. Transparency rules, for example, include mandatory disclosure of all transactions

where the total quantity of shares is more than 0.5% of the equity of the company. An improved regulatory regime allowed the BSE to become a transparent electronic limit order book market in 1996, with a trading system similar to that of the NSE, and since then has witnessed a rapid growth in the trading of equities and equity derivatives on both the NSE and the BSE.

Following a series of corporate and trading scandals in the latter part of the 1990s, SEBI, the Ministry of Corporate Affairs (MCA) and the Indian Ministry of Finance began investigating ways to improve corporate governance standards. Meanwhile, the first corporate governance initiative was initiated not by government, but by industry. In 1998, a National Task force constituted by the Confederation of Indian Industry (CII) recommended a code for 'Desirable Corporate Governance', which was largely based on the UK's 1992 Cadbury Committee Report, but only ever adopted by a few of the larger Indian companies (CII, 1998).

In 2001, the SEBI implemented the recommendations of the Birla Committee (1999-2000) (SEBI Birla Report, 2000), by enacting Clause 49 of the General Listing Agreement (Clause 49) (SEBI, 2000). Similar in spirit and scope to the *Sarbanes-Oxley* measures in the US, Clause 49 marks a milestone in the evolution of corporate governance practices in India. As initially applied in March 2001, the requirements of Clause 49 were binding on companies included in the BSE200 and the S&P C&X NIFTY stock indices, and on all companies listing after March 2001. Unlike the UK Corporate Governance Code (FRC, 2016) which has always operated as a voluntary Code on a 'comply or explain' basis, the provisions of Clause 49 have been, from the beginning, mandatory for large listed companies in India (Varottil, 2015: 36; SEBI Birla Report, 2000: para. 1.7; Black & Khanna, 2007).

The Narayana Murthy Committee, established by SEBI in 2003, worked on further refining the rules, and a revised version of Clause 49 was issued in 2004, by which stage it included a number of key requirements for publicly listed firms relating to (1) the composition of the board of directors; (2) the composition and functioning of the audit committee; (3) governance and disclosures regarding subsidiary companies; (4) disclosures by the company; (5) CEO/ CFO certification of financial results; and (6) reporting on corporate governance as part of the annual report.

Clause 49 now stipulates that independent directors should form at least half of the board of all listed firms. In practice, however, only 40 per cent of all board members in listed SOEs are independent, with the remaining members made up of government directors and functional directors, some of whom hold CEO positions in other SOEs. Moreover, while independent directors in SOEs are appointed through a competitive process; such appointments still require approval by government committees.

The presence of independent directors and independent committees (Audit, Remuneration etc.) creates additional oversight mechanisms to improve internal governance in listed SOEs. The quality of decision-making is enhanced, and the board is less at risk from political interference compared to unlisted SOEs which are not required to have independent directors on the board. Evidence suggests, however, that there are a number of areas, including the appointment and removal of the CEO and in the making of major decisions, where SOE boards remain subject to government intervention (OECD, 2016: 70).

In the second decade of the 21<sup>st</sup> century, however, SOEs have come to occupy a peripheral position within the corporate world (Naudet & Dubost, 2017). It is, instead, the family-controlled business group which dominates the Indian corporate sector

(Naudet & Dubost, 2017; Singh & Delios, 2017). Indian business conglomerates have traditionally always relied upon family ties for strength and sustainability. As Naudet and Dubost (2017) have noted, ‘the importance of family ties among Indian groups in absolutely central, and familial capitalism continues to structure the Indian economy’ (2017: 409). This remains the case even following the introduction of the 2013 *Companies Act* reforms aimed at extending ‘the scope of independent directors, ... [and restricting] the formation of pyramids’ (Rao & Guha, 2006: 10; Naudet & Dubost, 2017: 409).

#### **5.4.1 The *Companies Act* 2013**

By 2003, parts of the 1956 *Companies Act* had become out-dated and inadequate for the new securities market environment. The number of Indian companies had grown from about 30,000 in 1956 to nearly 700,000 in 2003, and corporate India had become increasingly globalised. Other provisions of the 1956 Act had been amended so many times they appeared out of context with surrounding provisions. The MCA initiated a series of consultations in mid 2004 (MCA, 2004) with members of the public and with other parts of government. An Expert Committee chaired by Dr J J Irani was established on 2 December 2004 to advise on a new Companies Bill. The result of the Irani Committee recommendations was a new *Companies Bill* 2008, approved by the Union Cabinet on 29 August 2008 for introduction into the *Lok Sabha*. The 2008 Bill was business friendly in nature, but its passage was soon interrupted by a widely publicised scandal over events at Satyam Ltd.

Often referred to as ‘India’s Enron’ (Bhasin, 2013; Khanna, 2009a), the Satyam affair involved fraudulent transactions by the founder of India’s biggest outsourcing firm amounting to 1 billion pounds (Khanna, 2009a; Bhasin, 2013; Varotttil, 2015: 38-39). The scandal revealed serious lapses in India’s corporate governance system with both

national and international repercussions. In particular, questions were raised about the role of the company's external auditor, Price-Waterhouse Coopers, and the role of the company's independent directors. The *Companies Bill* was referred to a Parliamentary Standing Committee on Finance chaired by former finance minister and BJP leader Mr Yashwant Sinha. The Standing Committee submitted its *Report of the 57<sup>th</sup> Standing Committee on Finance* in August 2010; a report in which English law precedents barely rate a mention. The MCA agreed to incorporate only 157 of the 178 amendments recommended in the Standing Committee Report; and added 22 new amendments of its own. By the second half of 2012, the MCA had also established a 13-member committee, chaired by Adi Godrej, to frame a draft policy document on corporate governance. The Godrej Committee policy document, released in October 2012, expressly recognised the advantages of more gender-diverse boards (Godrej Committee, 2012: 7-8. See also above Chapter 1, p. 3).

By the time the *Companies Bill* returned to the Lok Sabha in 2012, it had been transformed into a document radically different to the business-friendly 2008 Bill - one emphasising stricter controls through regulation, and the social responsibilities of corporations. The newly revised *Companies Bill* was finally passed by the Lok Sabha on 18 December 2012, and by the Rajya Sabha on 8 August 2013. The *Companies Act* received the President's assent for passage into law on 29 August 2013.

The 2013 *Companies Act* represents a response to India's prevailing pattern of concentrated ownership which had been creating conflicts of interest between controlling shareholders on the one hand, and minority shareholders on the other for decades. As Balasubramanian and Anand (2013) have described, over the first decade of the 21<sup>st</sup> century, India's 'controlling shareholders ... [had] further entrenched

themselves by substantially increasing their holdings, especially in the Nifty domestic companies' (2013: 31). Promoter shareholders, in particular, tend to dominate in the governance of Indian firms, particularly where the CEO and/or board members are also promoter shareholders (Naudet & Dubost, 2017: 409-10). The term 'promoter' is specific to the Indian business vocabulary and refers to a corporate body or an individual who has an ownership stake in the company and who exercises substantial control over the said company. The disclosure requirements in India make it compulsory for a company to classify equity holdings as either promoter or non-promoter shares (Naudet & Dubost, 2017: 2010), revealing a concentrated shareholding pattern that makes India's corporate landscape quite different to the dispersed shareholding pattern characteristic of the British and US markets.

An important part of the response to India's unique version of the majority-minority agency problem was the introduction of a much stronger position and broader role for independent directors on Indian company boards. Chapter XI of the 2013 *Companies Act* provides, *inter alia*, that all public companies shall have a Board of Directors comprised of between 3 and 15 persons, of whom at least one third must be independent directors (s. 149(4)). For the purposes of compliance with Section 149(4), an independent director is a person whom the Board is willing to state is 'a person of integrity', possessing 'relevant expertise and experience' and who does not have, and is not related to anyone who has, any pecuniary relationship with the company (including as employee or shareholder), its promoters, its holding, subsidiary or associate companies. A person cannot be considered independent if they, or any relative has had any such relationship within the two years immediately preceding the financial year of the person's appointment to the board. Nor can a director be classified as independent if at any time within the three years preceding the appointment she held

any position in a professional firm (accounting, auditing, legal or consulting) that had a significant contract with the company or its holding, subsidiary or associate company, or was a director or CEO of a non-profit organisation receiving significant sums from the company, its promoters, holding, subsidiary or associate company.

Nearly all modern corporate governance regimes contain requirements for a minimum number of independent directors on public company boards, and otherwise adopt the position that board independence is critical for managing agency problems. Yet as Sarkar (2009) has pointed out, this position runs counter to research revealing a more ambiguous and uncertain relationship between board independence and good governance. Sarkar (2009) posits that director independence, however defined, is a myth. This is because, as Morck (2004) also explains, directors of a board often owe allegiance to a CEO (especially if the CEO has been influential in their nomination) and, out of a sense of loyalty, may be reluctant to oppose a CEO's decisions even at the risk of compromising the director's own fiduciary duties.

In India, as elsewhere, the definition of director independence has been tightened and is typically defined in terms of objective relationship standards that rule out any form of material or business/pecuniary relationships with the management or controllers of the company. While this does serve to weaken the 'loyalty' factor, the look-back period of two-three years to define the relationship may not be enough to break ties with internal management arising from previous employment, family ties and other business or personal/social relations. Social ties are particularly relevant in countries like India where relational contracting based on kinship and social ties, including geographical (home town or province) ties, and/or caste, is often the norm (Sarkar, 2009). As the Godrej Committee noted (2012: 5-6):

Indian boards do have a fairly high diversity quotient (DQ) in terms of work experience and socio-cultural and values/attitude/lifestyle, because of the inherent diversity of India – even among people who went to the same colleges/institutions. However, they have a less visible, less widely discussed problem of high familiarity between board members. ...

Board members tend to have several shared workspaces ..., or have been connected in past workplaces, perhaps even in earlier avatars of boss-subordinate or board member-CEO or customer-supplier and so on, and, hence, know each other very well or have a past established pattern of power or hierarchy. This high level of familiarity increases the risk that board deliberations become less rigorous than they could or should have been; and results in ... quick “negotiated” settlements on issues, even without the people themselves noticing the implicit negotiation process. Very often a “shadow” informal board meeting precedes the real one with decisions having been tied up in advance.

Nomination committees then compound this ... in the way they often work: “Who do we know who has xyz skills/background/personal traits?” Sometimes it is the CEO who proposes the shortlist of names for the nominations committee, to deliberate on, ...

‘Independent’ directors’, particularly in group-affiliated firms, are often sourced from within an informal network, rather than from an independent managerial talent market, and these networks are often firmly tied by political, as well as by social and familial, connections. It is the effect of these networks which other provisions of the 2013 *Companies Act* regime seek to address. Section 178 of the 2013 Act provides that all listed Indian companies must establish a Nomination and Remuneration Committee with a non-executive chair (s. 178). The Nomination and Remuneration Committee formulates criteria for directorship appointments; and identifies qualified candidates for the board’s consideration, thereby exercising considerable influence over directorship appointments.

A shortage of director skills also means that many independent directors are so thinly spread that they simply do not have the time required to stay on top of the details of all companies on the boards of which they serve (Yap, 2011). Having executives who hold external board seats within the same industry can be useful, but multiple

directorships are only good so far as they do not hinder the ability of a director to look after the best interests of the company and its shareholders (Yap, 2011; Sarkar & Sarkar, 2005). Clause 49 of the Indian Listing Agreement thus provides that directors should not be active in more than 10 committees and may not act as Chair of more than 5 committees across all companies in which they serve (Clause 49 Part I(C)(ii)).

New limits on board and committee memberships are unlikely to have more than a limited impact on another notable feature of corporate life in India - the prevalence of interlocking boards of directors. Using a sample of top one-hundred NSE-listed companies, Balasubramanian et al. (2011) found a small group of highly boarded directors (occupying five or more board positions) constituting about 6% of the total number of NSE-100 company directors during the decade 2000–2010 (2011: 32).

#### **5.4.2 The one woman director rule**

The 2013 reform most relevant to this thesis was the introduction of a new requirement for inclusion of at least one woman on the board of all listed firms. The 57<sup>th</sup> Standing Committee on Finance had recommended mandatory appointment of at least one woman director in all publicly listed firms. Section 149(1) of the 2013 Act, as finally passed, now provides that ‘such class or classes of companies as may be prescribed, shall have at least one woman director’. Rule 11.1 in Chapter XI of the *Companies Act* Rules required listed companies (with exceptions for smaller firms) to appoint at least one woman director no later than one year from the commencement of the relevant clause in the Act, a provision reflected in Clause 49(II)(A)(1) of the Listing Agreement. The mandatory nature of the Indian one-woman director rule can be contrasted with the ‘comply and explain’ approach adopted by the UK Corporate Governance code which emphasises merit as the primary basis upon which board

appointments should be made; albeit ‘with due regard for the benefits of diversity on the board, including gender’ (FCC, 2016, Principle B.2).

In the months leading to the passage of the new Act, then Minister of Corporate Affairs, Sachin Pilot, publicly supported the new one-woman director rule, declaring that “[T]here is a lack of gender parity in most of the work field. Women have done enough to prove their mettle. This (the Bill) is just a first step we have embarked upon” (Gupta, 2013). Pilot argued that Indian firms should welcome the requirement because “companies having women at the higher management levels perform better” (Gupta, 2013). Following the Act’s passage, then-Minister Pilot continued to defend the mandate from criticism that it promotes tokenism (Afsharipour, 2015). Notably, Pilot, born in 1977, is considerably younger than most company directors in India (average age 58 in 2014, 62.5 in 2017: Basu, 2014; *ET Tech*, 2017). He is also married to Sara Pilot, who has a Masters’ Degree in International Relations, and worked for the UN Development Fund for Women (UNIFEM, now UNWomen). In 2009, she established her own NGO, the Centre for Equity and Inclusion (Cequin).

In 2013, the year the new Act was passed, the Confederation of Indian Industry (CII) launched its Indian Women Network (IWN) initiative for career women. Membership of the IWN has since grown from 534 in 2013 to 1,525 in 2016. The CII Foundation Woman Exemplar Awards seek to promote women’s empowerment at the community level by rewarding women who have contributed to Indian development through their efforts in education, health or micro-enterprise. Another Indian NGO with a focus on diversity, Biz Divas, has sought to challenge the assertion made by corporate India that there are too few professionally qualified women to fill boardroom positions by pushing for on-line publication of a list of qualified women (Biz Divas, 2014).

Despite these moves within and outside of government, resistance from corporate India forced the SEBI to delay the coming into effect of the new one woman director rule. It was not until 15 September 2014 that SEBI issued a Circular letter mandating compliance with the new rule, with compliance to be no later than 1 April 2015. Stock exchanges were mandated by SEBI to levy fines for non-compliance starting 30 June 2015, with additional penal measures for those remaining in default (NSE, 2015). In July 2015, the Bombay Stock Exchange imposed fines on 530 listed companies (of a total 5,711 listed firms) for failing to meet the April deadline (Bhalla, 2015). The NSE also sent out letters in July 2015 informing 260 firms (many also listed on the BSE) of its intention to levy fines. Major NSE-listed firms which still had vacancies for women on their boards included family-controlled firms such as Aditya Birla Chemicals and Infotech Ltd, as well as state-controlled firms such as the Bank of India and the State Trading Corporation of India (Bhalla, 2015; PRIME Database, 2015).

#### **5.4.3 CSR and gender diversity in India**

Section 135 of the 2013 *Companies Act* requires establishment of a Corporate Social Responsibility (CSR) Committee, charged with recommending to the board of all larger listed companies a CSR Policy, formulated in accordance with Schedule VII of the Act. The origins of this provision go back to 2009, when the Indian Government released new *Voluntary Guidelines on Corporate Governance 2009* and *Corporate Social Responsibility Voluntary Guidelines 2009* (the CSRVG). In 2011 the CSRVG were revised and replaced by a more comprehensive set of guidelines encompassing social, environmental and economic responsibilities - the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (the SEER Voluntary Guidelines). The SEER Voluntary Guidelines are not prescriptive but urge businesses to adopt a 'triple bottom line' approach whereby financial

performance is harmonized with environmental and social considerations. The Guidelines embody nine essential principles. Principle 1 emphasises ethics, transparency and accountability, while Principle 3 emphasises the wellbeing of employees. Core elements of Principle 3 are that:

- Businesses should provide and maintain equal opportunities at the time of recruitments as well as during the course of employment irrespective of caste, creed, gender, race, religion, disability or sexual orientation; and that:
- Businesses should take cognizance of the work-life balance of its employees, especially that of women.

Principle 5 of the SEER Voluntary Guidelines provides that businesses should respect and promote human rights. The core elements of Principle 5 include that ‘Businesses should recognise and respect the human rights of all relevant stakeholders and groups within and beyond the workplace, including that of communities, consumers and vulnerable and marginalized groups’. Amongst the laws which are listed as relevant to compliance with Principle 5 is the *Protection of Women from Domestic Violence Act 2005*. Principle 5 is reinforced by Principle 4, which provides that Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. The term ‘Vulnerable and Marginalised Groups’ is defined to include:

Groups of individuals who are unable to realize their rights or enjoy opportunities due to adverse physical, mental, social, economic, cultural, political, geographic or health circumstances. These groups in India include:

- Women and girls
- People with disabilities
- Children
- Tribals
- Migrants, migrant workers.

Part B of the SEER Voluntary Guidelines outlines the basic parameters on which businesses may report their performance. In reporting performance on compliance with Principle 3 – Employees’ wellbeing - businesses are asked to include:

- Total number of employees with percentage of employees that are engaged through contractors,
- Statement on non-discriminatory employment policy of the business entity; and
- Percentage of employees who are women.

