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Towards a balanced composition?

Mon 12 July, [Mijntje Lückerath-Rovers](#), Erasmus University Rotterdam



Will Dutch corporates manage to have 30 percent women in their executive and supervisory boards without government interference such as quotas? Dr Mijntje Luckerath-Rovers reviews a parliamentary amendment aimed at this '30 percent goal.'

Last December the Dutch parliament agreed to an amendment (31 763, nr.14) that Boards of Directors and Supervisory Boards of major companies (with 250 employees or more) must strike a 'balance' between men and women. 'Balance,' the bill shows, means that at least 30 percent of directors and supervisors are female and at least 30 percent are male. The remaining 40 percent may be chosen as desired from both genders.



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Four groups

Although slightly adjusted, the chosen 30 percent is based on international research by Rosabeth Moss Kanter (1977). She describes in her book *Men and Women of the*

Corporation what happens with group dynamics when there is no balance between men and women. Kanter distinguishes for this purpose four groups: the uniform group (100 percent of one gender), the skewed group (more than 85 percent of one gender), the tilted group (more than 65 percent of one gender) and the balanced group (at least 35 percent of both types).

Tokens

According to Kanter, being the only one with certain demographic characteristics (less than 15 percent of the group) will lead to tokenism. Tokens are considered to represent an entire demographic group (women) and are seen by the dominant group (men) as a stereotype. The stereotypical female director or supervisor will be considered to reflect characteristics and opinions of all women, rather than her own individual characteristics and opinion.

'Rapid increase'

The desired balance in the bill is still far from being met. The Female Board Index 2009 (Luckerath-Rovers, 2009) showed that in August 2009 only 2.4 percent of the 289 directors in listed companies and 9.5 percent of the 524 supervisors of the 107 listed companies was a woman. Yet, the bill believes in a rapid increase in the percentages. It doesn't mention any sanctions when a company fails to achieve the 30 percent threshold, and it has predetermined that these new provisions will expire on January 1, 2016.

'Comply or explain'

If an organization does not meet the annual target this should be explained (via the so-called 'Comply-or -Explain' principle) why the seats aren't equally balanced; how the company has sought a balanced distribution of seats; and how the company intends in the future to achieve a balanced distribution of seats.

Political support

Not imposing sanctions and the predetermined abolition in January 2016 seems to have everything to do with the necessary support within the political parties. For some parties the imposition of sanctions is a bridge too far, and the predetermined abolition is interpreted differently. Where one political party's thinking is based on a short-term incentive, which after 2016 no longer would be needed as the 30 percent target would be met; another party isn't necessarily opposed to introducing penalties if the target isn't yet achieved in 2016.

Reputation damage

Despite the absence of sanctions, the scope of the bill should not be considered lightly. Transparency about diversity in the top due to the 'comply or explain' principle will probably have consequences. Companies with a very low percentage of, if any, women in the top, and which annually fail to explain this rate properly, may indirectly still face a penalty. Reputation damage might be an indirect sanction when female consumers (on average still 50 percent of all consumers) notice that companies consistently continue to say they are not capable of finding women candidates. However, for now the Bill has not yet been approved by the Dutch Senate, and is therefore not yet applicable. It still might take a while before a real increase in female representation is reached.

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