

Board gender quotas bring women to the board but not to senior management



Gender-specific board quotas have become an end in itself. Previous research evidence from [Norway](#) and [Italy](#) shows that even though board quotas increase the share of women in the boardroom, they do not advance the prospects for women further down the career ladder. Unlike European countries, South Africa did not only introduce targets for company boards but most importantly set targets for top management positions as part of its comprehensive Broad-Based Black Economic Empowerment Act in 2003 (BEE 2003). In post-apartheid South Africa, Black people are the majority of the population but the country's productive capital is largely in the hands of the minority White people of European descent. The BEE policy aims to promote the economic empowerment of Black women and men, who are its beneficiaries. It excludes White women and men. The BEE policy targets are set to 60% Black representation at the top management, where the share of Black women should be 40% of all Black senior managers.

Our [recent research](#) studies the effects of the BEE 2003. The findings show that incentivised gender-based targets for senior managerial positions are effective in increasing the representation of women at the top. In particular, the South African affirmative action policy helped increase the share of Black women in top management positions from 18% in 2003 to 37% in 2015 as a share of all Black senior managers.

There are no monetary sanctions or direct threats of closure for private firms who do not achieve the BEE targets. Yet, the government incentivises firms to comply with the policy by giving them preferential treatment when doing business with them. For example, if several companies apply for a licence from the government, those who have achieved their targets (based on a score system) get the certificate, while those who lag do not. Over time failure to achieve the targets can have consequential effects for the business and lead to its closure (indirectly). But only large firms have to comply with the policy. This opens up an opportunity for exploring the group-specific policy effects attributable to the BEE.

We explore the inter- and intra-group effects of BEE 2003 in South Africa in senior managerial positions using data from 22 years of labour market surveys (1994-2015). We estimate the probability of employment in top positions for Black women relative to Black men, White women, and White men by comparing the changes for each group before and after the policy as well as for small versus large employers, while controlling for constant and time-varying unobservable factors. The data on employer size covers only four years before the policy and 12 years after.

Based on the regression analysis of triple differences, we find that Black women in South Africa are three percentage points more likely to be employed in top management positions relative to the counterfactual scenario of no policy. Black women had the lowest initial representation in the top management but had the highest increase relative to their initial values, when compared with the other groups. The highest increase is observed for highly educated black women (those with more than 12 years of education), whose chances for top management jobs almost doubled relative to the change in the chances for Black men. We also use a placebo test of looking at the informal sector and do not find any effects there. Besides BEE, South Africa has another labour market policy that also includes White women as one of its beneficiary groups, next to Black women and men. However, this policy is not aimed at top management positions. We explore the impact of the policy on the demographics of top management positions but do not find any effects.

Given the context, the proportionate representation of Whites and Blacks in senior management has been more difficult to achieve due to the persistence effects of the discriminatory apartheid policies in the education sector. Nonetheless, by 2015 the policy targets, which are set lower than the proportionate shares, have been roughly achieved. During the period of the study (1994-2015) Black women and men increased their years of education, reducing the racial education gap from four to three years. The BEE policy did not have any effects on the earnings for Black women and men or White women. But White men experienced some increase in their real earnings. The findings also show that White women and men increased their (formal) self-employment during this period while Black women and men did not experience any changes on that front.

If one extrapolates the evidence from South Africa against the previous research findings on board quotas, one can infer that in the absence of education gaps, policies that set gender-specific incentivised and specific targets for top positions are more likely to be effective in improving the career opportunities for women relative to the policies that rely on board quotas only.



Notes:

- This blog post is based on the author's presentation at the European Economic Association's Annual Congress 2020.
- The post expresses the views of its author(s), not the position of LSE Business Review or the London School of Economics.
- Featured [image](#) by [Gabrielle Henderson](#) on [Unsplash](#)
- When you leave a comment, you're agreeing to our [Comment Policy](#)



Anna Minasyan is an [assistant professor](#) in the faculty of economics and business at the University of Groningen, Netherlands. Her [research interests](#) lie at the intersection of the political economy of development and gender. E-mail: a.minasyan@rug.nl Twitter: [@AnnaMinasy](#)