For larger Indian companies, the SEER Voluntary Guidelines have now been overtaken by the *Companies (Corporate Social Responsibility Policy) Rules 2014*, which entered into force on 1 April 2014 to clarify the CSR requirements of Section 135 of the *Companies Act 2013*. Section 135 now requires all larger listed companies to contribute 2% of their average net profits from the three preceding financial years to CSR initiatives, or specify their reasons for not spending that amount in their Annual Reports. Schedule VII of the Act (as amended on 27 February 2014), lists the activities to which CSR funds may be devoted. These include promoting preventative health care, education, and gender equality, reducing child mortality and improving maternal health, and empowering women. While monies set aside for CSR initiatives cannot be spent on activities which solely or principally benefit employees of the company, they can be used to support initiatives which increase opportunity pathways for women who are potential or existing employees.

The introduction of the 2013 *Companies Law* regime was complemented by other reforms aimed at improving women’s economic empowerment. Amongst the most important of these have been the *Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013* and the *Maternity Benefit (Amendment) Act 2017*. The former protects women in all government and private

sector entities operating on a commercial basis (Cyrill, 2018). The latter provides women in the organized sector with paid maternity leave of 26 weeks for the first two children, and 12 weeks for the third child. Mothers adopting a child below the age of three months and those who opt for surrogacy are entitled to 12 weeks paid. The law also mandates that every establishment with over 50 employees must provide crèche facilities within easy distance (Cyrill, 2018).

The actual impact of new rules and guidelines for CSR in India since 2009 remains uncertain. They certainly appear to have been introduced in response to India's poor record on CSR practices and CSR reporting. A 2009 report from *Karmayog*, a Mumbai-based NGO-focussed online forum, found that while 51% of Indian companies practised CSR in some form, only 2% published a separate sustainability report, and only 3% reported the amount they spent on CSR. When the 1000 largest Indian companies (BSE Sensex) were each given a CSR rating, 49% were placed in the lowest category (Level 0) while only 10 companies received a Level 4 rating and no company received the highest Level 5 rating (*Karmayog*, 2009).

In December 2009, the Emerging Markets Disclosure (EMD) Project of the US-based Social Investment Forum (SIF) confirmed that Indian Companies were amongst those in emerging markets with the lowest disclosure rates on CSR reporting. Indian equities investment managers have also been found to be reluctant to utilise voting or engagement as tools for pursuing implementation of social or environmental programmes by investee companies (IFC, 2009).

## **5.5 Summary of Chapter 5**

This Chapter has examined the context of company law and corporate governance in China and India. In particular, it has examined the political, economic and social

context for the adoption, and adaptation, of internationally accepted corporate governance rules and standards in these two countries. The aspect of corporate governance this thesis is most interested in, and which both China and India have had to consider, is the need for inclusion of express guidance on board diversity, particularly gender diversity, into formal governance rules.

The story of corporate governance reform in both China and India is partly a story of path-dependence. Decisions made about institutional reforms have been limited by decisions made in the past, and by previous experience; even though the circumstances of the past have evolved over time. Regulatory norms can be modelled as an adaptive system which co-evolves with the environment (Deakin, 2011, 2015a), which in this context consist of the political and economic systems and institutions of two societies under study (China and India). In both societies decision-making about institutional reform has been shaped by political and economic power structures.

The findings in Chapter 4 indicated a positive relationship between stronger regulatory measures, such as quotas or targets, aimed at facilitating the entry of women onto boards and women's political empowerment. This raises the question of how the disparities between China and India when it comes to women's political empowerment are reflected in the political priorities and legislative agendas of each nation. In China, where women's political empowerment is comparatively low, the question of regulating for women on boards has barely made it onto the political agenda (Martin, Lu & Hastings, 2013). In India, on the other hand, where women's political empowerment is comparatively high, the question of regulating for women on boards has not only made it onto the political agenda at national level, but has been successfully resolved in favour of a new set of rules, requiring all major listed Indian firms to have at least one woman on the board, and to provide details on gender

diversity at all levels of the company workforce (Bhattacharyya, 2017; Modak, 2017; Afsharipour, 2015; Ministry of Corporate Affairs, 2013, 2014).

In mainland China, the prevailing view is that express guidance on gender diversity in board nominations and appointments is not needed. In Hong Kong, voluntary guidelines now require companies to have policy on boardroom diversity, including gender diversity, but fall short of requiring companies to ensure gender diverse boardrooms. In India, listed firms are now subject to a minimal but mandatory quota rule requiring at least one woman on the board. In each case, local political considerations appear to have been more influential than any consideration of international standards in determining the approach taken to board gender diversity. This thesis therefore seeks to understand what differences in the political contexts of China and India may explain the different regulatory outcomes reached in relation to board gender diversity.

Having provided, in this chapter, a detailed understanding of the similarities and differences in the evolution of corporate governance law and practice in China and India, Chapter 5 will now examine the implications of differences at the organisational level in both nations, with a particular focus on the role of the state.

## **CHAPTER 6: RESULTS PHASE II: BOARD GENDER DIVERSITY IN CHINA AND INDIA**

### **6.1 Introduction**

Chapter 5 provided a detailed background to the evolution of modern corporate governance law in China and India. This chapter sets out the results and findings from Phase II of the study undertaken for this thesis.

As outlined in Chapter 5, China and India have adopted very different approaches to the question of whether corporate governance institutions should regulate for board gender diversity. These differences are deeply rooted in the different historical, political and economic settings of the two nations. The focus of this Chapter is on the role of state ownership as an organisational predictor of board gender diversity in major listed firms of China and India. The conclusion is reached that in China, where women's political empowerment is low compared to women's economic empowerment, there is a negative relationship between state-ownership and board gender diversity. This relationship was found to exist in a study of all mainland Chinese firms listed on the Hong Kong stock exchange at two points in time: 2009 and 2015. In India, on the other hand, where women's political empowerment is high relative to the very low level of women's economic empowerment, the opposite situation prevails. Prior to corporate law reforms promulgated in 2013, there was a small but significant positive relationship between state ownership and board gender diversity. By 2015, however, this effect had been neutralised, following the entry into effect of new state-issued regulations requiring all listed firms, regardless of ownership, to have a least one woman on the board.

This chapter presents the results of a regression analysis of organisational predictors of board gender diversity in China and India. In addition to (i) proportion of state

ownership as the independent variable of most interest, the other independent variables included in the analysis are (ii) size of board; (iii) size of workforce and, (iv) proportion of women in the workforce. Data for variable (iv) proportion of women in the workforce could only be collected for financial year 2015, as inadequate reporting regimes in 2009 meant that female workforce participation figures were not included in company reports for that year in either China or India. Chinese firms were still not reporting workforce gender diversity figures by 2015, but it was possible to utilise industry sector female workforce participation figures as a proxy for proportion of women in the workforce of Chinese firms in that year (see Chapter 3 above).

A summary of the hypothesised relationships tested in Phase II of this study is presented below:

<b>Hypothesis No. (Phase Two)</b>	<b>Independent variable</b>	<b>Hypothesised Relationship</b>	<b>Dependent Variable</b>
<b>H2(a)</b>	% State_Ownership	+ ve	
<b>H2(b)</b>	Board Size	+ ve	Representation of Women on Boards
<b>H2(c)</b>	Workforce Size	+ ve	% - 2009 and % - 2015
<b>H2(d)</b>	% Wom_Workforce	+ ve	

**Table 6.1: Summary of hypothesised relationships, Phase II**

## 6.2 Results of the regression analysis

The results of the correlation analysis and hierarchical regression analysis are presented below. Tables 6.2 and 6.3 present results relating to Chinese H-share firms as at the end of 2009. Tables 6.4 and 6.5 present results relating to Chinese H-share firms as at the end of 2015. Tables 6.6 and 6.7 then present results of analysis of data collected from BSE-listed Indian firm Annual report for the 2009 financial year. Tables 6.8 and 6.9 present results relating to BSE-listed firms as at the end of the 2015 financial year.

Variable	Mean	S.D.	1	2	3	4
1.%WoB'09	8.28	8.7	1.0			
2.%State_Own	45.46	24.6	-.18*	1.0		
3. Board_size	10.7	2.66	.047	.167*	1.0	
4.Workforce	44,118	92,810	-.05	.35**	.315**	1.0

<sup>a</sup> N = 125

\* Significant at p<.05 level.

\*\* Significant at p<.005 level.

**Table 6.2: Descriptive Statistics and Correlations: Women on Boards (China H-share firms 2009)**

Independent variables	Model 1	Model 2	Model 3
1. State Ownership	-.18*	-.193*	-.19*
2. Board size		.079	.081
3. %Workforce			-.009
R <sup>2</sup>	.032	.038	.038
Adjusted R <sup>2</sup>	.024	.023	.015
F-statistic	4.11*	.772	.008

<sup>a</sup> N = 125

\* Significant at  $p < .05$

**Table 6.3: Regressions relating % WoB with other organisational variables (H-share firms, 2009)**

Variable	Mean	S.D.	1	2	3	4	5
1.%WoB'15	10.39	10.19	1.0				
2. State_Own	41.96	26.4	-.36**	1.0			
3.Board size	10.43	2.59	.004	.055	1.0		
4.Workforce	44,457	88,310	-.093	.296**	.21**	1.0	
5.%WomWo	35.5	11.89	.17*	-.195**	.376**	.061	1.0

<sup>a</sup> N = 174

\* Significant at  $p < .05$  level.

\*\* Significant at  $p < .005$  level.

**Table 6.4: Descriptive Statistics and Correlations: Women on Boards (China H-share firms 2015)**

Independent variables	Model 1	Model 2	Model 3	Model 4
1. State_Own	-.36**	-.361**	-.364**	-.297**
2. Board_size		.024	.022	-.087
3. Workforce			.01	-.005
4. %Wom_Wk				.29**
R <sup>2</sup>	.13	.13	.13	.198
Adjusted R <sup>2</sup>	.124	.12	.115	.179
F-statistic	25.6**	.116	.017	14.33**

<sup>a</sup> N = 174

\*\* Significant at p < .005

**Table 6.5: Regressions relating % WoB with other organisational variables (H-share firms, 2015)**

Variable	Mean	S.D.	1	2	3	4
1.%WoB'09	4.7	6.3	1.0			
2. State_Own	16.9	28	.198**	1.0		
3.Board_size	10	2.8	.118*	.283**	1.0	
4.Workforce	9,247	19,312	.144*	.257**	.227**	1.0

<sup>a</sup> N = 241

\* Significant at p<.05 level.

\*\* Significant at p<.005 level.

**Table 6.6: Descriptive Statistics and Correlations: Women on Boards (Indian firms 2009)**

Independent variables	Model 1	Model 2	Model 3
1. State Ownership	.198**	.179*	.16*
2. Board size		.067	.051
3. %Workforce			.091
R <sup>2</sup>	.039	.043	.051
Adjusted R <sup>2</sup>	.035	.035	.039
F-statistic	9.79**	1.02	1.89

<sup>a</sup> N = 241

\* Significant at p < .05

\*\* Significant at p < .005 level.

**Table 6.7: Regressions relating % WoB with other organisational variables (Indian firms, 2009)**

Variable	Mean	S.D.	1	2	3	4	5
1.%WoB'15	12.94	5.97	1.0				
2. State_Own	13.14	25.9	-.158*	1.0			
3.Board size	10.26	2.5	-.298**	.187*	1.0		
4.Workforce	16,919	38,465	.023	.142*	.21**	1.0	
5.%WomWo	12.74	12.02	.167*	.076	-.108	.29**	1.0

<sup>a</sup> N = 184

\* Significant at p < .05 level.

\*\* Significant at p < .005 level.

**Table 6.8: Descriptive Statistics and Correlations: Women on Boards (Indian firms, 2015)**

Independent variables	Model 1	Model 2	Model 3	Model 4
1. State_Own	-.158*	-.107	-.117	-.125
2. Board_size		-.278**	-.29**	-.267**
3. Workforce			.088	.046
4. %Wom_Wk				.134
R <sup>2</sup>	.025	.10	.107	.123
Adjusted R <sup>2</sup>	.02	.09	.092	.103
F-statistic	4.69*	14.97**	1.49	3.264

<sup>a</sup> N = 184

\*\* Significant at  $p < .005$

**Table 6.9: Regressions relating % WoB with other organisational variables (Indian firms, 2015)**

### 6.3 Results of the analysis

Data collected in relation to listed Chinese and Indian firms was analysed to test the following hypotheses:

- H2(a) There is a positive relationship between state-ownership and board gender diversity in both China and India;
- H2(b) The size of a company's board will be positively related to board gender diversity in both China and India;
- H2(c) There is a positive relationship between the size of a company's workforce and board gender diversity in both China and India;
- H2(d) There is a positive relationship between female workforce participation and board gender diversity in both China and India.

The results of the data analysis reveal interesting longitudinal differences between China and India.

#### 6.3.1 China

The results of the analysis reveal a negative and significant relationship between state-ownership and board gender diversity amongst Hong-Kong listed Chinese firms in both 2009 ( $r = -.18$ ;  $p < .05$ ) and 2015 ( $r = -.36$ ;  $p < .005$ ). The overall percentage of women on H-share boards increased slightly between 2009 and 2015 (from 8.28% to 10.39%), confirming the findings of other studies exploring board gender diversity in Hong Kong and China (Community Business, 2012, 2016, 2017). At the same time, however, the negative relationship between state ownership and board gender diversity become stronger over the years between 2009 and 2015. Hypothesis 2(a) was not confirmed in the case of Chinese H-share firms.

Analysis of the data from 2009 reveals a positive relationship between state ownership and board size ( $r = .167$ ;  $p < .05$ ), although this relationship is no longer revealed as

significant by 2015 ( $r = .055$ ;  $p > .2$ ). There is also a positive and significant relationship between state ownership and workforce size in 2009 that remains significant in 2015 (2009:  $r = .35$ ;  $p < .005$ ; 2015:  $r = .296$ ;  $p < .005$ ). This finding is firmly in line with the results of other studies to the effect that state-controlled firms in China have larger (and often less productive) workforces, and larger boards, than their private sector counterparts (Shi, 2012; de Jonge, 2008). There was no significant relationship found between female representation on boards and either board size or workforce size, although analysis of the data from 2015 did reveal a positive relationship between female workforce representation and board gender diversity ( $r = .17$ ;  $p < .05$ ). In the Chinese H-share context, Hypotheses 2(b) and 2(c) were not confirmed, while hypothesis 2(d) did receive some confirmation.

### **6.3.2 India**

Analysis of data taken from Indian BSE-listed firms reveals some interesting changes taking place between 2009 and 2015. In 2009, there was a positive and significant relationship between state ownership and board gender diversity ( $r = .198$ ,  $p < .005$ ). State owned firms were significantly more likely to have one or more women on the board. State firms were also significantly more likely to have larger boards ( $r = .283$ ,  $p < .005$ ), and more likely to have a larger workforce ( $r = .257$ ,  $p < .005$ ). What is less clear, however, is the existence of any significant positive relationship between board gender diversity and either board size or workforce size. While the analysis revealed some correlation between board gender diversity and both board size ( $r = .118$ ,  $p < .05$ ), and workforce size ( $r = .144$ ,  $p < .05$ ), adding board and workforce size did not add significantly to the predictive strength of a regression model (Table 6.7). In the Indian context, Hypotheses 2(b) and 2(c) received only ambiguous confirmation.

By 2015 new listing rule standards were beginning to take effect, as reflected in the changing boardroom profile of listed Indian firms. The proportion of women on the boards of Indian firms rose from around 5% in 2009 to around 13% in 2015. New regulations effectively transferred a state-led vision of corporate leadership, and boardroom gender diversity in particular - to the private sector, so that the difference between state-owned and private-sector firms disappeared. Indeed, by 2015 it seems that state-controlled firms, on average, had fewer women on the board than their private sector peers. Analysis of the data from 2015 revealed a significant negative relationship between state ownership and board gender diversity ( $r = -.158$ ;  $p < .05$ ) (Table 6.8). State ownership was still positively related to both board size ( $r = .187$ ;  $p < .05$ ) and workforce size ( $r = .142$ ;  $p < .05$ ).

Unlike Norway, where the boardroom gender quota rule is written as a percentage, a rule such as the one introduced in India requiring all boards to have at least one woman director, has a potentially much greater impact on firms with smaller boards than on firms with larger boards. A firm with a five-man board increases its board gender diversity by over 16% when it adds a woman to the board, while a firm with a ten-man board increases its board gender diversity by less than 10% when it adds a female member. The difference in impact becomes even greater if, instead of increasing the size of the board, the introduction of a female director displaces a male director from his seat. If this occurs, then the five-member board suddenly has 20% women directors, while the ten-member board is now 10% female. This study's analysis of the data revealed that the average board size of listed Indian firms rose by considerably less than one - only 0.26 (from 10 to 10.26) - between 2009 and 2015. It seems that the addition of a woman director did not serve to increase the board size of Indian firms by one; but was more likely to reduce the number of men on the board by one.

What this means in statistical terms is that when all listed Indian firms were suddenly required to have a woman on the board, this has had a greater impact on smaller boards than on larger boards, creating a significant negative relationship between board size and board gender diversity ( $r = -.298$ ;  $p < .005$ ). In other words, the overall impact of the introduction of a regulated gender quota in India has been to ensure that hypothesis 2(b) is no longer confirmed; nor was there support for hypothesis 2(c), since no significant relationship was revealed between workforce size and board gender diversity.

In 2015, Indian firms with larger boards also had larger workforce numbers. Firms with larger workforce number were also more likely to have a higher proportion of female workers ( $r = .29$ ;  $p < .005$ ). There was also a positive relationship between female workforce participation and board gender diversity ( $r = .167$ ;  $p < .05$ ), providing some support for hypothesis 2(d), although adding female workforce participation did not add significant predictive value to the regression model. Overall, the most important predictor of boardroom gender diversity in 2015 was board size, with smaller boards being disproportionately affected by the one-woman director rule.

What is clear from the analysis is that the profile of Indian company boards is changing, and that an important aspect of that evolution is that more Indian women are entering the boardroom. This finding raises the question of “who exactly are the women who are gaining this entry?” This question is particularly important in light of comments made throughout the enactment and early implementation of the new one-woman-director rule for listed Indian firms that senior male directors would ensure that their wives, sisters, daughters and nieces were appointed to the new positions, essentially to act as their proxies. An additional step was therefore added to Phase II

of this study in order to examine the extent this allegation has been borne out in practice.

#### **6.4 Who are India's post-reform women directors?**

An analysis was conducted of all women on the boards of firms included within the constituent list of the BSE200 index. Annual reports from the 2015-16 financial year were consulted. The average (mean) board size was 10.17. The most common board size was ten directors (39 firms) and the next most common board sizes were 12 directors (30 firms), eight directors (30 firms) and 11 directors (25 firms). The average (mean) number of women on the boards of BSE200 companies in 2015 was 1.29. Of a total of 2,033 director seats on the boards of BSE200 companies, 258 were occupied by women. However, these seats were not all occupied by different women. Rather, a number of key women - 'golden saris' – found themselves appointed to more than one director's chair, as follows:

Ireena Vittal	5 directorships
Rajashree Birla	5 directorships
Rama Bijapurkar	4 directorships
Renu S. Karnad	4 directorships
Gita Piramal	4 directorships
Vibha Risha	3 directorships
Usha Sangwan	3 directorships
Falguni Nayar	3 directorships
Vinita Bali	2 directorships
Hema Ravichandar	2 directorships
Punita Lal	2 directorships
Chanda Kochhar	2 directorships

In other words, the 258 director positions occupied by women were controlled by a cohort of 230 individual women. Of these, the greatest majority of the seats occupied by women - 151 out of 258 seats - were held by independent directors. Forty-two positions were held by non-independent non-executive directors, while only 20

positions held by women were executive directorship positions. Twenty-seven women director positions were occupied by immediate members of the promoter or controlling family. Nineteen women directors held their position in role of government nominee. Of the 200 firms included in the BSE200 index, only ten had a board headed by a woman Chair in 2015, and even fewer, six firms, were led by a woman CEO. While Indian boards are complying with new gender diversity expectations, it seems that they still struggle with the notion of women as leaders.

Figures for the NSE are available on the Indian Boards Database. These figures revealed that by mid-2018, there were a total of 14,956 directorship positions for a total of 1,772 NSE-listed companies – an average of between 8 and 9 directors on the board of each listed firm. The 14,956 positions were held by 11,047 individuals. Of the 14,956 directorship positions on the boards of NSE-listed firms, 2,301 (15.4%) were held by women. These 2,301 directorship seats held by women were shared between 1,734 individual women. Of the 2,301 directorship positions held by women, 1,395 (60.6%) were independent directorships. These 1,395 women-held independent directorship positions were shared between 925 individual women, indicating that a significant number of women independent directors held seats on the board of more than one NSE-listed firm. It seems that a small, elite class of professional Indian women is finding a space inside male-dominated boardrooms. The extent to which they will actually serve to change the culture of those boardrooms remains to be seen.

## **6.5 Summary of Chapter 6**

This Chapter has presented the results of a regression analysis of the relationships between board gender diversity and four independent variables - company ownership, board size, workforce size and female workforce participation - in China and India.

In China, where women's political empowerment is relatively low, the question of regulating for board gender diversity has barely appeared on the political landscape. To the extent that Chinese women have succeeded in corporate careers, such success forms part of the landscape of female economic empowerment in that country. In India, in contrast, the level of female economic empowerment remains much lower than both the level of female political empowerment, and much lower than the level of female economic empowerment in China (WEF, 2017). What has happened, however is that the successful placing of board gender diversity on the political agenda in India has resulted in regulatory reform, which in turn has facilitated a noticeable increase in female participation on the boards of listed Indian firms.

The state-owned listed corporation in China is an extension of political empowerment into the running of an economically active entity. Regression model testing revealed that in China, where women's political empowerment is relatively low, there is a negative relationship between the level of state ownership in a listed firm and the presence of women on the board of that firm. This negative relationship grew stronger over the period 2009-2015. There was a positive and significant relationship between state ownership and workforce size in both 2009 and 2015, confirming previous literature highlighting the larger workforce size of Chinese state-owned firms compared to their private-sector counterparts. Firms with a larger workforce tended to have larger boards, although this relationship grew weaker between 2009 and 2015. Moreover, there was no significant relationship between state-ownership and larger board size. Neither board size nor workforce size was a significant predictor of board gender diversity in Chinese firms. Workforce gender diversity in China was, however, found to be a significant predictor of board gender diversity.

In India, an interesting change occurred between 2009 and 2015; a change which this study attributes to the introduction of a new gender diversity legal requirement for listed firms in 2013. India is characterised by the WEF Gender Gap Index as a nation where the level of women's political empowerment is relatively high. In this study it was found that in state-owned Indian firms, where political appointees play a role in directorship appointments, a positive (and significant) relationship existed between state ownership and board gender diversity in 2009. However, this relationship had turned negative by 2015. In other words, state-owned firms appear to have been more inertial in the face of regulatory change than their private sector counterparts. The other interesting change between 2009 and 2015 was in the relationship between board size and board gender diversity which likewise changed from a small but significant positive relationship to a negative relationship. This Chapter explained this change by highlighting the disproportionate impact of the 'one women director' rule introduced in 2013 on smaller boards. As in China, a positive (though smaller) relationship was revealed between workforce gender diversity and board gender diversity in 2015.

In order to further understand the nature of the rapid increase in the percentage of women directors on the boards of Indian listed firms an additional step was added to Phase II of this study. This chapter revealed that well over half of the increased number of women directors are independent directors. That is, they have no personal, financial or contractual relationship with the firm or other members of the board. A relatively small percentage of the increased number of women directors in listed Indian firms - less than 20% - are family members or close connections of the controlling promoter group.

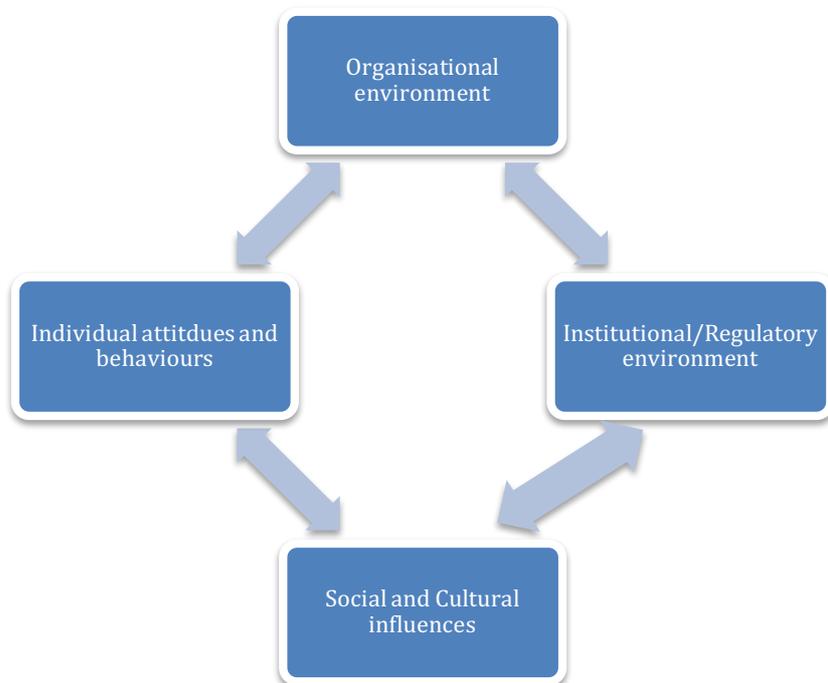
Chapters 4 and 5 of this thesis examined the regulatory, institutional, political and economic context of board gender diversity. This Chapter has provided a focus on the

organisational features forming the context for board gender diversity in China and India. This thesis now turns, in Chapter 7, to the individuals who make up the boardrooms of China and India.

## CHAPTER 7: PHASE III: ATTITUDES TOWARDS GENDER DIVERSITY AND AFFIRMATIVE ACTION IN CHINA AND INDIA

### 7.1 Introduction

Chapter 6 discussed the findings of this study in reference to H2(a) - H2(d) inclusive. This chapter presents findings in relation to H3(a) - H3(g) inclusive. As discussed in Chapter 2, The conceptual framework developed from the literature and used to analyse survey data, is based on a model of recursive interactions between individual attitudes and behaviours, organisational environments, social/cultural influences and institutional/regulatory forces. This conceptual framework was illustrated in Figure 2.1, which is reproduced here for ease of reference as Figure 7.1:



*Figure 7.1: Diagram of recursive inter-actions between individual, organisational and social-level determinants of board gender diversity.*

The key to understanding this conceptual framework is that it is not meant to be causal in any unidirectional sense, but its aim is to illustrate relationships in a bi-directional and multi-directional sense. In other words, individual, cultural/social, organisational and institutional/regulatory factors are all formed by, and help to form, each other (Allaire & Firsirotu, 1984; Moran & Volkwein, 1992; Tsui et al., 2006). Individual attitudes both influence; and are influenced by, the social and organisational environment within which the individual operates (Tsui et al., 2006; Bovey & Hede, 2001). The organisational environment, in turn, is partly modelled by, and also helps to shape, regulatory institutions. Rules about how organisations are formed and how they should operate are shaped by organisational lobbying and other inputs into debates about regulatory change (Shaffer, 2009; OECD & CleanGovBus, 2012; Kozuka & Nottage, 2018). Institutional cultures help to shape, and are also shaped by, the beliefs, attitudes, behaviour and preferences of the individuals who operate within the organisation. Individuals, organisations and regulatory institutions, in turn, are all both part of, and operate with the context of, wider social/cultural influences. The value of this conceptual framework is that by recognising the overlap between insights from different disciplines (law and management), it draws from the strongest aspects of different perspectives on the problem under examination.

As explained in Chapter 3, the broad conceptual framework described above was drawn upon to develop a survey questionnaire sent to senior company personnel in China and India. Senior company leaders were identified as an epistemic community most directly affected by any regulatory change designed to facilitate board gender diversity. An epistemic community can be defined as a network of professionals sharing a common epistemology. It is a network of individuals with recognised knowledge and skill in a particular issue area, and sharing a common set of

perspectives, values and interests (Haas, 1997; Djelic & Quack, 2010). The aim of the survey developed for this study was to explore the attitudes and beliefs of management professionals in China and India towards a range of board gender diversity policies and practices. The results of the survey were supplemented by conducting a small number of discussion-interviews with company leaders from India.

In this study, the use of a survey supported by interviews as research methodology is aimed at understanding more closely a small, but very important, cross-section of the relationships outlined in the conceptual framework described above. Senior company leaders, as individuals, are both influenced by, and help to shape, the culture of the organisation they operate in. The attitudes and beliefs of senior company personnel play an important part in determining how the organisation, as a whole, responds to institutional and/or social pressures for change. Company leaders also play an important part in providing feedback to regulators and in helping (or failing to) promote and implement regulatory change. The manner in which senior company leaders interact with institutional authorities plays an important part in determining the path of regulatory implementation.

The particular type of change this study focuses upon is that brought about by board gender diversity rules, policies and guidelines when applied to listed corporation governance structures. What are the attitudes and beliefs of senior company leaders in relation to such change, and what do these attitudes suggest in relation to potential levels of organisational resistance to regulatory change? The results of the survey also provide an insight into the level of acceptance (or resistance) future regulatory reforms aimed at improving board gender diversity might meet with if introduced. What the European experience demonstrates is that this level of acceptance (or resistance) to

regulatory reform can play a major part in determining how successful (or ineffective) a particular reform will be (Senden, 2014; Du, 2016; Hughes, Paxton & Krook, 2017).

The rest of this Chapter presents findings from the survey, supplemented by a small number of follow-up discussion-interviews with respondents from India. As explained in Chapter 3, the survey questionnaire was designed to explore seven hypotheses as presented in Chapter 1; and discussed in Chapter 2. These are summarised in Table 7.1 below:

<b>Hypothesis no.</b>	<b>Question: barriers to boardroom entry for women</b> <b>112 Chinese respondents</b> <b>54 Indian respondents</b>	<b>Expected comparative outcome (comparison of means test)</b>
<b>H3(a)</b>	Importance of socio-cultural/ educational barriers	Indian > Chinese
<b>H3(b)</b>	Importance of political barriers	Chinese > Indian
<b>H3(c)</b>	Importance of business networks	Indian > Chinese
<b>H3(d)</b>	Importance of personal preferences	Male > Female
<b>H3(e)</b>	Importance of broader socio-cultural factors	Female > Male
	<b>Question: Attitudes towards gender-diversity measures</b>	
<b>H3(f)</b>	Level of support for measures aimed at facilitating board gender diversity	Female > Male
<b>H3(g)</b>		Indian > Chinese

**Table 7.1: Phase III: Summary of hypotheses**

## **7.2 Demographic data results**

### **7.2.1 The respondents**

One hundred and sixty-six respondents participated in the survey. Of the total respondents, there were 112 respondents from Chinese firms, and 54 respondents from Indian firms.

Of the Chinese participants, 58 (52%) were men, and 54 (48%) were women. The most well represented industry sectors among the Chinese sample were industrials (32 = 28.8%), IT (19 = 17.1%) and financial services (13 = 11.6%). Respondents were mostly at section manager level (42 = 37.5%), company secretary (27 = 24.1%) or managerial level (21 = 18.8%). Five respondents were board directors.

Indian respondents had a similar profile. Of a total of 54 respondents, 29 (54%) were men and 25 (46%) were women. All industry sectors were represented with the most common being the discretionary consumer sector (17 = 31.5%), IT sector (7 = 13%), financial services (7 = 13%) and industrials (6 = 11.1%). Most respondents were at managerial level (14 = 25.9%), although company directors (11 = 20.4%) and section managers (9 = 16.7%) were also well represented.

### **7.2.2 The firms and their boards**

The average (mean) number of directors on the boards of Chinese firms from which responses were received was 9. The average number of women directors was less than one (0.8). One hundred valid responses were received, with 12 of the 112 Chinese respondents either not responding or responding 'do not know'. Fifty-seven out of 100 valid responses indicated that the respondent's firm had no women director on the board, while 23 responses came from a respondent based at a firm with one woman on the board, and 14 from a firm which had two female directors. The average (mean)

number of employees (from 89 valid responses) was 33,775, with a median of 3,000 and ranging from the largest firm at 450,000 employees to the smallest with just 5 employees. Twenty-three respondents either did not respond or responded 'do not know' to this question.

Indian firms represented in the survey had boards of a similar size to those represented in the Chinese sample, with an average board size of 8.4 directors. There was a higher proportion of women directors in a sample less than half the size of the Chinese sample. The average (mean) number of women directors on the boards of represented firms was higher than two (2.1) women per board or 25%. Eleven respondents (20.4%) indicated that the board of their firm had no women directors, while 12 (22.2%) came from a firm with one woman director, six respondents (11.1%) were based at a firm with two women directors and nine (16.7%) came from firms having three woman directors. Five respondents (9.3%) indicated that their firm had four women directors, while another five indicated that they were from a firm with five woman directors. Two Indian respondents (3.7%) stated that they were from a firm with six women directors, while four respondents (7.4%) failed to respond to this question. The slightly high proportion of female director representation amongst the sample (compared to the Indian average of around 12%) indicates a selection bias in targeting respondents likely to complete the questionnaire and a self-selection bias amongst respondents. The average (mean) number of employees in represented firms was 35,313, with a median of 700 and ranging from the largest firm at 1,000,000 and the smallest with just 8 employees.

### **7.2.3 What policies were in place at firm level?**

Of the 112 respondents from China, 33 (29.5%) said that the firm they worked for had policies in place allowing for flexible working hours, while 78 (69.6%) indicated that

their employer had no flexible working hours in place. Forty-nine respondents (43.8%) indicated that the company employing them offered paid maternity leave, while 62 (55.4%) indicated that their employer did not offer a paid maternity leave entitlement. Carer's leave was equally available, with 50 respondents (44.6%) having access to carer's leave (paid or unpaid), while 61 respondents (54.5%) indicated that they did not have access to carer's leave. Only 11 respondents (9.8%) came from a firm that made child care facilities available, while 99 (88.4%) did not. Two respondents were not sure whether the firm offered child care facilities.

So far as mentoring and training schemes are concerned, 30 respondents (26.8%) indicated the firm they worked for offered mentoring schemes for their senior women, while 19 respondents (17%) came from a firm offering training opportunities to their women employees. Eighteen (16%) of the 112 Chinese respondents indicated that the firm for which they worked provided other forms of education and study support for their women employees, including financial support and/or study leave.

Amongst the Indian respondents, the most commonly available women-friendly policy was flexible working hours, followed by paid maternity leave. Thirty-eight Indian respondents (70.4%) indicated that they worked in a firm implementing a flexible working hours policy, and 28 respondents (51.9%) indicated that women employees had access to paid maternity leave. Twenty respondents (37%) indicated that childcare facilities were available in the work place, while 30 respondents (55.6%) indicated that no such facilities were available. Four respondents (7.4%) were unable to say whether or not child care facilities were available at their firm. Carer's leave was a rare privilege, with only nine respondents (16.7%) indicating that such leave was available to employees in the company they worked for. Fifteen respondents (27.8%) indicated that women employees had access to training opportunities; 15 respondents indicated

that women employees had access to mentoring opportunities and 14 respondents (25.9%) indicated that study support was available to company employees.

### **7.3 Testing the hypotheses: Beliefs about barriers to boardroom entry faced by women**

#### **7.3.1 Country-level differences**

H3(a): *Indian respondents, on average, will rank educational and socio-cultural factors as more important in keeping women out of corporate boardrooms than will their Chinese counterparts.*

Phase III of the study sought respondent views about the relative importance of different factors as potential explanations for women's absence from company boardrooms. Independent sample t-tests were conducted to compare the views of Chinese respondent view with those of Indian respondent in this regard. The tests revealed that on a 5-point Likert scale between 0 and 4 (with 0 defined to mean 'not at all important' and 4 defined as 'very important'), Chinese respondents ranked socio-cultural barriers as having an influence value of 2.87 (SD = 0.896) in keeping women out of boardrooms, while Indian respondents, on average, ranked socio-cultural barriers as having an influence value of 3.13 (SD = 1.00). This difference was not significant  $t(156) = -1.57, p > 0.1$ . Hypothesis 3(a) cannot be said to be supported by this finding.

Survey data also revealed that Indian respondents perceived poor educational attainment as having a significantly stronger influence in keeping women out of boardrooms than did their Chinese counterparts. The most common response from Chinese respondents to this question was that poor educational achievement was *rarely* an influence in preventing women from advancing to the boardroom (42 respondents = 37.5%). The average (mean) influence ranking value given to poor educational attainment by Chinese respondents was 1.44 (SD = 1.06). In India, on the other hand,

the most common response (25 respondents = 46.3%) was that poor educational levels were *very* influential in keeping women out of boardrooms. The average (mean) influence value ranking given to poor educational attainment by Indian respondents was 3.15 (SD = 1.09). This difference was significant:  $t(158) = -9.29$ ,  $p < 0.001$  (equal variances assumed). Hypothesis 3(a) is supported by these results.

Socio-economic factors were also referred to by Indian interviewees, with lack of access for girls and women to educational opportunities mentioned most frequently. All Indian interviewees agreed that it was important for the government to continue efforts aimed at promoting school attendance amongst girls, and at opening up higher education to more women students. In the words of one interviewee [IDF 1] ‘the government should focus on ensuring every girl goes to school, ensuring toilets are built for girls and making sure that teachers arrive on time.’

*H3(b): Chinese respondents, on average, will rank political factors as more important in keeping women out of corporate boardrooms than will their Indian counterparts.*

So far as political barriers are concerned, most Chinese respondents felt that these were possibly influential (33 respondents = 29.7%). Thirty respondents (27%) felt that political barriers were influential in keeping women out of boardrooms, while only 5 Chinese respondents felt that they were *very* influential. Twenty-four respondents (21.6%) felt that political barriers were rarely influential, while 19 respondents (17.1%) felt that political barriers were not at all influential as a factor keeping women out of boardrooms. The average (mean) influence value ranking given to political barriers by Chinese respondents was 1.80 (SD = 1.15).

Amongst Indian respondents, most were also aware of the potential for political barriers to act as a barrier to boardroom entry for women, with nine respondents

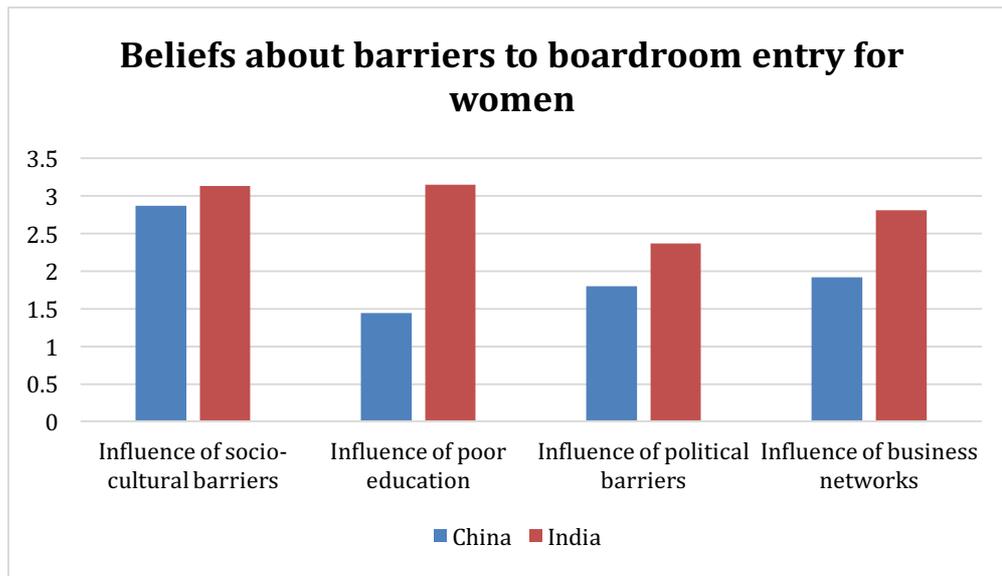
(16.7%) indicating that political barriers were very influential, and 18 respondents (33.3%) agreeing that political barriers were influential. Nine respondents indicated that political barriers were possibly influential. Only twelve respondents (22.2%) indicated that political barriers were either not at all influential (six respondents = 11.1%) or rarely influential (six respondents) in keeping women out of boardrooms. The average (mean) influence value ranking given to political barriers by Indian respondents was 2.37 (SD = 1.28). These findings indicate that Indian respondents tended, on average, to perceive political barriers as having a *higher* degree of influence as a factor in keeping women out of the boardroom than their Chinese counterparts. Moreover, the difference between the two groups was significant:  $t(157) = -2.79, p < 0.05$  (equal variances assumed). These findings tend to disprove Hypothesis 3(b).

H3(c): *Indian respondents, on average, will rank business networks as more important in keeping women out of boardrooms than their Chinese counterparts.*

Throughout Asia, including in China but especially so in India, business networks often overlap with family networks. The present study found that most Chinese respondents (42 = 37.8%) felt that business networks were 'possibly influential' in excluding women from the boardroom. Twenty-nine respondents (26.1%) indicated a belief that business networks were influential in keeping women out of boardrooms, while five respondents (4.5%) felt that such networks were very influential. Twenty-two respondents (19.8%) felt that business networks were rarely influential, and 13 respondents (11.7%) felt that they were not at all influential in keeping women out of boardrooms. The average (mean) influence value ranking given to business networks as a factor explaining women's absence from Chinese corporate boardrooms was 1.92 (SD = 1.05).

The importance of family ties and family networks in Indian corporate life was discussed in Chapters 5 and 6 above. Given this importance, it is not surprising that most Indian respondents felt that business networks were very influential in keeping women out of boardrooms (19 respondents = 35.2%). Ten respondents (18.5%) indicated that business networks were 'influential' in excluding women from corporate boardrooms, while 12 respondents (22.2%) indicated that they were 'possibly influential'. Only seven respondents (13%) were prepared to say that business networks rarely or never operated to exclude women from the boardroom. Amongst Indian respondents, the average (mean) influence value ranking given to business networks was 2.81 (SD = 1.18). The difference between Chinese and Indian respondents on this question was significant:  $t(157) = -4.88, p < .001$ . These results provide support for hypothesis 3(c).

The differences between Chinese and Indian respondents in relation to their beliefs about the influence of various barriers to boardroom entry for women are summarised in Figure 7.2 below:



**Figure 7.2: Country-level differences in beliefs about barriers to boardroom entry faced by women (shown: mean levels of influence attributed).**

### 7.3.2 Gender-level differences

H3(d): *Male respondents, on average will rank personal preference factors as being more influential in keeping women out of boardrooms than will female respondents.*

The survey questionnaire asked all respondents to consider three personal (individual) characteristics - a lack of confidence, a preference for staying at home and a preference for childcare - and to rank each in its level of importance as a factor keeping women out of company boardrooms. There was no significant difference between men and women respondents on any of these questions. Eighty-five men responded to the question regarding women's lack of confidence as a barrier to obtaining a boardroom appointment, with an average (mean) influence ranking of 2.09 (SD = .97) on a 5-point Likert scale (with 0 = not at influential; 4 = very influential). Seventy-six women responded to the same question with an average (mean) ranking of 2.13 level of influence. The difference between the two groups was not significant:  $t(159) = -.24$ ,  $p > .8$ .

Eighty-three men responded to the question regarding women's preference for staying at home as a potential barrier to boardroom entry, with an average (mean) influence ranking of 2.19 (SD = 1.14) on a 5-point Likert scale (0 = not at all influential; 4 = very influential). This compared with an average (mean) ranking of 2.00 (SD = 1.19) in level of influence attributed to women's preference for staying at home by 76 women respondents. The difference between the two groups was not significant  $t(157) = 1.04, p > .25$ .

So far as an hypothesised female preference for childcare is concerned, 84 male respondents gave this an average (mean) influence ranking of 2.67 (SD = 1.06) on a 5-point Likert scale (0 = not at all influential; 4 = very influential). This compared with an average (mean) ranking of 2.82 (SD = .98) in level of influence attributed to women's tendency to prioritise childcare by 76 women respondents. The difference between the two groups was not significant  $t(158) = -.93, p > .35$ .

*H3(e): Female respondents, on average, will rank broader socio-cultural factors, political factors and business networks as more influential in keeping women out of boardrooms than will male respondents.*

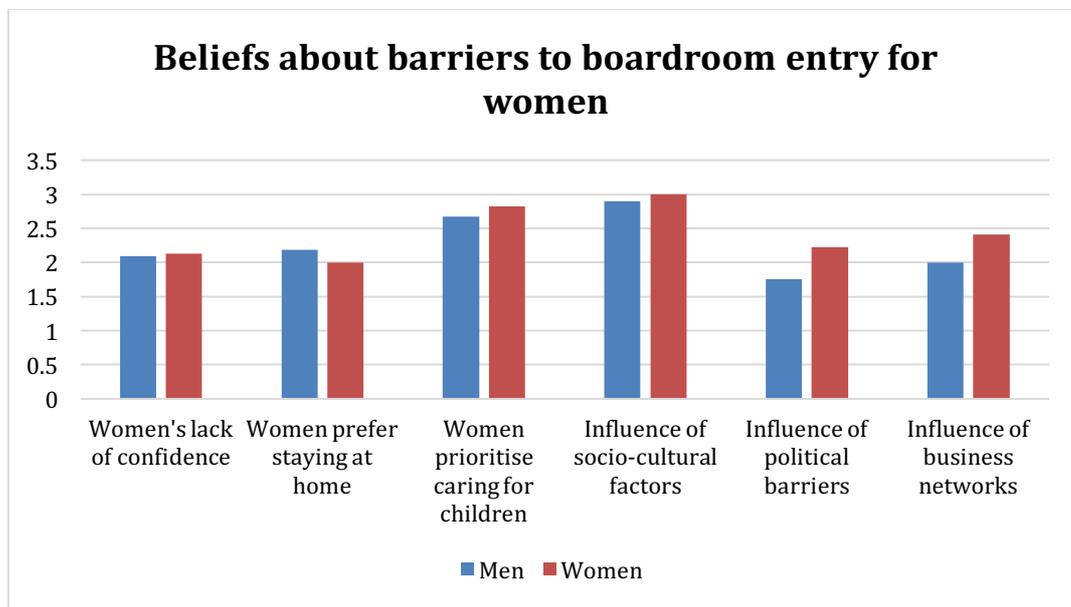
Eighty-two men responded to the question regarding socio-cultural barriers as influential in keeping women out of company boardrooms, with an average (mean) influence ranking of 2.9 (SD = .88) on a 5-point Likert scale (with 0 = not at influential; 4 = very influential). Seventy-six women responded to the same question with an average (mean) ranking of 3.00 level of influence. The difference between the two groups was not significant:  $t(156) = -.65, p > .5$ .

Eighty-three men responded to the question regarding political barriers as influential in keeping women out of company boardrooms, with an average (mean) influence ranking of 1.75 (SD = 1.11) on a 5-point Likert scale (0 = not at all influential; 4 =

very influential). This compared with an average (mean) ranking of 2.22 (SD = 1.11) in level of influence attributed to political barriers by 76 women respondents. The difference between the two groups was significant  $t(157) = -2.5, p < .05$  (equal variances assumed).

So far as business networks are concerned, 83 male respondents gave this an average (mean) influence ranking of 2.0 (SD = 1.11) on a 5-point Likert scale (0 = not at all influential; 4 = very influential). This compared with an average (mean) ranking of 2.41 (SD = 1.18) in level of influence attributed to business networks as a barrier to boardroom entry by 76 women respondents. The difference between the two groups was significant  $t(154) = -2.24, p < .05$  (equal variances assumed).

Gender-level differences between respondents in relation to their beliefs about barriers to boardroom entry for women are summarised in Figure 7.3 below:



**Figure 7.3: Gender-level differences in beliefs about barriers to boardroom entry faced by women (shown: mean levels of importance attributed).**

## **7.4 Support for policy measures aimed at facilitating entry to the boardroom for women**

As described in Chapter 3, survey data were analysed to measure differences in levels of support for a variety of policy measures at gender level and at country level.

### **7.4.1 Gender-level differences**

H3(f): *Female respondents will, on average, demonstrate a higher level of support for affirmative action measures than will male respondents.*

Women respondents expressed significantly higher levels of support for all types of affirmative action measures asked about in the survey questionnaire.

There was a high level of support for both employer-funded and publicly-funded maternity leave amongst both men and women respondents. Eighty-five male respondents expressed an average (mean) support level of 3.08 (SD = .86) for employer-funded maternity leave on a 5-point Likert scale (0 = strongly opposed; 4 = strongly support). This compared to a 3.46 (SD = .84) average (mean) level of support amongst 76 female respondents for employer-funded maternity leave. The difference between the two gender groups was significant:  $t(159) = -2.81, p < .05$ .

Similarly, 83 male respondents expressed an average (mean) support level of 3.04 (SD = .88) for publicly-funded maternity leave (on a 5-point Likert scale with 0 = strongly opposed; 4 = strongly support), compared to a 3.46 (SD = .76) average support level amongst 76 female respondents. The difference between the two gender groups was significant:  $t(157) = -3.26, p < .005$ .

All levels of support expressed hereafter refer to same 5-point Likert scale where 0 = strongly oppose; 4 = strongly support.

So far as public funding for women-only mentoring schemes is concerned, 83 male respondents expressed an average (mean) support level of 2.73 (SD = .91) compared

to an average (mean) support level of 3.3 (SD = .75) amongst female respondents. The difference between the two gender groups was significant:  $t(159) = -2.73, p < .05$ . As regards the proposal that government investment should be limited to firms having women directors on the board, 83 male respondents expressed an average (mean) level of support of 1.96 (SD = 1.2). This compared to an average (mean) support level of 2.61 (SD = 1.0) expressed by 75 female respondents for this proposal. The difference between the two gender groups was significant:  $t(156) = -3.65, p < .005$ .

Eighty-three male respondents were equally reluctant to support a proposal that female candidates should be preferred for nomination to government-appointed board positions (average support level = 1.96 (SD = 1.06)). This compared to an average support level of 2.62 (SD = .92) expressed by 76 female respondents. Again, the difference between the two gender groups was significant:  $t(157) = -4.13, p < .005$ .

Both men and women were more prepared to express support for the establishment of a board diversity index - a market-oriented mechanism aimed at facilitating board gender diversity. Eighty-four men expressed an average (mean) level of support of 2.2 (S/D = .98) while 77 women respondents expressed an average (mean) support level of 2.97 (S/D = .78). The difference between the two gender groups was significant:  $t(159) = -5.5, p < .005$ .

Men were also significantly more reluctant than women to express support for the introduction of a listing rule (non-mandatory) guideline for board gender diversity, backed by mandatory reporting requirements. Eighty-four male respondents expressed a support level of 1.89 (S/D = 1.14) while 77 of their female colleagues expressed a support level of 2.74 (S/D = 1.02). The difference between the two gender groups was, again, significant:  $t(159) = -4.96, p < .001$ .

A similar proposal put to respondents was the establishment of a regulatory guideline establishing a common but voluntary target for listed firms in China/ India. Eighty-five male respondents expressed an average (mean) support level of 1.95 (S/D = 1.11) compared to 77 of their female colleagues who expressed an average (mean) support level of 2.81 for this proposal (S/D = 0.95). The difference between the two gender groups was similarly significant:  $t(160) = -5.75, p < .001$ .

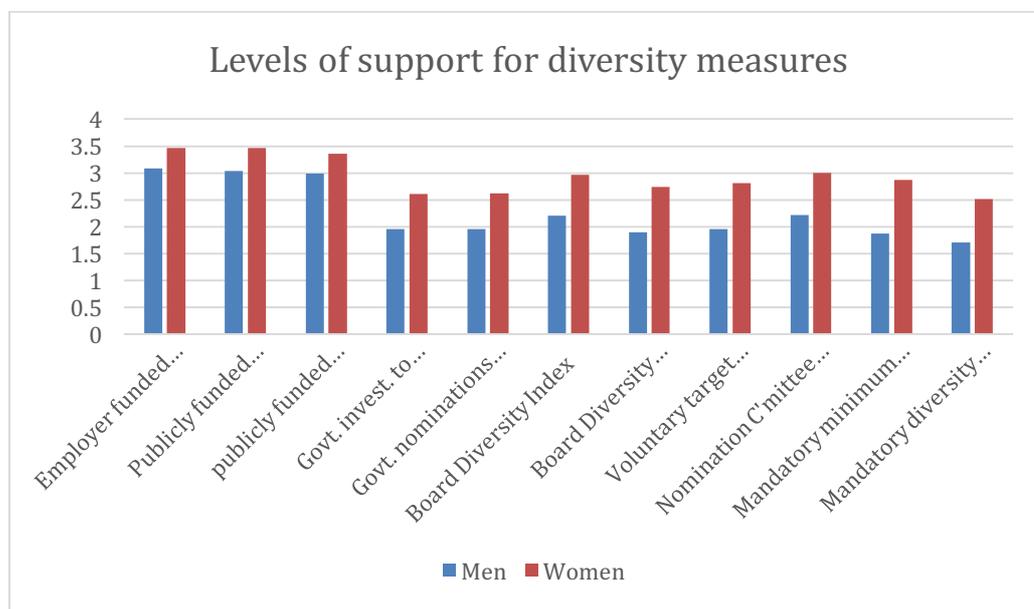
The difference between men and women was even more pronounced when it came to indicating a level of support for the compulsory establishment of a nomination committee charged with developing a policy for recruitment of senior women. Eighty-three male respondents expressed a support level of 2.22 (S/D = 1.06) while 77 of their female colleagues expressed a support level of 3.0 (S/D = 0.91). The difference between the two gender groups on this question was significant:  $t(158) = -5.01, p < .001$ .

The greatest difference between the genders was in levels of support for the establishment of a mandatory minimum number of women directors, such as now exists in India. Eighty-three male respondents expressed an average (mean) support level for such a rule of 1.87 (S/D = 1.21), compared to their female colleagues who expressed an average (mean) support level of 2.87 (S/D = 0.95). The difference between the two gender groups was significant:  $t(158) = -5.81, p < .001$ .

The second greatest differences between the genders was in levels of support for a mandatory quota, such as those established in Norway and elsewhere in Europe. Eighty-four male respondents expressed an average support level of 1.67 (S/D = 1.03) while 77 women expressed an average support level of 2.56 (S/D = 0.93). The difference between the two gender groups was significant:  $t(159) = -5.75, p < .001$ .

So far as a suitable target for board gender diversity was concerned, 72 male respondents expressed a level of support that, on average, fell into the upper-level of the 21%-25% band, while 70 women on average supported a level located within lower limits of the 31%-35% band. The difference between the two gender groups was significant at  $p < .05$  ( $t(140) = -2.54$ ).

Gender-level differences in levels of support for different measures aimed at facilitating entry to the boardroom for women are summarised below in Figure 7.4:



**Figure 7.4: Gender differences in levels of support for measures facilitating board gender diversity (shown: mean levels of support)**

#### 7.4.2 Country-level differences

H3(g): *Indian respondents will, on average, indicate a higher level of support for affirmative action measures than their Chinese counterparts.*

There was a high level of support for both employer-funded and publicly-funded maternity leave amongst both Chinese and Indian respondents. One hundred and twelve Chinese respondents expressed an average (mean) support level of 3.13 (SD = .91) for employer-funded maternity leave on a 5-point Likert scale (0 = strongly

opposed; 4 = strongly support). This compared to a 3.55 (SD = .84) average (mean) level of support amongst 49 Indian respondents for employer-funded maternity leave. The difference between the two gender groups was significant:  $t(159) = -2.86, p < .05$ .

One hundred and eleven Chinese respondents expressed an average (mean) support level of 3.35 (SD = .88) for publicly-funded maternity leave (on a 5-point Likert scale with 0 = strongly opposed; 4 = strongly support). In other words, Chinese respondents expressed a higher level of support for public funding over privately financed maternity leave. Conversely, 48 Indian respondents preferred privately-funded over publicly-funded maternity leave provision, expressing an average (mean) support level of only 2.98 (SD = .98) for publicly-funded leave. The difference between the two country groups was significant:  $t(157) = 2.59, p < .05$ .

All levels of support expressed hereafter refer to same 5-point Likert scale where 0 = strongly oppose; 4 = strongly support.

So far as public funding for women-only mentoring schemes is concerned, 112 Chinese respondents expressed an average (mean) support level of 3.17 (SD = .85) compared to an average (mean) support level of 3.16 (SD = .99) amongst 49 Indian respondents. The difference between the two country groups was minimal:  $t(159) = .04, p > .95$ .

As regards the proposal that government investment should be directed towards firms with women directors on the board, 109 Chinese respondents expressed an average (mean) level of support of 2.13 (SD = 1.06). This compares to an average (mean) support level of 2.59 (SD = 1.3) expressed by 49 Indian respondents for this proposal. The difference between the two gender groups was significant:  $t(156) = -2.36, p < .05$ .

So far as a proposal that female candidates should be preferred for nomination to government-appointed board positions, 110 Chinese respondents expressed an average (mean) support level of 2.01 (SD = .96). This compared to an average support level of 2.88 (SD = .99) expressed by 49 Indian respondents. Again, the difference between the two country groups was significant:  $t(157) = -5.2, p < .005$ .

Both Chinese and Indian respondents were more prepared to express support for the establishment of a board diversity index - a market-oriented mechanism aimed at facilitating board gender diversity. One hundred and eleven Chinese respondents expressed an average (mean) level of support of 2.41 (S/D = .95) while 50 Indian respondents expressed an average (mean) support level of 2.92 (S/D = .92). The difference between the two country groups was significant:  $t(159) = -3.16, p < .005$ .

The next proposal respondents were asked to express a level of support for/ opposition to, was the introduction of a listing rule (non-mandatory) guideline for board gender diversity, backed by mandatory reporting requirements. Again, Chinese respondents were significantly more reluctant than Indian respondents to express support for such a proposal. One hundred and eleven Chinese respondents expressed a support level of 2.05 (S/D = 1.07) while 50 of their Indian counterparts expressed a support level of 2.86 (S/D = 1.16). The difference between the two country groups was, again, significant:  $t(159) = -4.35, p < .001$ .

A similar proposal put to respondents was the establishment of a regulatory guideline establishing a common but voluntary target for listed firms in China/ India. One hundred and eleven Chinese respondents expressed an average (mean) support level of 2.11 (S/D = 1.01) compared to 51 of their Indian counterparts who expressed an

average (mean) support level of 2.9 for this proposal (S/D = 1.15). The difference between the two country groups was significant:  $t(160) = -4.43, p < .001$ .

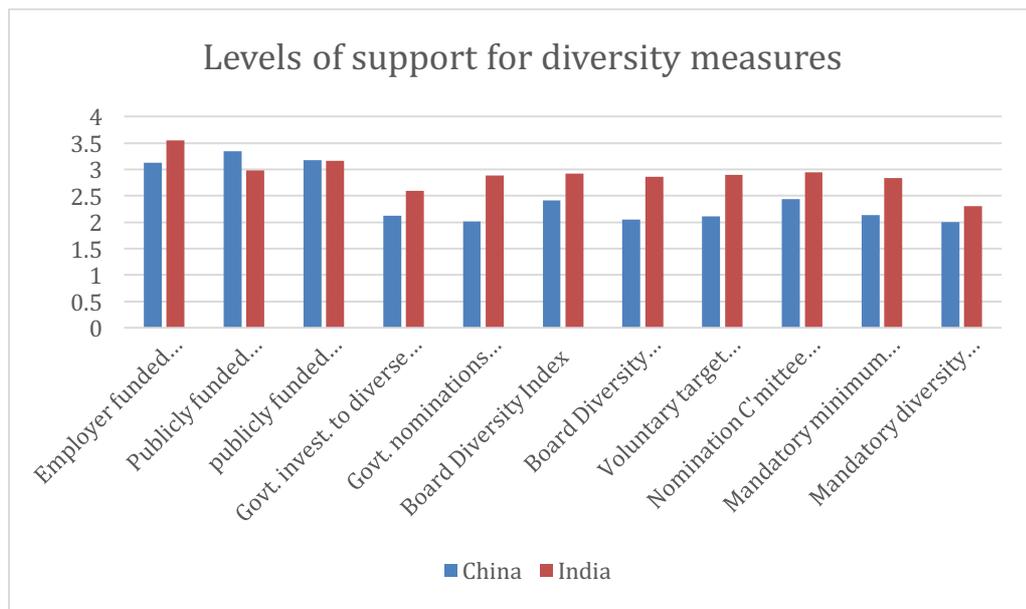
The difference between Chinese respondents and Indian respondents was less pronounced when it came to levels of support for the compulsory establishment by listed firms of a nomination committee charged with developing a policy for recruitment of senior women. One hundred and eleven Chinese respondents expressed a support level of 2.44 (S/D = .98) while 49 of their Indian counterparts expressed a support level of 2.94 (S/D = 1.16). The difference between the two gender groups on this question was significant:  $t(158) = -2.8, p < .05$ .

The country-level difference in levels of support for the establishment of a mandatory minimum number of women directors (such as now exists in India) was not as great as the gender-level difference. One hundred and eleven Chinese respondents expressed an average (mean) support level for such a rule of 2.14 (S/D = 1.14), compared to their Indian counterparts who expressed an average (mean) support level of 2.84 (S/D = 1.2). The difference between the two gender groups remained significant:  $t(158) = -3.53, p < .005$ .

So far as a mandatory quota, such as those established in Norway and elsewhere in Europe is concerned, there was an equally ambiguous and divided perspective on both sides of the China-Indian border. One hundred and eleven Chinese respondents expressed an average support level of 2.0 (S/D = .98) while 50 Indian respondents expressed an average support level only slightly above that at 2.3 (S/D = 1.25). The difference between the two gender groups was minimal:  $t(159) = -1.64, p > .10$ . That this finding is not inconsistent with support for other measures was supported by written comments from both Chinese and Indian respondents expressing the view that:

Government should introduce rules that eliminate discriminatory practices by companies. But not rules that attempts (sic) to force gender equality ... .. Business decisions should be left to businesses (CM68).

So far as a suitable target for board gender diversity was concerned, 99 Chinese respondents expressed a level of support that, on average, fell into the upper-level of the 21%-25% band, while 43 Indian respondents on average supported a level located within lower limits of the 36%-40% band. The difference between the two country groups was significant at  $p < .001$  ( $t(140) = -5.24$ ). Country-level differences in levels of support for policy measures aimed at facilitating board gender diversity are summarised in Figure 7.5 below:



**Figure 7.5: Country-level differences in levels of support for measures facilitating board gender diversity (shown: mean levels of support).**

## 7.5 Summary of Chapter 7

This chapter has addressed research questions aimed at understanding beliefs about, and attitudes towards, board gender diversity of senior company personnel in China and India. These research questions were based upon a conceptual framework

designed to highlight recursive relationships between social, cultural and institutional factors on the one hand, and organisational and individual factors on the other. The research questions were framed as hypotheses, and the methodological tool utilized to test these hypotheses was the survey questionnaire. The results of the survey questionnaire were supported by written and oral qualitative comments and communications from survey respondents.

The survey sought to explore country-level differences in perceptions of the broader social, economic and political determinants of board gender diversity in H3(a), H3(b) and H3(c):

H3(a) Indian respondents, on average, will rank socio-cultural and educational factors as more important in keeping women out of corporate boardrooms than will their Chinese counterparts.

H3(b) Chinese respondents, on average, will rank political factors as more important in keeping women out of corporate boardrooms than will their Indian counterparts.

H3(c): Indian respondents, on average, will rank business networks as more important in keeping women out of boardrooms than their Chinese counterparts.

While H3(a) was supported by the results of the survey, H3(b) was not only not supported by the results of the survey; but was contradicted by those results. In other words, the survey data supported the hypothesis that Indian respondents would rank political factors as more important in keeping women out of corporate boardrooms.

Hypothesis 3(c) was supported by the results of the survey. Indian survey respondents were more likely than their Chinese counterparts to indicate a perception of political barriers as influential or very influential in impeding women's entry to the boardroom. They were also more likely to indicate that the tendency of business networks to exclude women was a factor. As further discussed in Chapter 8, these findings can be

explained by, and are entirely consistent with each other in the specific environment of Indian corporate life.

Hypotheses 3(d) and 3(e) were aimed at understanding gender-level differences in beliefs about barriers to women's entry onto corporate boards.

H3(d): Male respondents, on average, will rank personal preference factors as more influential in keeping women out of boardrooms than will female respondents.

H3(e): Female respondents, on average, will rank broader socio-cultural factors, political factors and business networks as more influential in keeping women out of boardrooms than will male respondents.

H3(d) was soundly disproved by the survey results, with male respondents no more likely to attribute significance to personal preferences as a factor keeping women out of corporate boardrooms than female respondents.

All three sub-parts of H3(e) were supported by the survey results. In other words, the results indicated a consistently greater level of awareness amongst female respondents (compared to male respondents) of the ways in which socio-cultural and political factors, and business networks, operate to exclude women from positions of influence.

The final two hypotheses tested during Phase III of this study were aimed at understanding attitudes towards regulatory measures designed to facilitate gender diversity in company leadership.

H3(f): Female respondents will, on average, demonstrate a higher level of support for affirmative action measures than will male respondents.

H3(g): Indian respondents will, on average, demonstrate a higher level of support for affirmative action measures than will Chinese respondents.

H3(f) was supported by the results of the survey for all measures included in the survey questionnaire. Female respondents demonstrated a consistently higher level of support

for measures ranging from paid maternity leave, to the introduction of a mandatory gender diversity quota rule for listed company boards:

H3(g) was supported in respect of all measures asked about except (i) publicly-funded maternity leave and (ii) a mandatory quota rule for women directors on company boards. Both Indian and Chinese respondents expressed similarly high (not significantly different) levels of support for publicly-funded maternity leave. Both Indian and Chinese respondents expressed a not significantly different level of opposition to /support for a mandatory quota rule for women directors falling in the central range between strong support and strongly opposed on a 5-point Likert scale.

## CHAPTER 8: DISCUSSION

### 8.1 Introduction

This Chapter provides a discussion of the results of this study, including by comparing the major findings to the extant literature. It highlights the unique insights obtained into each of the theories identified in chapter 2 as relevant in providing an adequate explanation for findings of this study. The chapter adopts the following structure: Sections 8.2 through 8.4 discuss the significance of the findings in each of Phase I, II and III of this study respectively. In each case, contributions of the study to the existing body of knowledge are highlighted. Theoretical and methodological contributions of the study, including to feminist theory and to institutional theory, are discussed in Section 8.5. Finally, Section 8.6 ties each of the three Phases of the study into a final framework.

### 8.2 Phase I: Regulatory measures, political empowerment, economic empowerment and women on boards

The findings of Phase I of this study were outlined in Chapter 4. Those findings support the conclusion reached by previous research projects that regulatory measures such as gender quotas, once implemented generate ‘the most substantial change to the representation of women on boards – far greater than any individual firm, industry or country-level factor previously identified’ (Terjesen et al., 2015: 233). The study also found a close relationship between the introduction of regulatory measures aimed at facilitating board gender diversity and the level of women’s political empowerment in the relevant jurisdiction.

Chizema et al. (2015) found that key social institutions have the potential to alleviate stereotyped attitudes toward gender roles or, alternatively, to maintain the status quo. More specifically, the authors found that representation of women in key national

institutions, such as politics, positively affects the appointment of women on boards. Phase I of this study builds on this finding by highlighting the ways in which women's political empowerment can affect social institutions through the vectors of policy development and regulatory reform.

The study design used in Phase I used women's political empowerment data from 2012 (WPE\_2012) and demonstrated a close relationship with the strength of regulatory measures in 2015 (RegStren\_2015). This design was aimed at demonstrating a direction of causation, supporting previous research finding that women's political empowerment can drive a regulatory agenda in favour of improving women's economic empowerment. One example of how this operates is when women's political empowerment drives regulatory reform aimed at facilitating greater representation of women on corporate boards. In other words, there is an evolutionary relationship between women's political empowerment (WPE\_2012) and representation of women on boards (%WoB\_2015).

In jurisdictions throughout the world where regulatory reforms aimed at improving board gender diversity have been introduced, they have never been successfully implemented in isolation. Rather, such reforms have only proven successful when implemented as part of a package of changes serving to lift the overall level of women's economic participation and opportunity in the relevant economy. Statistically, this evolutionary relationship is revealed in the finding of this study that the relationship between women's political empowerment (WPE\_2012) and representation of women on company boards (%WoB) is mediated by women's economic participation and opportunity (WEPO\_2012).

Phase I of this study found evidence supporting a general theory to the effect that there is a recursive and evolutionary relationship between women's political empowerment and regulatory (including institutional) reforms facilitating women's economic participation and opportunity, including women's ability to enter company boardrooms. Phase II of this study sought to apply this theory to the specific national contexts of China and India.

### **8.3 Phase II: State ownership and other determinants of board gender diversity in China and India**

Phase II of this study explored the relationship between women's political empowerment and gender diversity in corporate governance more closely through an examination of two national case studies - China and India. In China, where women's political empowerment is low compared to the level of female economic empowerment (Figure 1.3, p. 22), the question of regulating for board gender diversity has barely appeared on the political landscape. To the extent that Chinese women have succeeded in corporate careers, such success forms part of the landscape of female economic empowerment in that country. That female economic participation and opportunity in China is more a feature of the private corporate sector rather than of the state-owned sector is evidenced by the negative relationship found in this study between state-ownership and board gender diversity. There is also evidence that when it comes to reforming (improving) the gender diversity of company boards, state-owned firms are more inertial and mimetic than private-sector firms, such that the negative relationship between state ownership and board gender diversity grew stronger between 2009 and 2015.

In India, in contrast, the relatively high level of women's political empowerment since 2010 (WEF, 2017; Chapter 1 above: Figure 1.2, p. 21) has helped to ensure the

successful placing of board gender diversity on the political agenda, resulting in regulatory reforms that in turn have facilitated a rapid increase in female participation on the boards of listed Indian firms. This increase has occurred despite the fact that India continues to occupy a relatively low ranking on the WEF's women's economic participation and opportunity sub-index. It is a reform that has succeeded partly due to the political determination of regulators, and partly because it has been supported by a number of informal and private sector initiatives aimed at preparing individual women and relevant organisations for a greater female presence on company boards. The fact that the level of board gender diversity on the boards of state-owned firms has gone backwards in both absolute and relative terms provides further evidence that state-owned enterprises tend to be more inertial, and resistant to change than their private sector counterparts.

### **8.3.1 China**

Phase II of the study revealed a negative relationship between state-ownership and gender diversity on the boards of listed Chinese firms that grew stronger between 2009 and 2015. The overall percentage of women on the boards of companies included in the sample increased slightly between 2009 and 2015 (from 8.28% to 10.39%), confirming the findings of other studies exploring board gender diversity in Hong Kong and China (Community Business, 2012, 2016, 2017). At the same time, however, the negative relationship between state ownership and board gender diversity became stronger over the years between 2009 and 2015. This finding suggests that state-owned Chinese firms are more resistant to socio-economic and other pressures for change towards greater gender diversity in company leadership.

The finding that Chinese state-controlled firms are less likely to have women on the board than private sector firms is particularly relevant in light of the fact that state-

controlled firms are, on average, larger than their private sector counterparts. When H-share firms are ranked in order of market capitalization, state-controlled firms dominate the top half of the list (2015 figures). This means that China presents a contrast to Western contexts, where the boards of larger firms have been found to be, on average, more gender diverse than those of smaller firms (Adams & Kirchmaier, 2015).

State-controlled firms are, on average, significantly larger than their private sector counterparts, not only in terms of market capitalization but in terms of workforce size as well. A positive and significant relationship between state ownership and workforce size amongst H-share firms was found to have stayed constant from 2009 to 2015. There was also a positive and significant relationship between state-ownership and board size in 2009, although this relationship was no longer significant by 2015. This finding is firmly in line with the results of other studies to the effect that state-controlled firms in China have larger (and often less productive) workforces than their private sector counterparts (Shi, 2012; de Jonge, 2008). There was no significant relationship found between female representation on boards and either board size or workforce size, although analysis of the data from 2015 did reveal a positive relationship between workforce gender diversity and board gender diversity ( $r = .17$ ;  $p < .05$ ). In the Chinese H-share context, Hypotheses 2(b) and 2(c) were not confirmed, while hypothesis 2(d) did receive some confirmation.

### **8.3.2 India**

Analysis of data taken from Indian BSE-listed firms revealed some interesting changes occurring between 2009 and 2015. In 2009, there was a positive and significant relationship between state ownership and board gender diversity. State ownership was also positively and significantly related to both board size and workforce size. The

existence of a positive relationship between board gender diversity and either board size or workforce size was less clear. While the analysis revealed some correlation between board gender diversity and both board size and workforce size, adding board and workforce size did not add significantly to the predictive strength of a regression model. In the Indian context, therefore, hypotheses 2(b) and 2(c) were not clearly supported.

By 2015 new listing rule standards introduced under the Indian *Companies Act* 2013 were beginning to take effect, and this had a significant impact on the boardroom profile of listed Indian firms. The proportion of women on the boards of listed Indian firms rose from around 5% in 2009 to around 13% in 2015. New regulations effectively transferred a state-led vision of boardroom gender diversity to the private sector, so that the difference between state-owned and private-sector firms disappeared. Indeed, by 2015 state-controlled firms, on average, had fewer women on the board than their private sector peers. Analysis of the data from 2015 revealed a significant negative relationship between state ownership and board gender diversity ( $r = -.158$ ;  $p < .05$ ). State ownership was still positively related to both board size ( $r = .187$ ;  $p < .05$ ) and workforce size ( $r = .142$ ;  $p < .05$ ).

As explained in Chapter 6 (section 6.3.2, p. 197), a rule such as the one introduced in India based on a fixed number (one) of woman directors for all firms has a greater impact on firms with smaller boards than on firms with larger boards, and an even greater impact where the introduction of the rule has a displacement effect. This study's analysis of the data revealed that the average board size of listed Indian firms rose by considerably less than one - only 0.26 (from 10 to 10.26) - between 2009 and 2015. In other words, listed firms in India have mostly responded to the introduction of the one woman director rule by replacing a male director with a female director, and

have only rarely responded by simply adding a female director, thereby increasing the size of the board. The advanced age of a significant proportion of male directors may well have helped to facilitate this.

What this means in statistical terms is that when all listed Indian firms were suddenly required to have a woman on the board, this had a greater impact on smaller boards than on larger boards, creating a significant negative relationship between board size and board gender diversity ( $r = -.298$ ;  $p < .005$ ). In other words, the overall impact of the introduction of a regulated gender quota in India has been to ensure that hypothesis 2(b) is no longer confirmed. Nor was there support for hypothesis 2(c), since no significant relationship was revealed between workforce size and board gender diversity in 2015.

In 2015 Indian firms with larger boards also had larger workforce numbers. Firms with a larger workforce were also more likely to have a higher proportion of women employees ( $r = .29$ ;  $p < .005$ ). There was also a positive relationship between workforce gender diversity and board gender diversity ( $r = .167$ ;  $p < .05$ ), providing some support for hypothesis 2(d), although adding female workforce participation did not add significant predictive value to the regression model. Overall, the most important predictor of boardroom gender diversity in 2015 was boardroom size, with smaller boards being more significantly impacted by the one-woman director rule.

These figures, combined with the smaller than might be expected increase in the overall size of boards since before 2013, suggest that most firms and boards are fulfilling the requirement to have at least one-woman director at the same time as ensuring that the board complies with the requirement to have at least one-third of the board (or in some cases 50% of the board) comprised of independent directors. The

reasoning seems to be that since the board is required to recruit a certain number of independent directors from outside the firm's own circle of stakeholders, it might as well use the opportunity to recruit the required woman at the same time. Even family-controlled firms appear to be adopting this attitude, rather than automatically opting for a female member of the family. In other words, the lack of women directors appears to have had, and to have, less to do with a lack of female talent, and more to do with entrenched power networks and the way they operate. It is this that may explain the continuing reluctance of Indian firms to have a woman as Chair or CEO, or even to appoint women to executive directorship positions. A simple quota rule, it seems, is not enough to ensure that women are placed into positions of decision-making power.

Despite these figures, there is now discussion in India of the need for a rule to ensure that at least one independent director on the board of each firm is female. In other words, there is a perceived need to overcome a tendency amongst family-controlled listed firms to fulfil the 'one-women director' requirement by appointing a female relative from within the promoter-family (Bhattacharyya, 2017; Modak, 2017). While this perception is not strongly supported by the data, the resulting discussion does serve to ensure that pressures for cultural change are maintained within the market as a whole.

The findings of Phases I and II of this study provide insights into the ways in which national-level legal institutions, including corporate governance regimes, both respond to international pressures and co-evolve with the local environment, which in this context consists of the political and economic systems and structures of China and India. Systems theory is useful as an aid to conceptualising the complex nature of the inter-acting relationships involved in this process. Evolutionary theory, particularly

an understanding the role of inheritance or retention in the process of legal evolution, helps us to see that legal institutions can only be qualifiedly adaptive, at best, and that many inefficient rules may persist and survive even in the face of selective pressures (Deakin, 2011; 2015; 2015a). The concept of recursivity thus represents an advance on institutional theory in that it aids an understanding of how it is that responses to institutional and other external pressures can be resistant and retentive just as much as they can be adaptive in nature (Deakin, 2015a; Gregoric et al., 2017; Toffel et al., 2013).

#### **8.4 Phase III: Individual beliefs about, and attitudes towards, board gender diversity**

Chapter 7 examined country-level differences in beliefs about barriers to boardroom entry for women in China and India. This examination was aimed at gaining richer insights into individual responses to institutional change in each country. Gender-based differences in beliefs were also examined; but were found to be either not present or less significant than country-level differences. The second part of Chapter 7 examined gender-based differences in levels of support for a variety of regulatory measures aimed at facilitating women's entry into company boardrooms. Women respondents expressed significantly higher levels of support for such measures than their male colleagues. Chapter 7 also examined country-level differences in levels of support for positive discrimination measures. Indian respondents expressed higher overall levels of support than their Chinese colleagues, but the overall difference between the two country groups was smaller than the difference between female and male respondents.

#### **8.4.1 Country-level differences in beliefs about barriers to boardroom entry for women**

The results of surveys undertaken in China and India were consistent with the thesis that socio-economic factors, particularly lower levels of educational achievement relative to men, are more important in keeping women out of company boardrooms in India than in China.

In India, the gender gap in school attendance at the primary, secondary, and tertiary levels persist. While the gap has narrowed over the past two decades at the primary level, the reduction in the gender gap at higher levels is far less. These trends reflect the Government's push for enrolment at the lowest classes of primary education but with far fewer resources available for retention and transition to higher classes. Indian woman survey respondents and interviewees were particularly aware of the need for improved access to education for Indian girls. In the words of one interviewee, 'the government really needs to focus on what governments do well – education, including building toilets and other facilities for girls in schools' [IWD1].

Perceptions regarding lack of education as a factor affecting women in India may be subject to regional disparities, in line with the wide regional disparities in female: male enrolment ratios (at all levels) throughout the country. When it comes to women pursuing corporate careers, the enrolment ratio in the tertiary (higher education) sector is particularly relevant. The Gender Parity Index in tertiary level enrolment score for India has risen steadily from 0.52 in 1990, to 0.66 in 2000, to 0.72 in 2010 and 0.92 in 2013 (<https://unstats.un.org/unsd/mdg/SeriesDetail.aspx?srid=614>). However, this figure is affected by wide regional disparities, ranging from around 1.1 in Kerala, Goa, Himachal Pradesh, Punjab and New Delhi (where slightly more women than men are

enrolled in tertiary education) to 0.43 in Bihar as at 2010 (MDG India Country Report 2011, Table 5A). While increasing numbers of women are studying for commerce-related degrees, the rate of female graduates entering the workforce is only about 22 per cent (Chandran, 2012; Madhok, 2014), and this number is not improving. In short, while India has achieved gender parity at the primary education level and is on track to achieve parity at all education levels, female employment rates have decreased in the same period (UNESCO, 2016).

It may well be that historically low levels of educational success amongst Indian women has fed into expectations that female applicants will be less qualified. Because female applicants are expected to be less qualified, they are treated as though they are. Indian survey respondents were more likely than their Chinese counterparts to indicate a perception of political barriers as influential or very influential in impeding women's entry to the boardroom. They were also more likely to indicate that the tendency of business networks to exclude women was a factor. One explanation for this combination of findings is that respondents tended to interpret 'political barriers' in a more localised sense, equating the term with power relationships (business networks) in the corporate world. In other words, Indian respondents were not expressing any views on national politics or the politics of regulatory reform when answering the survey question on political barriers. In the words of one interviewee, '... women do come up in politics, so it isn't a problem of politics and it isn't a problem in government' (IWD1]. Other interviewees agreed: 'India has always been a very male dominated society but surprisingly we have had women taking a pretty good lead in very many fields whether they are science oriented or politics' [IWM2].

What Indian woman interviewees were acutely aware of, however, was that the 'boys club' is very much alive and well in Indian boardrooms:

I did not realise I was not a member of the boys club until I was admitted into the club - how ironic that it was when I was admitted to the club that I realised I was not a member. ...

... I would walk into the room before the meeting and they would be chatting so I would walk right out again because it did not occur to me that I belonged at this before-the-meeting chat. ...

I walked into a conference early and the entire first row was vacant - the chief minister or someone was coming. ... I went and automatically sat in the second row. Then my fellow board members came in and they all sat in the first row.

.. It took me at least 3 to 5 years before I could say you guys have invited me here for a reason ... you want me to say that the emperor has no clothes on but you guys have done a deal where you have agreed only to discuss how frayed the hem of the emperor's gown is. (IWD1).

So far as Chinese respondents are concerned, the influence of Party and State-affiliated personal connections in business is so pervasive that it may simply be taken for granted. Moreover, the close relationship between politics and business has not prevented Chinese women reaching a level of economic participation and opportunity that, while lower than that of their Chinese male colleagues, is still relatively high in global gender gap terms (Figure 1.3). The male dominated nature of the current hierarchy in China has been confirmed by recent research, as have the close linkages that exist between politics and business. In China, Minglu Chen's thesis 'Tiger Girls' (2011) provides an insight into the lives and careers of woman entrepreneurs from three different Chinese provinces. The women Chen interviewed exercised significant influence in the enterprises they had helped to establish, but leadership roles still tended to be taken by husbands and male family members. Moreover, despite the fact that all the women she interviewed were very well connected, both socially and politically, Chen concluded that 'these women did not enjoy access to as much political capital as their male family members, such as their husbands, fathers or fathers-in-law' (p 183). In China, political capital means business opportunities. So long as women remain excluded from political leadership circles, they will remain excluded from the top echelons of business leadership. As Chen noted, 'The relationship between

economic and political leadership at the local level is obviously very close. ... [and] political glory seems to go hand in hand with business success' (p 183). Yet in nearly all cases that Chen discusses, it is the men, rather than the women, who 'tended to represent the family on the political stage and, accordingly, obtained more political recognition' (p 183). At the same time, the women Chen interviewed experienced much less of the obvious gender bias in political participation that their mothers and mothers-in-law experienced.

#### **8.4.2 Levels of support for affirmative action measures**

Regulatory affirmative action measures are now forming an important part of India's journey towards board gender diversity, and this is reflected in the significantly higher levels of support amongst Indian survey respondents for affirmative action measures compared to their Chinese counterparts. In both India and China, however, survey results and interviews revealed a degree of resistance to the introduction of government-mandated measures perceived as potentially interfering with businesses' freedom to select company leaders according to their own criteria.

There was a relatively high level of willingness to accept measures that support women entering corporate careers such as maternity leave entitlements and mentoring schemes. In the words of one interviewee, "... There has to be more women's networks ..." [IWD1]. Perhaps not surprisingly, this high level of support is reflected in existing legislation in both China and India to protect women's entitlements to maternity (and other forms of) leave.

In China, the 2012 *Provisions on Female Labor Protection under Special Circumstances* (State Council Decree No. 619) extended the standard maternity leave allowance for female employees in China to 14 weeks (98 days) from the previous 90

days—just meeting the minimum maternity leave stipulated by the International Labor Organization (ILO). Maternity leave is paid leave, though pay is in the form of an allowance calculated according to a formula based on the local average wage. Importantly, Chinese legislation also provides for a standard paternity leave allowance of 15 days as well, although this standard is subject to regional variations ranging from 7 days for new fathers in Shandong and Tianjin, to 30 days for those subject to Provincial rules in Yunnan or Gansu (Hu, 2017). In India, the *Maternity Benefit (Amendment) Act 2017* now provides women in the organized sector with paid maternity leave of 26 weeks, up from 12 weeks, for the first two children and 12 weeks for the third child. Other provisions provide 12 weeks of maternity leave for mothers adopting a child below the age of three months as well as those who opt for surrogacy. The law also mandates that every establishment with over 50 employees must provide crèche facilities with easy distance (Cyrill, 2018).

Measures which smacked of government intervention in business' autonomy in leadership selection met with a considerable degree of resistance. Facilitating equality of access and opportunity through maternity-support, education and mentoring was seen as one thing, mandating for quotas in business leadership another. The same interviewee who spoke so strongly about the need for government to promote girls' school attendance and provide facilities for girls in schools could declare herself 'not a fan of state regulation telling companies how many women directors to have' [IWD1].

In India, respondents were clear in their view that '[c]ompany management should be gender-bias free. If any woman executive is capable, she should be appointed on the board' [IM50]. At the same time, however, there was a considerable degree of 'quota

fatigue’, reflected in the comments of one survey respondent who wrote: ‘Quota, quota, quota. We are fed up with this quota system, ...’[I 50]. Government measures were seen as creating inefficiencies and costs by impeding businesses’ ability to promote on merit: ‘To make a good director the most important thing is leadership quality, and not gender’ [CW1]. ‘Norway has a huge quota. If followed, it will cut down the efficiency’ [IM47]. ‘Efficiency is more important than diversity. Diversity may be important for laws, but business should not be affected by such unnecessary feminism’ [IM46]. Two senior Indian woman executives who were interviewed prior to the introduction of the 2013 company law reforms held almost diametrically opposed views on quota legislation. One woman director supported the need for such legislation to ‘kick-start’ the process of transforming the gender profile of company boards [IWD1], while the other was strongly in favour of merit-based appointments free of government regulatory interference [IWD2].

In China, survey respondents were more likely to agree that ‘Government should introduce rules that eliminate discriminatory practices by companies’ while remaining equally as firm as their Indian colleagues in maintaining that government should not introduce ‘rules that attempt to force gender equality ... Business decisions should be left to businesses’ [CM68]. Unlike in India, however, women do not exercise the kind of political empowerment in China that might generate support for government measures facilitating board gender diversity. Rather, any leadership is more likely to come via Hong Kong and an increasing awareness of the benefits of board gender diversity reflected in Hong Kong listing guidelines such as the gender diversity guideline of the HKEx Listing Rules (Appendix 14, Code Provision A.5.6).

## **8.5 Summary of Chapter 8**

This Chapter has summarised the findings made during each of the three phases of the larger study undertaken by the researcher. It has also discussed these findings and the relevance of findings made within each phase of the study for the other phases of the study. The findings from Phase I provided insights into the political, economic and socio-cultural factors influencing board gender diversity at a global level. These insights then provided valuable background for the design and execution of Phase II of this study. Phase II of this study explored organisational determinants of board gender diversity in China and India. Using insights obtained from Phase I, Phase II of this study explored ways in which the level women's political empowerment has helped to shape the gender profile of listed company boards in China and India. Women's political influence can be exercised when nominations are made to the boards of state-owned firms. It can also be exercised when proposed new laws are placed onto the political agenda, and when new regulatory regimes (including corporate governance and industrial relations) regimes are drafted. Phases I and II of this study were not aimed at providing mathematical proof of causation in relation to board gender diversity. Rather, they were aimed at providing insights into the ways in which economic and regulatory institutions co-evolve with the socio-cultural, economic and political environment within which they are based (Deakin, 2011; 2015a; Von Wangenheim, 2011). Finally, Phase III of this study examined the beliefs and attitudes of senior company personnel (a key stakeholder group) in relation to board gender diversity. This examination provided rich contextual insight into how cultural, social and economic, as well as political, forces can shape the realities of state-driven policy measures in daily corporate life. Recursivity was useful at each Phase of this study to provide a conceptual understanding of the interactions and

responses (resistance and retentive as well as evolutionary), that can occur within and between political, economic and regulatory institutions (Bebchuk & Roe, 1999; Gregoric et al., 2017; Toffel et al., 2013).

## CHAPTER 9: CONCLUSION

### 9.1 Introduction

This Chapter summarises the findings and highlights the theoretical, methodological and policy contributions of this study. This Chapter has five subsections. Section 9.2 summarises the key findings. Section 9.3 discusses how the study contributes to the body of knowledge both theoretically and methodologically. Section 9.4 discusses how this study can usefully inform policy-making, by governments and regulatory agencies particularly in Asia. The next section, Section 9.5, recognises the limitations of the thesis and finally, in Section 9.6, some possible directions for future research are outlined.

### 9.2 Summary of Key Findings

This thesis utilised both quantitative and qualitative methodologies to address three sets of research questions in three stages. Stage I of the study used primarily quantitative methods to test six research hypotheses regarding the key predictors at national level of board gender diversity (RQ1) in a sample of 55 jurisdictions. The relative strength of regulatory measures aimed at facilitating board gender diversity was found to have the highest and most significant relationship with actual levels of board gender diversity. Variations in levels of women's political empowerment (WPE) and women's economic participation and opportunity (WEPO) were also found to have a significant relationship with women's presence on company boards.

Phase II of this study extended the insights gained through Phase I into an examination of key organisational determinants of board gender diversity in China and India (RQ2). Amongst a selected number of determinants of board gender diversity in those two nations, state-ownership was found to be a significant determinant. Both the strength

and direction of the relationship between state ownership and board gender diversity appear, in turn, to be affected by the different levels of women's political empowerment in each nation. As women's political empowerment in China has declined in recent years, there are signs that the negative relationship between state ownership and board gender diversity is growing stronger. Conversely, in India, where women's political empowerment has helped to initiate regulatory reform aimed at facilitating board gender diversity in the broader market, a positive relationship between state ownership and board diversity has disappeared as levels of female representation on boards have risen.

Finally, Phase III of this study used survey data, supported by a small number of interviews, to examine the beliefs and attitudes of a sample of senior company leaders in China and India. Respondents were asked about their beliefs concerning barriers to corporate leadership positions faced by women (RQ3a). Respondents were also asked about their beliefs concerning, and attitudes toward, policy measures aimed at facilitating board gender diversity (RQ3b).

The results of Phase III revealed a level of support for maternity leave and other measures aimed at supporting women's entry into the workforce that is very similar to that in Western markets at the end of the 20<sup>th</sup> Century. Qualitative data collected during Phase III of the study also indicated that the nature and extent of the arguments put forward by corporate leaders against government-regulated mandatory measures for board gender diversity are very similar to those existing in Western markets.

### **9.3 Contribution to the Body of Knowledge**

This section explains how this study contributes to the existing body of theoretical and methodological knowledge and understanding, and its value to those concerned with

policy-making, regulation and compliance at international, national and organisational levels.

### **9.3.1 Contributions to Theory and Methodology**

This study makes an important contribution to feminist theory. In particular, Phase I of the study examined the relationships which exist between gender and power, and how those relationships are reflected in the law and institutions of nations. In the process of investigating these relationships, this study developed a new tool for measuring the ‘regulatory strength’ of state-initiated measures aimed at facilitating board gender diversity. The development and application of this new Index of Regulatory Strength was described in Chapter 3 (Section 3.3.2); and builds upon previous efforts to build similar Indices (Catalyst, 2014; Martynova & Renneboog, 2010). The Index developed as part of Phase I of this study measures the ‘regulatory strength’ of formal measures aimed at facilitating board gender diversity across four different dimensions - size of relevant target or quota; breadth of coverage; legal status (including enforceability) of the gender diversity measure(s) and policy depth of the measure – the extent to which it requires change in the internal policies and practices of covered organisations (see Tables 3.1-3.4, pp. 113-115 and Table 4.2, p. 141). Such an approach recognises that regulating for board gender diversity is not as simple as passing a quota law; but can occur in many different forms and with different levels of effectiveness. It is an approach that can be adapted to other scholarly explorations of ‘regulatory’ impacts in management studies and other areas.

Phase II of this study then applied the insights gained from Phase I to the boardrooms of listed firms in China and India, with a particular focus on state-owned firms. State-owned firms can be characterized as a domain where politics enters the corporate realm. It is thus a domain which potentially reflects the level of women’s political

empowerment in institutions of state and government in a nation. Phase II of this study found a relatively low level of women's political empowerment in China to be reflected in the boardrooms of state-controlled Chinese listed firms. In India, this study has followed the way in which a relatively high level of women's political empowerment has helped to facilitate regulatory reform that is bringing greater gender diversity to Indian boardrooms.

This study also makes an important contribution to theory development in legal and management studies. In particular, recursivity theory, as developed and applied in this study, builds upon the contributions of institutional theory and systems theory by adding insights from evolutionary theory. Processes of cultural transmission in social institutions can be likened to those which occur in the natural world as a result of the interaction between genes, organisms and environments (Deakin, 2011; 2015; and see above Chapter 2, section 2.2.1, pp. 40-41). The concept of recursivity was used in this study as a means of describing and analysing the evolutionary processes that occur when broader social and regulatory institutions interact with organisations and the individuals who lead those organisations (see above Chapter 5, section 5.5, p. 187). Recursive interaction refers to the processes whereby social and regulatory institutions both influence and are influenced by organisations and influential individuals. Recursivity is thus a concept that addresses the weaknesses of institutional theory by recognising the need to understand not only top-down models of institutional change, but also the processes of institutional heterogeneity and change that incorporate pushback and firm resistance (Monticelli et al., 2018; Deakin, 2015a; and see above Chapter 8, section 8.3, pp. 236-237 and section 8.5 p. 244).

This study also builds a conceptual model that describes the interrelationships between the society, the organisation and the individual in a way that is particularly useful when

thinking about cognitive processes, beliefs and attitudes, important to board-level nomination and appointment procedures. These nomination and appointment procedures, and the outcomes of those procedures, are formed through a combination of social, institutional and individual factors (Figure 2.3, p. 93, repeated at Figure 7.1, p. 203).

### **9.3.2 Value of the study for policy-makers and regulators**

Policy-making and regulatory decision-making works best when it is informed by historical awareness and contextual awareness. This study contributes value in both of these areas. It provides a valuable overview of the history and philosophy behind affirmative action policy-making, and insights into the factors influencing the successful introduction and implementation of board gender diversity measures in European jurisdictions. For stakeholders in Chinese and Indian policy-making, this study provides a rich understanding of the political, social and economic context within which current policies are implemented, and new affirmative action initiatives might successfully be introduced. An important part of this understanding is an understanding of the nature of resistance from stakeholders that such initiatives can and do meet with.

As Sharkansky (1995) has discussed, policy analysis derives from a long tradition of assessing the activities of government. The most sophisticated analyses are distinguished by their concern to identify linkages between variables that represent causes and effects of social conditions, or the impacts to be expected from policy details. Inherent in their sophistication are methodological choices which invite dispute. Because of the controversies they generate, such analyses may contribute more to the knowledge about policy-making than to the support of policy options.

This study has challenged the ability of China's male-dominated political infrastructure to successfully introduce or implement affirmative action policies aimed at facilitating women's entry to positions of power in China's state-dominated economy. It has also documented the successful implementation of India's new 'one woman director' regime, while at the same time challenging the lack of ambition inherent in the limited targets set by that regime.

#### **9.4 Limitations of the Research**

Although this thesis makes a distinct contribution to the body of knowledge within the domains of board gender diversity, institutional theory and feminist theory, the researcher is cognizant that this study suffers from a number of limitations.

First, while Phase I revealed significant relationships between selected independent variables and board gender diversity (the dependent variable), correlation does not equal causation. The main technique utilised in order to overcome endogeneity problems was the use of data from 2010-2012 for the independent variables (women's political and economic empowerment, GDP per capita, cultural individualism) combined with 2015 data for the dependent variable. The aim of this technique was to more clearly establish a direction of causation between the earlier (independent) variables and the later (dependent) variable. Yet this technique alone is not sufficient to fully address problems of potential endogeneity.

A second limitation of the research arises from the selection of the sample of Chinese listed firms used in Phase II of this study. The sample selected comprised all of those companies based in mainland China and incorporated under mainland China's company laws, but which have shares listed on the Hong Kong stock exchange (the H-share market). There was a good reason for this selection. Adequate data is simply

not available for the population of all listed Chinese firms (there are over 1,400 Chinese companies listed on the Shanghai stock exchange (SSE), and over 400 Chinese firms listed on the Shenzhen stock exchange). Data for H-share market firms (most of which also have shares listed on the SSE) is readily available due to the more detailed reporting requirements operating in the Hong Kong market. Yet the sample of H-share firms chosen for this study may not be fully representative of the wider population of Chinese listed firms.

A third limitation of this study arises from the limited sample size of survey questionnaire respondents and the even more limited number of interviewees. This limitation was a result of the inevitable challenges arising whenever elites are targeted as subjects of academic study. The methodological challenges of researching elites as key informants (typically hard to access and fewer in number) were discussed in Chapters 2 and 3 of this thesis. The resulting limitations mean that the sample surveyed may not be representative of the population of senior corporate leaders in China and India as a whole. In addition, with such a small sample size, it was not feasible to trust the results of any attempt to dig deeper into the data collected - for example by exploring relationships between beliefs about barriers to boardroom entry for women on the one hand, and levels of support for policy measures aimed at facilitating boardroom gender diversity on the other. In addition, the beliefs and attitudes of other stakeholders - including law makers, regulators and institutional shareholders, were not surveyed.

### **9.5 Directions for future research**

This study now proposes several ideas for undertaking future research that could also serve to mitigate some of the limitations identified in Section 9.5. The first of these

proposals for future research would involve the incorporation of alternative and more detailed quantitative methodologies.

This study lays the foundation for future research aimed at a more rigorous scrutiny of the relationships revealed by this study's findings, in particular a closer analysis of the co-linearities involved and of potential endogeneity problems (Reeb et al., 2012; Antonakis, 2017). As noted above, this study was primarily an exploratory study of relationships. Future research will need to rigorously challenge the findings presented here if the exogeneity of the independent variables is to be adequately ensured. The main issue has to do with the fact that independent variables are measured and not manipulated (i.e., they are endogenous variables that depend on other variables). There are potentially omitted variables, at several levels of analysis that could correlate with the independent variables and outcomes, and hence explain the findings. The exogeneity of the independent variables needs to be assured so that estimates are consistent (i.e., asymptotically converge to the true values with an increasing sample size). Corrective procedures to eliminate possible endogeneity threats in future research could use experimental or statistical controls, instrumental-variable estimation or other means (Guide Jr & Ketokivi, 2015; Reeb, Sakakibara, & Mahmood, 2012; Antonakis, 2017).

Further research is also required to better understand the ways in which women's political and economic empowerment interact with each other. To what extent do women with economic influence interact with, in supportive or possibly even undermining roles, their women colleagues pursuing political careers? Are economic and political influence more likely to go together in some nations than in others? Are there some nations (possibly Saudi Arabia or other nations in the Middle East), where

women are virtually excluded from political empowerment, but are able to exercise significant economic influence in the economy?

Continued research is needed to follow the fortunes of India's gender diversity corporate governance regulations, and to measure their effects on corporate governance, corporate decision-making and in the overall economy. In China, continued research is required to follow and understand the gender-equality impacts of that country's evolving political, economic and social landscape - including in organisational leadership.

Future research should also pay attention to the fate of a small number of local-level attempts to introduce gender diversity standards for corporate boards in China (Martin, Lu & Hastings, 2013). The fate of recommendations relating to board gender diversity emerging from the recent HKEX review of Hong Kong's Corporate Governance Code and related listing rules (HKEx, 2017) will also need to be followed, as will the impact, if any, of those recommendations on mainland Chinese firms.

The changing (shrinking) size of the state-owned sector relative to the private sector in China's economy will need to be explored for its impact, if any, on board gender diversity within different types of firms. Likewise, the changing mix of industry-sector contributions to the Chinese economy (with service sector industries becoming more important) may have an impact.

The changing profile of India's corporate sector and its influence on board gender diversity should also be followed. Also worthy of closer examination is the changing profile of the pool of Indian women directors, including how many directorships each woman holds, and the family status/ family connections of women directors in India. There is now discussion in India of the need to ensure that at least one independent

director on the board of each firm is female - an attempt to overcome the tendency of some family-controlled listed firms to fulfil the 'one-women director' requirement by appointing a female relative from within the promoter-family (Bhattacharyya, 2017; Modak, 2017).

The changing nature of the pool of women directors in China also warrants further investigation. An examination of the Annual Report CVs of women directors on the boards of state-controlled firms reveals that they nearly all have strong political (Party) credentials and connections. This is less true of women directors who are independent directors, and women who are directors in the private-sector.

A final area of future research that could build upon the foundation laid by this study is research into changing stakeholder attitudes towards labour-force and leadership affirmative action measures, particularly in China, India and other Asian jurisdictions. Larger scale and more detailed survey and interview techniques (Williams, 2012) should be used to build a larger evidence base for the proper evaluation of stakeholder attitudes and likely responses to new policy initiatives. It was important for the present study to focus upon understanding the views of key influencers, but future research could usefully survey a larger sample including those who potentially might become next generation business leaders - EMBA graduates from Beijing University, Fudan University and/or India's more prestigious Institutes of Management, for example.

## **9.6 Summary of Chapter 9**

This study has examined several aspects of the relationship between gender aspects of power and corporate leadership. In so doing, this study has made a number of contributions to theory and method in the study of power, leadership and policy-making. It is these contributions which are discussed in this chapter. This chapter has

also suggested several directions for future research, including employing diverse quantitative and qualitative methodological approaches to build upon the foundations laid by this study.

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## Appendix 1: Cover letters addressed to survey invitees in China and India



**MONASH** University

**Department of Business Law and Taxation**  
Faculty of Business and Economics

Date 20XX

Dr Alice de Jonge  
Department of Business Law and Taxation

To: XXX  
Details of addressee

Dear Sir/ Madam

### *Women Directors on Company Boards in China*

My name is Alice de Jonge and I am writing to you as a senior company leader in a major Chinese firm. I would like to invite you to participate in a survey being conducted under the auspices of the Department of Management at Monash University, Australia.

The aim of the research project is to explore the views and opinions of China's senior company leaders on issues of gender diversity in corporate governance. It is hoped that the results of the survey will prove useful for public policy makers in China. A similar survey is also being conducted in India.

Despite over thirty years of equal opportunity policies, women are still under-represented on Company Boards. The lack of female representation in corporate decision making is now an important issue for policy makers, particularly in developing economies such as China. The question arises, however, whether policies adopted in Western societies are suitable for adoption in China. The survey enclosed therefore seeks your views on this question.

Please take a few minutes to answer the questions in the enclosed survey. This survey is completely anonymous and confidential. When doing so, please feel free to answer only those questions you feel able to answer. The data obtained will be stored securely for five years according to Monash University regulations, and then destroyed.

When finished, please place the completed survey in the reply-addressed envelope enclosed.

The results of this research project may be published in the form of journal article(s) or book(s).

Please don't hesitate to contact me if you have any queries or concerns about this survey or would like a copy of the findings. My telephone number in Melbourne is (61 3) 9903 2587 (Mob: 0404 956 434). My email address is [alice.dejonge@monash.edu](mailto:alice.dejonge@monash.edu).

With many thanks for your valuable assistance in this important research, I remain,

Yours sincerely

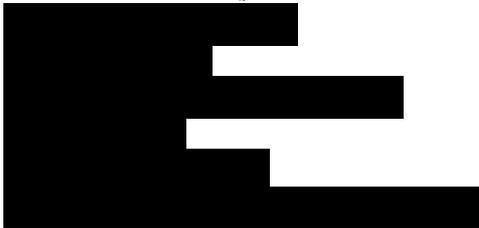
Alice de Jonge

Should you have any concerns or complaints concerning this study, please don't hesitate to contact the research associate responsible for handling China-based aspects of the project, Dr. Xx Xxxxx at School of Law, Xxxx University. Dr. Xx's contact details are:

Dr. Xx Xxxx  
School of Law  
Xxxx University  
Xxxx, Xxx Province, P.R. China  
Tel/Fax: (+86) (0) XXXXXX  
Mobile: (+86) XXXXXX  
Email: xxxxxxxx@xxxxxx.xxx

Dr Xx will pass your complaint on to the Monash University Human Research Ethics Committee (MUHERC). You may also contact the MUHERC directly on 61 3 2052. You can ask to speak to the secretary or you could also write to the Executive Officer at the following address:

Executive Officer  
Monash University Human Research Ethics Committee (MUHREC)



PO Box 197, Caulfield East, VIC 3145, Australia  
Building S, Caulfield Campus, 26 Sir John Monash Drive, Caulfield East  
Telephone +61 3 9903 2389 Facsimile +61 3 9903 2292  
Email [enquiries.blt@monash.edu](mailto:enquiries.blt@monash.edu)  
[www.buseco.monash.edu/blt](http://www.buseco.monash.edu/blt)  
ABN 12 377 614 012 CRICOS Provider #00008C

蒙纳士大学信笺

Dr Alice de Jonge  
Department of Business Law and Taxation

2011年1月30日

尊敬的先生/女士

**在中国和印度的公司董事会的女董事**

我的名字是 艾丽丝 德 琼 Alice de Jonge)。我之所以给您写信，是因为您是中国大公司的高层领导。我希望邀请您参与蒙纳士大学商法和税务系正在从事的一项调研课题。蒙纳士大学是澳大利亚最大的大学。此项研究的目的是探索中国的公司高层领导对于公司治理方面的性别差异之相关问题的意见和看法。希望此调查结果会对中国的决策者有所裨益。

尽管机会均等政策已经实行了三十多年，但是公司董事会中女性代表依然不足。公司决策中欠缺女性代表如今已成为一个重要的公共政策问题，特别是在如中国这样的发展中国家。然而，要考虑的是，在西方社会能接受的政策是否适合中国采用。因此，附后的调查表征求您对此问题的看法。

恳请您花几分钟时间回答附后的调查表中的问题。回答问题时，请酌情回答那些您能够回答的问题。此项调查是完全匿名和保密的。收集到的相关数据将根据蒙纳士大学的有关规定安全地保存5年，然后销毁。

完成后，请将填好调查表装入附后的已具名收件人地址的信封中。

此项调研课题的成果将被著书发表，由川度斯 (Chandos) 出版公司于2011年发行，书名为‘中国和印度公司董事会会议室的玻璃顶：中印上市公司中的女性董事’。

如果您对此调研有任何疑问或顾虑，或希望得到一份研究成果报告，尽请与我联系。我在墨尔本的电话号码是 (61 3) 9903 2587；传真号码：(61 3) 9903 2292；电邮地址：[alice.dejonge@buseco.monash.edu.au](mailto:alice.dejonge@buseco.monash.edu.au)。

对您对此项重要研究的宝贵支持，我由衷地感谢。

您的诚实的

艾丽丝德 琼(Alice de Jonge)

如果您对此项研究有任何不满需要投诉，请联系本调研课题的中国联系人，中国对外经济贸易大学国际经济贸易学院的史雁平教授。史教授的联系方式如下：

史雁平教授，博士  
租赁研究中心主任  
国际经济贸易学院金融学系  
对外经济贸易大学  
北京朝阳区惠新东街10号  
第43号信箱

邮编: 100029

电话: 008610 6449 3301

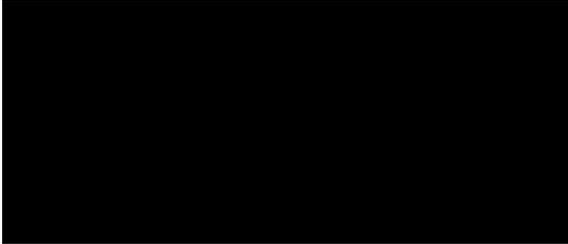
传真: 008610 6449 3042.

史教授将您的投诉转呈蒙纳士大学人文研究道德委员会。您也可以直接与蒙纳士大学人文研究道德委员会联系, 电话: (61

██████████)。您可以要求同该委员会的秘书通话, 或者您也可以给该委员会执行官写信, 具体地址、传真及电邮地址如下:

Executive Officer

Monash University Human Research Ethics Committee (MUHREC)





# MONASH University

Dr Alice de Jonge  
Department of Business Law and Taxation

Date 20XX  
XX XXXX

Address Line One  
Address Line Two  
City. Post code.

Dear Sir/ Madam

### ***Women Directors on Company Boards in India***

My name is Alice de Jonge and I am writing to you as a senior company leader in a major Indian firm. I would like to invite you to participate in a survey being conducted under the auspices of the Department of Management at Monash University, Australia.

The aim of the survey is to explore the views and opinions of India's senior company leaders on issues of gender diversity in corporate governance. It is hoped that the results of the survey will prove useful for public policy makers in India. A similar survey is also being conducted in China.

Despite over thirty years of equal opportunity policies, women are still under-represented on Company Boards. The lack of female representation in corporate decision making is now an important issue for policy makers, particularly in developing economies such as India. The question arises, however, whether policies adopted in Western societies are suitable for adoption in India. The survey enclosed therefore seeks your views on this question.

Please take a few minutes to answer the questions in the enclosed survey. This survey is completely anonymous and confidential. When doing so, please feel free to answer only those questions you feel able to answer. The data obtained will be stored securely for five years according to Monash University regulations, and then destroyed.

When finished, please place the completed survey in the reply-addressed envelope enclosed.

The results of this research project may be published in the form of journal article(s) and/or book(s).

Please don't hesitate to contact me if you have any queries or concerns about this survey or would like a copy of the findings. My telephone number in Melbourne is

[REDACTED]

With many thanks for your valuable assistance in this important research, I remain,  
Yours sincerely  
Alice de Jonge

Should you have any complaints concerning this study, please contact Professor Xxxxx at the Indian Institute of Management in Xxxxx, who has agreed to act as contact person in India for the purposes of this Research Project. Professor Xxx's contact details are:

Professor Xxxxx Xxxxxx  
Indian Institute of Management Xxxxx  
(details available on request by reader of this thesis).

Professor Xxxxx will pass your complaint on to the Monash University Human Research Ethics Committee (MUHERC). You may also contact MUHERC directly on 61 3 2052. You can ask to speak to the secretary or you could also write to the Executive Officer at the following address:

Executive Officer  
Monash University Human Research Ethics Committee (MUHREC)

[REDACTED]

Project CF10/0519  
MUHREC Approval No 201000251

## Appendix 2: Questions used in Survey Questionnaire

### Part One: Demographic data

This section is about you and your firm.

1. What position do you currently hold?
  - Chairperson;
  - Vice-chair;
  - Director;
  - Manager;
  - Section-manager;
  - Company secretary;
  - Other (please specify) \_\_\_\_\_.
  
2. Gender
  - Male
  - Female.
  
3. Which sector does your firm operate in:
  - Energy;
  - Materials;
  - Industrials;
  - Consumer discretionary;
  - Consumer staples;
  - Healthcare;
  - Financials;
  - Information technology (IT);
  - Telecommunications services;
  - Utilities;
  - Construction;
  - Transport;
  - Other (please specify) \_\_\_\_\_.
  
4. How many directors in total currently sit on the board of your firm?
  
5. How many women directors currently sit on the board of your firm?
  
6. What is the total number of employees (full time equivalent) engaged directly by your firm in India (not including any employees of subsidiary firms)?

7. What percentage of your firm's total employees (as stated in question 6.) are women?
8. Does your firm have in place any policies and/or practices aimed at supporting its women employees?
9. Which of the following policies does your firm have in place to support its women leaders and/or employees (tick all that apply).
  - Flexible working hours;
  - Paid maternity leave;
  - Paid carer's leave;
  - Child-care facilities;
  - Women's mentoring schemes or programs;
  - Training/ skills up-grade programs for women employees;
  - Education programs for women employees;
  - Financial or study-leave support for women employees undertaking education or training
  - Other (please specify).

## **Part Two: Opinion Survey**

To assess attitudes toward gender diversity in firm management and affirmative action policies (public and private).

1. Please indicate your level of agreement with the following statements:

It is important to ensure a broad diversity of experience and training in company management.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

It is important to ensure gender diversity in company management.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

It is important to ensure a broad diversity of experience and training on company boards of directors.

- Strongly agree

- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

It is important to ensure gender diversity on company boards of directors

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree

Any comments you would like to make on diversity in company management would be much appreciated.

2. How influential do you think the following reasons are for the fact that there are so few women amongst senior company leaders in large (publicly listed) Indian/ Chinese firms:

Lack of confidence of Indian/ Chinese women.

- Very influential
- Influential
- Possibly influential
- Rarely influential
- Not at all influential

Socio-cultural barriers to career advancement for women in India/ China.

- Very influential
- Influential
- Possibly influential
- Rarely influential
- Not at all influential

Indian/ Chinese women prefer to stay at home.

- Very influential
- Influential
- Possibly influential
- Rarely influential
- Not at all influential

Political barriers to career advancement for women in India/ China.

- Very influential
- Influential
- Possibly influential
- Rarely influential
- Not at all influential

Poor levels of education amongst Indian/ Chinese women.

- Very influential
- Influential
- Possibly influential
- Rarely influential
- Not at all influential

Women prefer to care for their children.

- Very influential
- Influential
- Possibly influential
- Rarely influential
- Not at all influential

Business networks in India/ China tend to exclude women.

- Very influential
- Influential
- Possibly influential
- Rarely influential
- Not at all influential

Other (please explain). \_\_\_\_\_

3. In your opinion, how important is it for the government to introduce the following types of policies and measures in India/ China?

Special measures and policies aimed at increasing the number of women at senior management level in Indian public firms.

- Very important
- Important
- Not sure/ neutral
- Not important
- Of no importance at all

Special measures and policies specifically designed to increase the number of women directors on the boards of publicly-listed Indian/ Chinese firms.

- Very important
- Important
- Not sure/ neutral
- Not important
- Of no importance at all

Can you explain why? Thank you.

4. What would your attitude be toward the following government policies if they were proposed for introduction in India/ China?

Mandatory paid leave (employer funded).

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Publicly-funded paid maternity leave.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Publicly-funded mentoring programmes for senior women.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Government support (for example, via tax incentives) for businesses introducing women-only leadership mentoring schemes.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Government investment in listed firms limited to firms with women directors on the board.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Preference for equally-qualified women over male candidates when appointing government nominees to the boards of listed firms.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Introduction of a publicly-available Boardroom Diversity Index to track the number of women on the boards of Exchange-listed companies.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Introduction of a law allowing the relevant Minister to prescribe a minimum number of women directors on the boards of all publicly-listed firms.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Introduction of a new Listing Rule Guideline for a recommended minimum number of women directors on listed company boards, backed by mandatory reporting on compliance with the recommendation.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

A mandatory requirement for all larger listed firms to establish a nomination/recruitment committee charged with formulating a company policy for female recruitment and retention to senior positions.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

Introduction of a mandatory quota system for women directors on public company boards.

- Strongly support
- Support
- Not sure/ neutral
- Opposed
- Strongly opposed

5. Should there be a required minimum number of women directors on the boards of all publicly listed firms? If yes, what should that minimum number or percentage be?

- No requirement
- Recommended target only.
  
- 5% - 10%
- 11%-15%
- 16%-20%
- 21%-25%
- 26%-30%
- 31%-35%
- 36%-40%
- 41%-45%
- 46%-50%
- 51%-55%
- Higher than 55% (\_\_\_%).

*End of survey. Thank you.*

### **Appendix 3: Explanatory statement provided to interviewees**

Dr Alice de Jonge



Date 20XX

Dear Sir/ Madam

**Explanatory Statement for Interviewees:  
Women Directors on Company Boards in China and India**

My name is Alice de Jonge and I am conducting a study under the auspices of Monash Business School (Department of Management) at Monash University, Australia's largest university.

important aim of the study is to explore and understand the views and opinions of India's senior company leaders on issues of gender diversity in corporate governance. It is hoped that the results of the survey will prove useful for public policy makers in China/ India.

The lack of female representation in corporate decision making remains an important issue for policy makers, particularly in developing economies such as India. The interview I have requested seeks your views on questions related to the causes and consequences of boardroom gender imbalance, and the policy measures which could be should be adopted at government and/or company level to address such imbalances.

The interview will be totally in confidence, and results will only be reported in anonymised form. Individual interviewees will be identified only by a number/letter coding system.

The questions below are not fixed; and are likely to alter in each interview according to the direction of discussion as preferred by yourself as interviewee. As interviewee, you are being provided with a copy of the questions below along with an invitation to suggest any alterations you think would be beneficial. You are entirely free to indicate if there are some questions or topics they would prefer not to discuss.

The interview will not be recorded, but notes will be taken during the interview. You will be provided with a copy of all notes and records arising from the interview.

***Suggested course of interview:***

You have had a very successful career so far, including a number of years as company director. Could you please outline briefly your career as a company director –

including when and how you first accepted nomination as a company director, and how your career as company director has developed since that time?

How many company directorship positions do you now hold?

How many woman directors sit on the boards where you now serve as director?

How has being a company director complemented other aspects of your career as it has evolved. Have your responsibilities as company director ever detracted from or conflicted with your other career responsibilities?

Looking back over your career as it has evolved so far, to what extent have family expectations, obligations and responsibilities been an obstacle to the smooth progression of your career?

Did you receive support from one or more mentors during the early stages of your career? Could you please describe how important or influential that support was for the successful progression of your career?

Do you think that being a woman has been, overall, an advantage or disadvantage in your career progression? (women interviewees only).

What are the major obstacles you have faced during your career, and how have you gone about overcoming those obstacles?

Have you ever faced discrimination in recruitment, job allocation, training opportunities or promotion opportunities? Have you ever felt at a disadvantage compared to colleagues seeking access to the same opportunities?

At least one writer (Fang Lee Cooke<sup>1</sup>) has suggested that “[m]ale dominance is a Chinese cultural value.” Do you agree? If yes, to what extent has this cultural value been influential during the course of your career? (*for Chinese interviewees only*).

*Or:*

At least one writer (Rama Bijapurkar<sup>2</sup>) has suggested that “In India gender equations have always been skewed in favour of men.” Do you agree? If yes, to what extent have skewed gender equations influenced the progress of your career? (*for Indian interviewees*).

What are the main barriers faced by women pursuing careers in China/ India? Are these barriers personal, social, cultural, organisational or a mixture of these?

How would you rank in importance the various barriers that face women pursuing careers? To what extent have these barriers changed, if at all, since the early days of your career?

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<sup>1</sup> Fang Lee Cooke, ‘The changing face of women managers in China’, in ‘The Changing Face of Women Managers in Asia’ edited by Chris Rowley and Vimolwan Yukongdi (Routledge, 2009) at p. 22.

<sup>2</sup> Rama Bijapurkar, *We are like that only: understanding the logic of Consumer India* (Penguin Books India, 2<sup>nd</sup> ed. 2009, p. 214.

Are things getting better or worse overall for women pursuing careers?

What are the qualities that you think a successful leader should have? What qualities should a good company director have?

What are the qualities that you have found to be useful in your career as a company director?

When they reach senior leadership positions, do you think women are overall just as successful as men? Or do you think that men tend to make better leaders than women?

Similarly, do you think that men tend to make better company directors than women, or do you think that women are, overall, just as good in the qualities and capabilities they bring to the position of company director?

In my final few questions, I would like to focus upon the boardroom experience, and how it has been for you.

Do you think that, overall, it has been an advantage or a disadvantage to be a man/ woman in boardroom meetings you have participated in? Or do you think your gender has, overall and in general, made no difference?

Without disclosing any confidential details, can you describe one more board room discussions or incidents during which you felt that being a man/ woman was helpful or put you at a disadvantage?

Do you think that, as a man/ woman, you bring a different style to negotiations, discussions, disagreements etc in board room meetings?

Any other comments about the experience of being a man/ woman director on a company board in China/ India?

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Please don't hesitate to contact me if you have any queries or concerns about the interview or would like a copy of the findings of the study as finally presented. My telephone number in Melbourne is (61 3) 9903 2587 (Mob: 0404 956 434), and my email address is [alice.dejonge@monash.edu](mailto:alice.dejonge@monash.edu).

With many thanks for your valuable assistance in this important research, I remain,

Yours sincerely

Alice de Jonge

Should you have any complaints concerning the interview or any aspect of this study, please contact the local contact person in China/ India for this study:

Xxx

XXX

Alternatively, you may also contact directly the Monash University Human Research Ethics Committee (MUHERC). The MUHERC may be contacted by phone directly on [REDACTED]. You can ask to speak to the secretary or you could also write to the Executive Officer at the following address:

Executive Officer

Monash University Human Research Ethics Committee (MUHREC)

[REDACTED]

## Appendix 4: Consent form signed by interviewees

### Consent Form

**Consent Form** - <Name of interviewee>

Title: <Women Directors on Company Boards in China and India>

**NOTE:** This consent form will remain with the Monash University researcher for their records

**I agree to take part in the Monash University research project specified above. I have had the project explained to me, and I have read the Explanatory Statement, which I keep for my records. I understand that agreeing to take part means that:**

I agree to be interviewed by the researcher  Yes   
No

I agree to allow the interview to be audio-taped  Yes   
No

I agree to make myself available for a further interview if required  Yes   
No

I understand that my participation is voluntary, and that I can withdraw at any stage of interview.

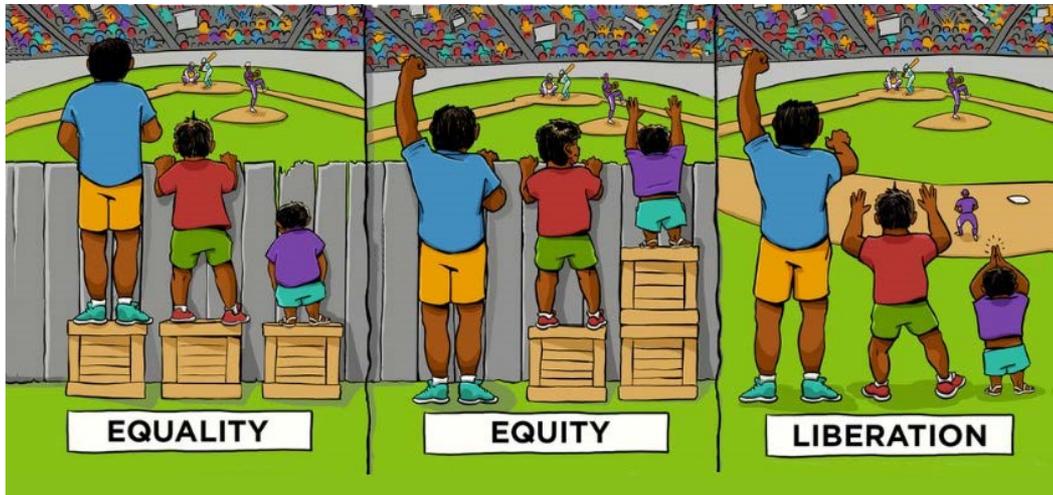
I understand that I will be given a transcript of data concerning me for my approval before it is included in the write up of the research.

I understand that data from the **interview/ audio-tape** will be kept in a secure storage and accessible to the researcher. I also understand that the data will be destroyed after a 5-year period unless I consent to it being used in future research.

**Participant's name:**

**Signature:**

**Date:**



*Equality-Equity-Liberation. Original illustration by Angus Maguire. Accessed at [www.pinterest.com.au](http://www.pinterest.com.au)*